DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Draft Letter of Offer ("**Draft Letter of Offer**"/ "**DLoF**") is being sent to you as a Public Shareholder (*as defined below*) of Merck Limited. If you require any clarification about the action to be taken, you may consult your stock broker or investment consultant or the Manager (*as defined below*) / Registrar to the Offer (*as defined below*). In case you have recently sold your Equity Shares (*as defined below*), please hand over this DLoF and the accompanying Form of Acceptance-cum-Acknowledgement and Transfer Deed to the member of stock exchange through whom the said sale was effected.

PROCTER & GAMBLE OVERSEAS INDIA B.V.
Registered office: Watermanweg 100, 3067 GG Rotterdam, the Netherlands;
(hereinafter referred to as the "**Acquirer**")

ALONGWITH

THE PROCTER & GAMBLE COMPANY
Registered office: 4400 Easton Commons Way Suite 125, Columbus, Ohio 43219, USA;
(hereinafter referred to as the "**PAC**")

MAKES A CASH OFFER OF INR 1,500.36 (INDIAN RUPEES ONE THOUSAND FIVE HUNDRED AND THIRTY SIX PAISE ONLY) PER FULLY PAID UP EQUITY SHARE OF FACE VALUE OF INR 10 EACH ("EQUITY SHARES"), TO ACQUIRE UP TO 4,315,840 EQUITY SHARES REPRESENTING 26.00% OF THE VOTING SHARE CAPITAL (*AS DEFINED BELOW*), UNDER THE SEBI (SAST) REGULATIONS (*AS DEFINED BELOW*) FROM THE PUBLIC SHAREHOLDERS OF

MERCK LIMITED
A public limited company incorporated under the Companies Act, 1956
Registered office: Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai, Maharashtra – 400 079
(Tel: +91 22 6210 9000, Fax: +91 22 6210 9999)
(hereinafter referred to as the "**Target Company**" / "**Target**")

1. This Offer (*as defined below*) is made pursuant to and in compliance with the provisions of Regulations 3(1), 4 and other applicable regulations of the SEBI (SAST) Regulations.
2. This Offer is not a conditional offer in terms of Regulation 19 of the SEBI (SAST) Regulations and is not subject to any minimum level of acceptance.
3. This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
4. NRI (*as defined below*) and OCB (*as defined below*) holders of Equity Shares must obtain all requisite approvals required to tender the Equity Shares held by them pursuant to this Offer (including, without limitation, approval from the RBI (*as defined below*) since the Equity Shares validly tendered in this Offer will be acquired by a non-resident entity) and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and other documents required under this Offer. Further, if holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs, and FPIs (*as defined below*)) had required any approvals (including from the RBI, the FIPB (*as defined below*) or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit copies of such previous approvals along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and the PAC reserve the right to reject such Equity Shares tendered in this Offer.
5. Where any statutory approval or exemption extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals or exemptions are required in order to complete this Offer.
6. Other than as set out in paragraph 1 of Part C of Section V (*Terms and Conditions of the Offer*), as on the date of this Draft Letter of Offer, to the best of the knowledge and belief of the Acquirer along with the PAC, there are no statutory approvals required to acquire the Equity Shares by the Acquirer tendered pursuant to this Offer. However, in case of any other statutory approvals being required and/or becoming applicable at a later date before the closing of the Tendering Period (*as defined below*), this Offer would be subject to the receipt of such approvals.
7. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares (*as defined below*), the Acquirer shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that the acquisition of Equity Shares from a Public Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot.
8. The Acquirer and the PAC may withdraw the Offer in accordance with the terms and conditions specified in Part C of Section V (*Terms and Conditions of the Offer*) of this Draft Letter of Offer. In the event of a withdrawal of the Offer, the Acquirer and the PAC (through the Manager) shall, within two Working Days (*as defined below*) of such withdrawal, make a public announcement of such withdrawal, in the same newspapers in which the Detailed Public Statement (*as defined below*) had appeared, stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.
9. The Offer Price (*as defined below*) may be subject to revision pursuant to the SEBI (SAST) Regulations or at the discretion of the Acquirer and the PAC at any time prior to the commencement of the last 3 (three) Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. Where the Acquirer and/or the PAC has acquired any Equity Shares during the Offer period at a price higher than the Offer Price, the Offer Price shall stand revised to the highest price paid for such acquisition in accordance with Regulation 8(8) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and the PAC shall (i) make corresponding increases to the amount kept in the escrow account under Regulation 17 of the SEBI (SAST) Regulations; (ii) make a public announcement in the same newspapers in which the Detailed Public Statement was published; and (iii) simultaneously with the issue of such announcement, inform SEBI (*as defined below*), the Stock Exchanges (*as defined below*) and the Target Company at its registered office of such revision. Such revised Offer Price would be payable for all the Equity Shares validly tendered during the Tendering Period of the Offer. However, the Acquirer and/or the PAC shall not acquire any Equity Shares during the period commencing from 3 (three) Working Days prior to the commencement of the Tendering Period and ending on the expiry of the Tendering Period.
10. **There has been no competing offer as of the date of this Draft Letter of Offer. If there is a competing offer, the offers under all subsisting bids will open and close on the same date.**

A copy of the Public Announcement (*as defined below*), the Detailed Public Statement and the Draft Letter of Offer (including the Form of Acceptance-cum-Acknowledgement) is also available on the website of SEBI (www.sebi.gov.in).

MANAGER TO THE OFFER	**REGISTRAR TO THE OFFER**
ICICI Securities Limited ICICI Centre, H.T.Parekh Marg, Churchgate, Mumbai - 400 020 Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 Email: project.winthorpe@icicisecurities.com Contact Person: Mr. Vishal Kanjani SEBI Registration Number: INM000011179	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083 Telephone: +91 22 4918 6200 Fax: +91 22 4918 6195 Email: merck.offer@linkintime.co.in Contact Person: Mr. Sumeet Deshpande SEBI Registration Number: INR000004058

The schedule of activities under the Offer is as follows:

Activity	Schedule of activities (Day & Date)
Date of the Public Announcement (*as defined below*)	Thursday, April 19, 2018
Date of publication of the Detailed Public Statement	Thursday, April 26, 2018
Filing of the Draft Letter of Offer with SEBI	Monday, May 7, 2018
Last date for a competing offer(s)	Monday, May 21, 2018
Last date for receipt of SEBI observations on the Draft Letter of Offer (in the event SEBI has not sought clarifications or additional information from the Manager to the Offer)	Monday, May 28, 2018
Identified Date* (*as defined below*)	Wednesday, May 30, 2018
Last date by which the Letter of Offer is to be dispatched to the Public Shareholders whose name appear on the register of members on the Identified Date	Wednesday, June 6, 2018
Last date for upward revision of the Offer Price / Offer Size (*as defined below*)	Friday, June 8, 2018
Last date by which the committee of the independent directors of the Target Company shall give its recommendation to the shareholders of the Target Company for this Offer	Monday, June 11, 2018
Date of publication of Offer Opening Public Announcement (*as defined below*) in the newspapers in which the Detailed Public Statement has been published	Tuesday, June 12, 2018
Date of commencement of the Tendering Period (**Offer Opening Date**)	Wednesday, June 13, 2018
Date of closure of the Tendering Period (**Offer Closing Date**)	Tuesday, June 26, 2018
Last date for communicating the rejection/ acceptance and completion of payment of consideration or refund of Equity Shares to the shareholders of the Target Company	Tuesday, July 10, 2018
Last date for filing the report with SEBI	Tuesday, July 17, 2018
Last date for publication of post-Offer public announcement in the newspapers in which the Detailed Public Statement has been published	Tuesday, July 17, 2018

* *The Identified Date is only for the purpose of determining the Public Shareholders as on such date to whom the Letter of Offer would be posted. It is clarified that, subject to Section V (Terms and Conditions of the Offer) below, all the Public Shareholders (registered or unregistered) of the Target Company are eligible to participate in the Offer at any time prior to the expiry of the Tendering Period.*

RISK FACTORS

Relating to the transaction:

1. In accordance with the India SAPA (*as defined below*), the acquisition of the Sale Shares (*as defined below*) shall be completed upon the fulfilment or waiver of certain conditions agreed between the Acquirer and the Sellers (*as defined below*). Details of each of these conditions have been outlined in paragraph 5.3 of Part A of Section I (*Details of the Offer*) of this Draft Letter of Offer. If any of these conditions are not satisfied or waived in accordance with the terms of the India SAPA and/or any termination event occurs, the India SAPA may be terminated.

Relating to the Open Offer:

1. In the event that either: (a) regulatory or statutory approvals, as required, are not received in time; or (b) there is any order of a governmental authority or in a litigation leading to a stay/injunction on the Open Offer or that restricts/restrains the Acquirer along with the PAC from performing its obligations hereunder; or (c) SEBI instructs the Acquirer and the PAC not to proceed with the Open Offer, then the Open Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. In case the delay is due to non-receipt of statutory approval(s), then in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any wilful default or negligence on the part of the Acquirer, grant an extension for the purpose of completion of the Open Offer subject to the Acquirer and the PAC agreeing to pay interest to the validly tendering shareholders at such rate as may be specified by SEBI. Where the statutory approvals extend to some but not all the shareholders, the Acquirer along with the PAC will have the option to make payment of the consideration to such shareholders in respect of whom no statutory approvals are required in order to complete this Open Offer.

2. The acquisition of Equity Shares tendered by NRIs and OCBs is subject to approval from the RBI. NRI and OCB holders of the Equity Shares, if any, must obtain all requisite approvals required to tender the Equity Shares held by them in this Offer (including without limitation, the approval from the RBI or the relevant government authority) and submit copies of such approvals, along with the other documents required in terms of this Draft Letter of Offer. Further, if holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs, and FPIs) had required any approvals (including from the RBI or the FIPB) in respect of the Equity Shares held by them, they will be required to submit copies of such previous approvals, to tender the Equity Shares held by them pursuant to this Offer, along with the other documents required to be tendered to accept this Offer. If such approvals are not submitted, the Acquirer and the PAC reserve the right to reject such Equity Shares tendered in this Offer. If the Equity Shares are held under general permission of the RBI, the non-resident Public Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on a repatriable basis or a non-repatriable basis.

3. The Acquirer and the PAC may withdraw the Offer in accordance with the terms and conditions specified in Section V (*Terms and Conditions of the Offer*) of this Draft Letter of Offer.

4. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirer shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis as detailed in Section VI (*Procedure for Acceptance and Settlement of the Offer*) below. Therefore, there is no certainty that all the Equity Shares tendered in the Offer will be accepted. The unaccepted Equity Shares will be returned to the respective Public Shareholders in accordance with the schedule of activities for the Offer.

5. The tendered Equity Shares will be held in trust by the Registrar to the Offer until the completion of the Open Offer formalities. During such period, there may be fluctuations in the market price of the Equity Shares and the shareholders will not be able to trade in such Equity Shares held in trust by the Registrar to the Offer that may adversely impact the Public Shareholders who have tendered their Equity Shares in this Open Offer. The Acquirer / PAC make no assurance with respect to the market price of the Equity Shares both during the Tendering Period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any Public Shareholder on whether or not to participate in the Offer. It is understood that the Public Shareholders will be solely responsible for their decisions regarding their participation in this Offer.

6. Shareholders who tender the Equity Shares in acceptance of the Open Offer shall not be entitled to withdraw such acceptances during the Tendering Period, even if the acceptance of the Equity Shares in this Open Offer and/or dispatch of consideration is delayed.

7. The Acquirer, the PAC and the Manager to the Offer accept no responsibility for statements made otherwise than in the Draft Letter of Offer (DLoF)/ Detailed Public Statement (DPS)/ Public Announcement (PA); anyone placing reliance on any other sources of information (not released by the Acquirer and the PAC) would be doing so at his / her / its own risk.

8. Public Shareholders are advised to consult their respective stockbroker, legal, financial, tax, investment or other advisors and consultants of their choosing, if any, for assessing further risks with respect to their participation in the Open Offer, and related transfer of Equity Shares of the Target Company to the Acquirer. The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Draft Letter of Offer, and all shareholders should independently consult their respective tax advisors.

9. This Draft Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this Draft Letter of Offer resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer, the PAC or the Manager to the Offer to any new or additional registration requirements. This is not an offer for sale, or a solicitation of an offer to buy, in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.

Relating to the Acquirer and PAC:

1. The Acquirer and PAC make no assurances with respect to the continuation of the past trend in the financial performance or the future performance of the Target Company.

2. The Acquirer and PAC make no assurance with respect to its investment/ divestment decisions relating to its proposed shareholding in the Target Company.

3. The Acquirer and PAC make no assurance with respect to the market price of the equity shares of the Target Company before, during or after the Open Offer and expressly disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any shareholder on whether to participate or not to participate in the Open Offer.

4. Upon completion of the Open Offer (assuming full acceptances in the Open Offer) and the underlying transaction pursuant to the India SAPA, the public shareholding of the Target Company may fall below the minimum level of public shareholding as required to be maintained as per Regulation 38 of the SEBI (LODR) Regulations (*as defined below*) read with Rule 19A of the SCRR (*as defined below*). While the Acquirer and the PAC are required to take necessary steps to facilitate the compliance by the Target Company with the relevant provisions prescribed under the SCRR as per the requirements of Regulation 7(4) of the SEBI (SAST) Regulations and the SEBI (LODR) Regulations, within the time period stated therein through permitted routes and any other such routes as may be approved by SEBI from time to time, any failure to comply with the conditions of aforesaid regulations could have an adverse effect on the price and tradability of the equity shares of the Target Company.

5. The information pertaining to the Target Company and/or the Sellers contained in the PA or DPS or DLoF or any other advertisement/ publications made in connection with the Open Offer has been compiled from information published or provided by the Target Company or Sellers, as the case may be, or publicly available sources. The Acquirer and the PAC do not accept any responsibility with respect to any misstatement by the Target Company and/or the Sellers in relation to such information.

The risk factors set forth above are indicative only and are not intended to provide a complete analysis of all risks as perceived in relation to the Offer or associating with the Acquirer and the PAC. The risk factors set forth above do not relate to the present or future business or operations of the Target Company and any other related matters, and are neither exhaustive nor intended to constitute a complete or comprehensive analysis of the risks involved in or associated with the participation or

otherwise by any Public Shareholder in the Offer. Public Shareholders are advised to consult their respective stockbroker, legal, financial, tax, investment or other advisors and consultants for an understanding of the further risks associated with their participation in the Offer.

DISCLAIMER FOR U.S. PERSONS:

The information contained in this Draft Letter of Offer is exclusively intended for persons who are not U.S. Persons as such term is defined in Regulation S under the US Securities Act of 1933, as amended, and who are not physically present in the USA. This Draft Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in the USA or in any other jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Potential users of the information contained in this Draft Letter of Offer are requested to inform themselves about and to observe any such restrictions.

DISCLAIMER FOR PERSONS IN OTHER FOREIGN COUNTRIES:

This Draft Letter of Offer does not in any way constitute an offer to sell or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Potential users of the information contained in this Draft Letter of Offer are requested to inform themselves about and to observe any such restrictions.

CURRENCY OF PRESENTATION

In this Draft Letter of Offer, all references to "**Rs.**"/ "**INR**" are to Indian Rupee(s), the official currency of India, all references to "**USD**"/ "**US$**"/ "**US Dollar**" are to United States Dollars, the official currency of the United States of America, all references to "**EUR**"/ "**EURO**"/ "**€**" are to Euro, the official currency of the European Union.

In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and/or regrouping.

All financial data presented in USD/EUR in this Draft Letter of Offer have been converted into INR for the purpose of convenience translation only.

The conversion has been assumed at the following rate as on the date preceding the PA date (i.e. April 18, 2018) (unless otherwise stated in this Draft Letter of Offer):

USD 1 = INR 65.6814 (Source: Reserve Bank of India - http://www.rbi.org.in)

EUR 1 = INR 81.3004 (Source: Reserve Bank of India - http://www.rbi.org.in)

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DEFINITIONS / ABBREVIATIONS

Particulars	Details / Definition
Acquirer / PGOI	Procter & Gamble Overseas India B.V.
Bank Guarantee	An unconditional, irrevocable, and on demand bank guarantee dated April 23, 2018 having bank guarantee number 5541605273 of an amount of INR 1,397,531,371 (Indian Rupees One Thousand Three Hundred Ninety Seven Million Five Hundred Thirty One Thousand Three Hundred and Seventy One Only) from Citibank, N.A. (acting through its branch, namely Citibank N.A. New Delhi branch, presently situated at 1st Floor, DLF Capitol Point, Baba Kharak Singh Marg, Connaught Place, New Delhi, 110001), issued in favor of the Manager to the Offer.
BPL Business	The business comprising exclusively of the biopharma, performance materials and life science segments as reported in the ERP systems of the Target Company, whose operations solely comprise of (i) the manufacture and trading of prescription medicines for the treatment of cardiovascular disorders, diabetes and thyroid disorders; (ii) trading of effect pigments and functional materials for the automotive, cosmetic, plastic and security industries and the manufacturing of materials for the cosmetic industry; and (iii) trading of products for use by the pharmaceutical and bio-pharma industries, including active pharmaceutical ingredients, excipients and bio-pharmaceutical process chemicals.
BSE	BSE Limited
CCI	Competition Commission of India
CDSL	Central Depository Services Limited
CH Business	The consumer health business of the Merck Group
Depositories	CDSL and NSDL
Depository Participant/ DP	Ventura Securities Limited, with which the Registrar to the Offer has opened the Open Offer Escrow Demat Account for receiving the Equity Shares tendered during the Offer
Detailed Public Statement / DPS	The detailed public statement in connection with the Offer, published on behalf of the Acquirer and the PAC on April 26, 2018
DoP	Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, Government of India
Draft Letter of Offer / DLoF	This Draft Letter of Offer dated May 7, 2018 filed with the SEBI pursuant to Regulation 16(1) of the SEBI (SAST) Regulations
Equity Share(s)	Fully paid up equity shares of the Target Company with face value of INR 10 (Indian Rupees Ten Only) each
FEMA	Foreign Exchange Management Act, 1999, as amended
FIIs	Erstwhile Foreign Institutional Investor(s), as defined under Section 2(1)(f) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
FIPB	Erstwhile Foreign Investment Promotion Board or the Foreign Investment Facilitation Portal, and which shall include the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
FPIs	Foreign Portfolio Investor(s), as defined under Regulation 2(h) of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended.
Identified Date	The date falling on the 10^{th} Working Day prior to the commencement of the Tendering Period

Particulars	Details / Definition
Income Tax Act/ IT Act	The Income Tax Act, 1961, as amended
India SAPA	A sale and purchase agreement dated April 19, 2018 executed amongst the Acquirer, the Sellers and the Seller Parent Company.
Long Stop Date	July 1, 2019
Manager/ Manager to the Offer	ICICI Securities Limited
Merck Group	Merck KGaA and any direct or indirect subsidiary of Merck KGaA.
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NOC	No-objection certificate
NRIs	Non-resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	Overseas Corporate Bodies
Offer / Open Offer	Open offer being made by the Acquirer to the Public Shareholders of the Target to acquire up to 4,315,840 Equity Shares, representing 26.00% of the Voting Share Capital, at a price of INR 1,500.36 (Indian Rupees One Thousand Five Hundred and Thirty Six Paise Only) per Equity Share
Offer Opening Public Announcement	The announcement of the commencement of the Tendering Period made on behalf of the Acquirer
Offer Price	INR 1,500.36 (Indian Rupees One Thousand Five Hundred and Thirty Six Paise Only) per Equity Share
Offer Shares	4,315,840 Equity Shares, representing 26.00% of the Voting Share Capital
Offer Size	INR 6,475,313,702.40 (Indian Rupees Six Thousand Four Hundred and Seventy Five Million Three Hundred Thirteen Thousand Seven Hundred and Two, and Forty Paise Only), being the maximum consideration payable under this Offer assuming full acceptance
Open Offer Escrow Account	The account named "P&G OIBV Escrow Account" opened with Open Offer Escrow Agent in accordance with Regulation 17(4) of the SEBI (SAST) Regulations
Open Offer Escrow Agent	Citibank, N.A. (acting through its office at 11th Floor, First International Financial Centre, C-54 & 55, G Block, Bandra Kurla Complex, Bandra – East, Mumbai – 400 051)
Open Offer Escrow Agreement	Escrow agreement dated April 19, 2018 entered into by the Acquirer with the Open Offer Escrow Agent and the Manager
Open Offer Escrow Amount	The amount aggregating to INR 64,753,138 (Indian Rupees Sixty Four Million Seven Hundred Fifty Three Thousand One Hundred and Thirty Eight Only) maintained by the Acquirer with the Open Offer Escrow Agent in accordance with the Open Offer Escrow Agreement
Open Offer Escrow Demat Account	The special escrow depository account in the name and style of "LIIPL Merck Open Offer Escrow Demat Account" opened by the Registrar to the Offer with the Depository Participant for receiving Equity Shares tendered during the Offer
Overseas Tax	Tax payable in accordance with the tax laws applicable in the overseas jurisdiction in which the non-resident Public Shareholder is a resident for tax purposes

Particulars	Details / Definition
PAC/ Person Acting in Concert	Person acting in concert with the Acquirer for this Offer, i.e. P&G Co.
PAN	Permanent Account Number
P&G Co.	The Procter & Gamble Company
P&G Group	P&G Co. and any direct or indirect subsidiary of P&G Co.
Promoter(s)	Promoter(s) of the Target Company and shall have the meaning ascribed to the term under the SEBI (SAST) Regulations
Promoter Group	Promoter Group of the Target Company and shall have the meaning ascribed to the term under the SEBI (SAST) Regulations
Public Announcement / PA	The public announcement in connection with the Offer dated April 19, 2018 issued by the Manager on behalf of the Acquirer
Public Shareholder(s)	All equity shareholders of the Target Company other than the Promoters, Promoter Group, parties to the India SAPA and any persons acting or deemed to be acting in concert with any of them
RBI	Reserve Bank of India
Registrar to the Offer	Link Intime India Private Limited
RTGS	Real Time Gross Settlement
Sale Shares	8,599,224 Equity Shares representing 51.80% of the Voting Share Capital as agreed to be purchased by the Acquirer from the Sellers under the India SAPA
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEC	Securities & Exchange Commission (United States)
Sellers	Emedia Export Company MBH, Merck Internationale Beteiligungen GmbH, Chemitra GmbH, referred to collectively
Seller Parent Company	Merck KGaA
Stock Exchanges	BSE and NSE
Target / Target Company	Merck Limited
Tendering Period	June 13, 2018 to June 26, 2018, both days inclusive
Voting Share Capital	16,599,382 Equity Shares, being the Equity Shares as of the 10th Working Day following the closure of the Tendering Period (assuming there is no change in the Voting Share Capital between the date of this Draft Letter of Offer and such date)
Working Day(s)	Shall have the same meaning ascribed to it in the SEBI (SAST) Regulations

* *All capitalized terms used in this DLoF, but not otherwise defined herein, shall have the meanings ascribed thereto or in the SEBI (SAST) Regulations.*

DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF THE TARGET COMPANY TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PAC OR THE TARGET COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND THE PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND THE PAC DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, ICICI SECURITIES LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MAY 7, 2018 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

I. DETAILS OF THE OFFER

A. Background to the Offer

1. The Offer is being made by the Acquirer and the PAC to the Public Shareholders of the Target Company in accordance with Regulations 3(1), 4 and other applicable regulations of the SEBI (SAST) Regulations.

2. The Seller Parent Company is undertaking a sale globally of its CH Business through one or more sale and purchase agreements ("**Global Transaction**"). The Target Company operates *inter alia* the CH Business in India.

3. The Acquirer, the Sellers and the Seller Parent Company have entered into the India SAPA, pursuant to which the Sellers have agreed, subject to the terms and conditions set out in the India SAPA, to collectively sell, and the Acquirer has agreed to purchase, for cash, 8,599,224 (Eight Million Five Hundred Ninety Nine Thousand Two Hundred Twenty Four) Equity Shares, representing 51.80% of the Voting Share Capital ("**Sale Shares**"), for an aggregate purchase consideration of up to INR 12,898,836,000 (Indian Rupees Twelve Thousand Eight Hundred and Ninety Eight Million Eight Hundred Thirty Six Thousand Only) ("**SAPA Consideration**"), calculated on the basis of per Equity Share value of up to INR 1,500 (Indian Rupees One Thousand Five Hundred Only) ("**SAPA Share Price**"), payable in accordance with the India SAPA.

4. The details of the Sale Shares being sold under the India SAPA by each of the Sellers are set out below:

Name of the Sellers	Number of Sale Shares	Percentage of issued and paid up share capital of the Target Company
Emedia Export Company MBH	3,534,559	21.29
Merck Internationale Beteiligungen GmbH	3,091,224	18.62
Chemitra GmbH	1,973,441	11.89
Total	**8,599,224**	**51.80**

5. The salient features of the India SAPA have been summarized below:

5.1 Under the India SAPA, the SAPA Consideration, calculated on the basis of the SAPA Share Price, is payable to the Sellers in accordance with the following: (a) Euro equivalent of INR 9,288,063,546 (Indian Rupees Nine Thousand Two Hundred Eighty Eight Million Sixty Three Thousand Five Hundred Forty Six only), on the basis of INR 1,080.10 (Indian Rupees One Thousand Eighty Rupees and Ten Paise only) per Equity Share, payable at the closing of India SAPA; and (b) Euro equivalent of INR 3,610,772,454 (Indian Rupees Three Thousand Six Hundred Ten Million Seven Hundred Seventy Two Thousand Four Hundred Fifty Four only), on the basis of INR 419.90 (Indian Rupees Four Hundred Nineteen Rupees and Ninety Paise only) per Equity Share, payable upon completion of the transfer of the BPL Business to a member of the Merck Group (provided such transfer is completed by the date which is 9 (nine) months from the closing of the India SAPA). For the avoidance of doubt, it is clarified that the SAPA Share Price, being INR 1,500 (Indian Rupees One Thousand Five Hundred only) per Equity Share, is the highest negotiated price as per the SEBI (SAST) Regulations for the purposes of determination of the Offer Price, as mentioned at paragraph 7 of Part A of Section IV (*Offer Price and Financial Arrangement*) below.

5.2 Further, per the India SAPA, if the requisite corporate authorisations of the Target Company, including shareholder approvals are obtained, it is intended that the BPL Business currently undertaken by the Target Company will be transferred on a going concern basis by way of a slump sale to an entity belonging to the Merck Group pursuant to a business transfer agreement.

5.3 Completion of the Offer and the underlying transaction as envisaged under the India SAPA is subject to satisfaction of following conditions precedent including receipt of statutory and regulatory approvals (each of which is considered to be outside the reasonable control of the Acquirer and the PAC) as set out in the India SAPA:

(i) Closing/ completion of the Global Transaction (excluding acquisition of the Equity Shares of the Target Company by the Acquirer, which will be completed in accordance with the India SAPA and the SEBI (SAST) Regulations);

(ii) CCI (or any appellate authority) in respect of the purchase of the Sale Shares under the India SAPA and purchase of the Offer Shares, having either (a) declined jurisdiction; (b) granted approval; or (c) been deemed to have granted approval through the expiration of time periods available for their investigation; and

(iii) DoP having provided its approval for the purchase of the Sale Shares under the India SAPA and purchase of the Offer Shares, as per the extant Consolidated Foreign Direct Investment Policy Circular of 2017 (as amended).

5.4 The necessary filings in relation to the approvals mentioned at paragraph 5.3(ii) and 5.3 (iii) above will be made shortly.

5.5 Each of the Sellers and the Acquirer have provided warranties which are customary for transactions such as the underlying transaction in the India SAPA. In addition, the Sellers have provided indemnities under certain conditions to the Acquirer.

5.6 The India SAPA also imposes certain obligations on the Sellers vis-à-vis the conduct of the business of the Target Company up to the completion of the transaction under the India SAPA, including in relation to the amendment or modification of constitutional documents of the Target Company, reorganization (including through merger, consolidation or restructuring) of the Target Company, giving of certain guarantees, and creating any encumbrance on the securities of the Target Company.

5.7 The India SAPA may be terminated by the parties thereto *inter alia* (i) if the conditions precedent are not satisfied or waived on the Long Stop Date; or (ii) automatically in the event the agreement for undertaking the Global Transaction terminates in accordance with its terms.

6. After completion of the transaction contemplated under the India SAPA and the Offer, the Acquirer will acquire control over the Target Company and hence, be classified as the promoter of the Target Company. Further, in terms of Clause 31(A) of the SEBI (LODR) Regulations, all of the existing Promoters and members of Promoter Group of the Target Company, shall post the closing of the underlying transaction and Offer, be declassified as ‘promoters’ of the Target Company for the purposes of all applicable laws, and the Acquirer shall be named as the ‘promoter’ of the Target Company for the purposes of all applicable laws, and appropriate steps (as required under applicable laws) will be taken in connection with the foregoing.

7. Neither the Acquirer nor the PAC, as on the date of the DLoF, have been prohibited by SEBI from dealing in securities, pursuant to the terms of any directions issued under Section 11B of the SEBI Act or under any other regulations made under the SEBI Act.

8. As per Regulations 26(6) and 26(7) of the SEBI (SAST) Regulations, the board of directors of the Target Company is required, upon receipt of the Detailed Public Statement, to constitute a committee of independent directors to provide their reasoned recommendations on the Offer. The reasoned recommendations are required to be published in the same newspapers in which the Detailed Public Statement was published by no later than June 11, 2018, and simultaneously a copy of such recommendations is required to be sent to SEBI, the Stock Exchanges and to the Manager.

B. Details of the Offer

1. The Public Announcement in connection with the Offer was made on April 19, 2018 to the Stock Exchanges and a copy thereof was also sent to SEBI and the Target Company at its registered office on April 19, 2018.

2. The Detailed Public Statement was published on April 26, 2018 in all editions of Financial Express (English), all editions of Jansatta (Hindi) and the Mumbai edition of Mumbai Lakshadeep (Marathi). A copy of the PA and Detailed Public Statement are also available on the website of SEBI (www.sebi.gov.in).

3. This Offer is being made by the Acquirer along with the PAC to all the Public Shareholders of the Target Company, to acquire up to 4,315,840 Equity Shares ("**Offer Shares**") representing 26.00% of the paid up equity share capital of the Target Company as on the 10th Working Day after closure of the Tendering Period ("**Offer Size**"), at an offer price of INR 1,500.36 (Indian Rupees One Thousand Five Hundred and Thirty Six Paise Only) per Equity Share ("**Offer Price**") aggregating to a total consideration of INR 6,475,313,702.40 (Indian Rupees Six Thousand Four Hundred and Seventy Five Million Three Hundred Thirteen Thousand Seven Hundred and Two and Forty Paise Only) ("**Offer Consideration**"). As of the date of this DLoF, there are no outstanding convertible securities, depository receipts, warrants or instruments, issued by the Target Company, convertible into Equity Shares of the Target Company. The Offer Price will be payable in cash by the Acquirer, in accordance with the provisions of Regulation 9(1)(a) of the SEBI (SAST) Regulations. If the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the Offer Size, the Acquirer shall accept the Equity Shares received from the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.

4. The acquisition of the Offer Shares from NRIs and erstwhile OCBs, if any, is subject to the requisite approval or exemption being obtained including the approval from the RBI. Where any such statutory approval or exemption extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals or exemptions are required in order to complete this Offer.

5. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, the Acquirer and the PAC shall have the right to withdraw the Offer if any of the conditions set out in paragraph 5.3 of Part A of Section I (*Details of the Offer*) above, each of which are outside the reasonable control of the Acquirer and the PAC, or any statutory approvals that are required or that become applicable prior to completion of the Offer are not satisfied by the Long Stop Date.

6. To the best of the knowledge of the Acquirer and the PAC, there are no other statutory or other approval(s) required to complete the acquisition under the India SAPA or of the Offer Shares as on the date of this DLoF, except as set out under paragraph 1 of Part C of Section V (*Terms and Conditions of the Offer*) below. If, however, any statutory or other approval(s) becomes applicable prior to the completion of the Offer, the Offer would be subject to such statutory or other approval(s) being obtained. Where any statutory or other approval(s) extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory or other approval(s) are required in order to complete this Offer.

7. Withdrawal of the Offer pursuant to paragraph 5 above would be subject to the approval of SEBI under Regulation 23(1)(d) of the SEBI (SAST) Regulations. In the event of such withdrawal, the same would be notified, in accordance with Regulation 23 of the SEBI (SAST) Regulations by way of a public announcement in the same newspapers in which the Detailed Public Statement had appeared and SEBI, the Stock Exchanges and the Target Company would simultaneously be informed in writing (in the case of the Target Company, at its registered office).

8. The Offer Price may be subject to revisions pursuant to the SEBI (SAST) Regulations or at the discretion of the Acquirer and the PAC, at any time prior to the commencement of the last 3 (three) Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations.

9. There are no partly paid-up Equity Shares in the share capital of the Target Company.

10. The Offer is not conditional on any minimum level of acceptance by the Public Shareholders of the Target Company in terms of Regulation 19 of the SEBI (SAST) Regulations and is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations. Further, there is no differential price being offered for the Equity Shares tendered in this Offer.

11. Other than the transactions detailed in Part A of Section I (*Details of the Offer*) above, which have triggered this Offer, pursuant to which the Acquirer shall acquire Equity Shares in the Target Company, as on the date of this DLoF, neither the Acquirer nor the PAC, and their respective directors, and key managerial employees hold any ownership/interest/relationship/shares in the Target Company.

12. As per Regulation 38 of the SEBI (LODR) Regulations read with Rule 19A of the SCRR, the Target Company is required to maintain minimum public shareholding, as determined in accordance with the SCRR, on a continuous basis for listing. Upon completion of the Offer and underlying transaction pursuant to the India SAPA, if public shareholding of the Target Company falls below the minimum level of public shareholding as required to be maintained by the Target Company as per the SCRR and the SEBI (LODR) Regulations, the Acquirer and the PAC undertake to take necessary steps to facilitate the compliance by the Target Company with the relevant provisions prescribed under the SCRR as per the requirements of Regulation 7(4) of the SEBI (SAST) Regulations and/or the SEBI (LODR) Regulations, within the time period stated therein, i.e., to bring down the non-public shareholding to 75% within twelve months from the date of such fall in the public shareholding to below 25%, through permitted routes and any other such routes as may be approved by SEBI from time to time.

13. The Equity Shares will be acquired by the Acquirer fully paid-up, free from all liens, charges, equitable interests and encumbrances and shall be tendered together with all rights attached thereto, including all rights to dividends, bonuses and rights offers, if any, declared hereafter, and the tendering Public Shareholder shall have obtained all necessary consents for it to sell the Equity Shares on the foregoing basis.

14. The Manager to the Offer shall not deal on its own account in the Equity Shares of the Target Company during the Offer period.

15. In terms of Regulation 25(2) of the SEBI (SAST) Regulations, as of the date of this DLoF, the Acquirer and the PAC have no intention to restructure or alienate, whether by way of sale, lease, encumbrance or otherwise, any material assets of the Target Company or of entities controlled by the Target Company during the period of 2 (two) years following the completion of the Offer except:

    a) as divestment by the Target Company of its non-consumer health business (being the BPL Business); or

    b) as provided in the India SAPA; or

    c) in the ordinary course of business; or

    d) to the extent required for the purpose of restructuring and/or rationalization of the business, assets, investments, liabilities or otherwise of the Target Company; or

    e) on account of regulatory approvals or conditions, or compliance with any law that is binding on or applicable to the operations of the Target Company; or

    f) as has already been disclosed by the Target Company in the public domain.

16. Other than the above, if the Target Company is required to alienate any material asset of the Target Company, within a period of 2 (two) years from completion of the Offer, the Target Company shall seek the approval of its shareholders as per the proviso to Regulation 25(2) of SEBI (SAST) Regulations.

17. The Acquirer and PAC have not acquired any Equity Shares of the Target Company from the date of the Public Announcement and up to the date of this Draft Letter of Offer.

C. Object of the Acquisition / Offer

1. This acquisition will enable the P&G Group to expand its successful over-the-counter ("**OTC**") health care business by adding a fast-growing portfolio of differentiated, physician-supported, multi-region brands across a broad geographic footprint. It also provides the P&G Group with strong health care commercial capabilities, deep technical mastery and proven consumer health care leadership that will complement P&G Group's OTC capabilities and brands.

II. BACKGROUND OF THE ACQUIRER AND THE PAC

A. ACQUIRER – Procter & Gamble Overseas India B.V.

1. The Acquirer, a private limited liability company, was incorporated on August 9, 2000 under the laws of Netherlands (Company Registration number: KvK 34138743). Its registered office is situated at Watermanweg 100, 3067 GG Rotterdam, the Netherlands. The Acquirer changed its name on February 16, 2005 from Dyno Nobel B.V. to Delicius Holding B.V. and changed its name again on March 31, 2006 from Delicius Holding B.V. to Procter & Gamble Overseas India B.V.

2. The principal activity of the Acquirer is to acquire and hold interests in any form whatsoever, in any other Dutch or foreign commercial, industrial or financial entities, to provide direct or indirect financing and/or financial services, as well as administrative assistance to its subsidiaries or companies in which it itself or its parent company has a direct or indirect interest, even not substantial, or any company being a direct or indirect shareholder of the Acquirer or any company belonging to the same group as the Acquirer.

3. The Acquirer does not have any authorized share capital in compliance with the applicable Dutch law. The paid-up share capital of the Acquirer as on the date of this DLoF is EUR 35,042.90 comprising of 342,432 A-shares of EUR 0.10 each and 7,997 B-shares of EUR 0.10 each. The shareholding pattern of the Acquirer as on the date of this DLoF is as under:

Shareholder	No. of Shares Held	%
Procter & Gamble Canada Holding B.V.	342,432 A-shares	97.72%
Rosemount LLC	7,997 B-shares	2.28%
Total	342,432 A-shares and 7,997 B-shares	**100.00%**

4. The Acquirer is ultimately held and controlled by P&G Co. and belongs to the P&G Group.

5. The Acquirer is not listed on any stock exchange in India or abroad.

6. The details of the directors on the board of directors of the Acquirer are provided below:

Details	Qualifications & Experience
Name: Clarke, Malcolm Raymond DIN: Not applicable Date of appointment: March 24, 2017 Designation: Director	Mr. Clarke is a UK Chartered Accountant (ICAEW) and is currently Financial Controller for the P&G Group's Europe, India, Middle East and Africa region and a Director of multiple group entities in Switzerland, Luxembourg and Holland. During his 30 years with the P&G Group, Mr. Clarke has held a variety of positions of increasing responsibility in the finance function around the world, and is currently based in Switzerland. Prior to joining Procter & Gamble, he was with KPMG.
Name: Leezer-Brussen, Karen Elisabeth DIN: Not applicable Date of appointment: December 23, 2016 Designation: Director	Mrs. Karen Brussen-Leezer has finalized her MBO education in 1993. She held a variety of Finance positions within P&G Group both in the General Accounting and Corporate Finance area and is located in Rotterdam, the Netherlands.
Name: van Nielen, Karel Jacob DIN: Not applicable	Mr. Karel van Nielen graduated at the Delft University of Technology in the Netherlands. He has been for 15 years with P&G Group in various positions in Benelux. Previous assignments were in Engineering, Brand finance, Sales finance

Details	Qualifications & Experience
Date of appointment: December 23, 2016 Designation: Director	and Corporate finance. Currently, he is a Finance director working on a Benelux productivity project.
Name: Wülfing e/v Winzer, Charlotte Hildegard DIN: Not applicable Date of appointment: December 23, 2016 Designation: Director	Ms. Winzer is a honorable graduate of the University of Mannheim with a master equivalent degree (graduation in 1991) in Business Administration. Ms. Winzer held various positions in Finance (Financial Analysis, Project support and leadership, Tax) and is for the last years Director Tax Éurope responsible for all tax affairs of P&G Group in greater Europe.
Name: Olsthoorn, Franciscus Martinus Cornelis DIN: Not applicable Date of appointment: April 7, 2017 Designation: Director	Mr. Olsthoorn has a Masters degree in Industrial Engineering and Management Science. He graduated from Eindhoven University of Technology. Mr. Olsthoorn held a variety of management positions over the past 23 years in P&G Group in the areas of Supply Chain Management and Sales. Mr. Olsthoorn is currently based in the Netherlands.

7. None of the directors of the Acquirer are directors on the board of directors of the Target Company.

8. Other than the transaction detailed in Part A of Section I (*Details of the Offer*) above, which has triggered this Offer, pursuant to which the Acquirer shall acquire Equity Shares in the Target Company, as on the date of this DLoF, the Acquirer, its directors, and its key managerial employees do not hold any ownership/ interest/ relationship/ shares in the Target Company.

9. The Acquirer, as of the date of DLoF, has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the SEBI Act or under any other regulations made under the SEBI Act.

10. The Acquirer's key financial information based on its financial statements as of and for the financial years ended June 30, 2015, June 30, 2016, and June 30, 2017 and its interim financial statements as of and for six months ended December 31, 2017, are as follows:

Statement of Comprehensive Income

(In units)

Particulars	As at and for financial year ended June 30, 2015		As at and for financial year ended June 30, 2016		As at and for financial year ended June 30, 2017		As at and for six month period ended December 31, 2017	
	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)
Income from operations	-	-	-	-	-	-	-	-
Other Income	94,843	6,229,421	89,892	5,904,232	156,431,162	10,274,617,724	12,284,217	806,844,570
Total Income	**94,843**	**6,229,421**	**89,892**	**5,904,232**	**156,431,162**	**10,274,617,724**	**12,284,217**	**806,844,570**

Particulars	As at and for financial year ended June 30, 2015		As at and for financial year ended June 30, 2016		As at and for financial year ended June 30, 2017		As at and for six month period ended December 31, 2017	
	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)
Total Expenditure	(26,595,905)	(1,746,856,275)	(22,968,103)	(1,508,577,160)	(41,389,743)	(2,718,536,266)	(22,729,350)	(1,492,895,529)
Profit Before Depreciation Interest and Tax	**(26,501,062)**	**(1,740,626,854)**	**(22,878,211)**	**(1,502,672,928)**	**115,041,419**	**7,556,081,458**	**(10,445,133)**	**(686,050,959)**
Depreciation	-	-	-	-	-	-	-	-
Interest	(5,374)	(352,972)	(31,857)	(2,092,412)	(30,335)	(1,992,445)	(396)	(26,010)
Profit/(Loss) Before Tax	**(26,506,436)**	**(1,740,979,826)**	**(22,910,068)**	**(1,504,765,340)**	**115,011,084**	**7,554,089,013**	**(10,445,529)**	**(686,076,969)**
Provision for Tax	(10,074)	(661,674)	(71)	(4,663)	(98,642)	(6,478,945)	(2,88,813)	(18,969,642)
Profit/(Loss) After Tax	**(26,516,510)**	**(1,741,641,500)**	**(22,910,139)**	**(1,504,770,003)**	**114,912,442**	**7,547,610,068**	**(10,734,342)**	**(705,046,611)**

Balance Sheet Statement

(In units)

Particulars	As at and for financial year ended June 30, 2015		As at and for financial year ended June 30, 2016		As at and for financial year ended June 30, 2017		As at and for six month period ended December 31, 2017	
	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)
Sources of funds								
Paid up share capital	22,382	1,470,081	22,202	1,458,258	40,089	2,633,102	41,859	2,749,358
Reserves and Surplus (excluding revaluation reserves)	627,302,119	41,202,081,402	658,127,196	43,226,715,612	1,158,139,927	76,068,251,803	1,147,403,815	75,363,088,930
Networth	627,324,501	41,203,551,483	658,149,398	43,228,173,870	1,158,180,016	76,070,884,905	1,147,445,674	75,365,838,288
Secured loans	-	-	-	-	-	-	-	-
Unsecured loans	-	-	-	-	-	-	-	-
Current liabilities	30,939,217	2,032,131,087	-	-	20,637,034	1,355,469,285	11,600,560	761,941,022
Total	**658,263,718**	**43,235,682,570**	**658,149,398**	**43,228,173,870**	**1,178,817,050**	**77,426,354,190**	**1,159,046,234**	**76,127,779,310**
Uses of funds								

Particulars	As at and for financial year ended June 30, 2015		As at and for financial year ended June 30, 2016		As at and for financial year ended June 30, 2017		As at and for six month period ended December 31, 2017	
	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)
Net Fixed Assets	-	-	-	-	-	-	-	-
Investments	658,192,398	43,230,998,173	658,149,398	43,228,173,870	1,021,542,805	67,096,361,594	1,021,542,805	67,096,361,588
Net current assets	71,320	4,684,397	-	-	157,274,245	10,329,992,596	137,503,429	9,031,417,722
Total miscellaneous expenditure not written off	-	-	-	-	-	-	-	-
Total	**658,263,718**	**43,235,682,570**	**658,149,398**	**43,228,173,870**	**1,178,817,050**	**77,426,354,190**	**1,159,046,234**	**76,127,779,310**

Other financial data

(In units)

Particulars	As at and for financial year ended June 30, 2015		As at and for financial year ended June 30, 2016		As at and for financial year ended June 30, 2017		As at and for six month period ended December 31, 2017	
	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)
Dividend (%)	-	-	-	-	-	-	-	-
Earnings/(Loss) per share	(1,326)	(87,082)	(1,146)	(75,239)	328	21,538	(31)	(2,012)

*Note 1: Since the financial statements of the Acquirer are prepared in United States Dollars (“**USD**”), the functional currency of the Acquirer, they have been converted into INR for purpose of convenience of translation. INR to USD conversion has been assumed at a rate of 1 USD = 65.6814 INR as on April 18, 2018, the date preceding the PA date. (Source: RBI reference rate)*

Note 2: The financial information mentioned above is based on the audited standalone financial statements of the Acquirer for the relevant periods.

Note 3: The financial statements of the Acquirer are prepared under Dutch GAAP and comply with the Law of The Netherlands.

Note 4: Total Income is calculated as the sum of dividend income, interest income and changes in the value of financial fixed assets (in accordance with Dutch GAAP).

Note 5: Earnings per share is calculated as the Net Income/ (Loss) divided by the number of outstanding equity shares.

Note 6: Reserves and Surplus (excluding revaluation reserves) is calculated as sum of share premium, non-distributable reserve and retained earnings (in accordance with Dutch GAAP).

Note 7: Dividend (%) is nil in all periods as no dividend was declared/paid by the Acquirer to its shareholders.

11. The Acquirer does not have any major contingent liabilities as on December 31, 2017.

12. Status of Corporate Governance: Acquirer is an unlisted company managed and controlled by its board of directors.

13. The Acquirer is not required to appoint a Compliance Officer.

B. PAC- The Procter & Gamble Company

1. P&G Co., a publicly held corporation, was incorporated on May 5, 1905 under the laws of the State of Ohio, United States of America (Company Registration number: 20677). Its registered address is 4400 Easton Commons Way Suite 125, Columbus, Ohio 43219, USA. There has been no change in the name of the PAC since its incorporation.

2. The principal activity of the PAC is to produce, manufacture, buy, sell, and generally deal in a variety of fast moving consumer goods products, such as soaps, detergents, cleaning preparations, perfumes, cosmetics, personal care products, and consumer health care products.

3. The PAC is the ultimate parent company of the P&G Group and the Acquirer is ultimately controlled by the PAC.

4. The common stock shares of the PAC are listed on the New York Stock Exchange (NYSE) and NYSE Euronext-Paris. As such, ownership of the PAC changes frequently. The shareholding of beneficial owners holding 5% or more of the stock of the PAC as of December 31, 2017 according to filings with the SEC are:

S No.	Name of the shareholder	No. of Shares	% Shareholding
1.	The Vanguard Group	185,434,627	7.3%
2.	Blackrock, Inc.	136,352,872	6.3%

5. The authorised share capital of the PAC comprises of 10,800,000,000 (Ten Thousand Eight Hundred Million) equity shares without par value (consisting of 600,000,000 (Six Hundred Million) Class A Preferred Stock, 200,000,000 (Two Hundred Million) Class B Preferred Stock and 10,000,000,000 (Ten Thousand Million) Common Stock). The total number of issued and outstanding shares of the PAC as on December 31, 2017 comprised of 4,009,243,894 (Four Thousand Nine Million Two Hundred Forty Three Thousand Eight Hundred Ninety Four) shares of Common Stock (which includes 1,488,240,188 (One Thousand Four Hundred Eighty Eight Million Two Hundred Forty Thousand One Hundred Eighty Eight) treasury shares i.e. shares owned by P&G Co. or one of its subsidiaries) and 95,134,516 (Ninety Five Million One Hundred Thirty Four Thousand Five Hundred Sixteen) shares of Class A Preferred Stock.

6. The details of the directors on the board of directors of the PAC as of the date of the DLoF are provided below:

Details	Qualifications & Experience
Name: Scott D. Cook DIN: Not applicable Date of appointment: September 12, 2000 Designation: Director	Mr. Cook is Chairman of the Executive Committee of the Board of Intuit Inc. (a software and web services company), which he co-founded in 1983. He served as President and Chief Executive Officer of Intuit from 1983 to 1994 and as Chairman of the Board of Intuit from 1993 through 1998. Mr. Cook served on the Board of eBay Inc. from 1998 to 2015. Mr. Cook graduated from University of Southern California (Economics and Mathematics). He received his MBA degree from Harvard Business School. Mr. Cook has a wealth of leadership, technology, consumer industry, strategy, risk management and marketing experience that he brings to the Board. He also brings valuable innovation

Details	Qualifications & Experience
	experience and insight to the Innovation & Technology Committee, as well as to the full Board. *He is the chair of the Innovation & Technology Committee and member of the Compensation & Leadership Development Committee of the PAC.*
Name: Francis S. Blake DIN: 00490603 Date of appointment: February 10, 2015 Designation: Director	Mr. Blake is the former Chairman of the Board and Chief Executive Officer of The Home Depot, Inc. (a national retailer). He served as the Chairman of the Board from 2007 to 2015 and as Chief Executive Officer from 2007 to 2014. He previously served as a Director of Southern Company (a super-regional energy company) from 2004 to 2009. Mr. Blake has been a Director of Delta Airlines since 2014 and was appointed non-Executive Chairman of the Board in 2016. He has been a Director at Macy’s, Inc. since 2015. Mr. Blake graduated from Harvard University and received his Juris Doctor degree from Columbia Law School. Mr. Blake brings extensive leadership, strategy, risk management and marketing experience to the Board. He contributes his deep knowledge of the retail consumer industry and evolving marketing practices to the Board. Mr. Blake also brings an extensive amount of government experience, having previously served as General Counsel for the U.S. Environmental Protection Agency, Deputy Counsel to Vice President George H. W. Bush, and Deputy Secretary for the U.S. Department of Energy. *He is the member of the Audit and Governance & Public Responsibility Committees of the PAC.*
Name: Angela F. Braly DIN: Not applicable Date of appointment: December 8, 2009 Designation: Director	Ms. Braly is the former Chair of the Board, President and Chief Executive Officer of WellPoint, Inc. (a healthcare insurance company), now known as Anthem, Inc. She served as Chair of the Board from 2010 to 2012 and as President and Chief Executive Officer from 2007 to 2012. She previously served as Executive Vice President, General Counsel, and Chief Public Affairs Officer of WellPoint from 2005 to 2007, and President and Chief Executive Officer of Blue Cross Blue Shield of Missouri from 2003 to 2005. Ms. Braly has been a Director of Lowe’s Companies, Inc. since 2013, Brookfield Asset Management since 2015, and ExxonMobil Corporation since 2016. Ms. Braly graduated from Texas Tech University (Finance) and received her Juris Doctor degree from Southern Methodist University School of Law. Ms. Braly has a vast amount of leadership, corporate governance, consumer industry, and marketing experience. She also brings a significant amount of government experience, given her prior role as General Counsel and Chief Public Affairs Officer for WellPoint, where she was responsible for the company’s government relations efforts, among other areas. *She is the chair of the Governance & Public Responsibility Committee and member of the Audit Committee of the PAC.*

Details	Qualifications & Experience
Name: Amy L. Chang DIN: Not applicable Date of appointment: June 1, 2017 Designation: Director	Ms. Chang is the founder and Chief Executive Officer of Accompany, Inc. (a relationship intelligence company), a position she has held since 2013. She previously held positions of increasing responsibility at Google, Inc. from 2005 to 2012, most recently serving as Global Head of Product, Google Ads Measurement and Reporting. Prior to joining Google, she held product management and strategy positions at eBay, Inc. and served as a consultant with McKinsey & Company, specializing in semi-conductors, software, and services. Ms. Chang was a Director of Cisco Systems, Inc. from 2016 to 2018, a Director of Informatica from 2012 to 2015, a Director of Splunk, Inc. from 2015 to 2017, and a member of Target Corporation's Digital Advisory Council from 2013 to 2016. Ms. Chang received her MS and BS degrees from Stanford University in Electrical Engineering. Ms. Chang brings extensive digital and technology experience and expertise to the Board. She contributes her exceptional knowledge of digital industry trends and data analytics to the Board, having had deep business experience in top technology companies. *She is a member of the Audit and Innovation & Technology Committees of the PAC.*
Name: Kenneth I. Chenault DIN: Not applicable Date of appointment: April 21, 2008 Designation: Director	Mr. Chenault is Chairman and Managing Partner of General Catalyst Partners (venture capital firm), a position he has held since 2018. He was Chairman and Chief Executive Officer of American Express Company (a global services, payments, and travel company), from 2001 to 2018. He has been a Director of International Business Machines Corporation since 1998 and Facebook since 2018. Mr. Chenault graduated from the Bowdoin College (History) and earned a degree from Harvard Law School. Mr. Chenault has significant leadership, strategy, risk management, and financial experience. With more than 37 years of experience delivering products and services to consumers and businesses across the world, he brings consumer and business insights, marketing and digital expertise, as well as a global perspective, to the Board. *He is the member of the Audit and Compensation & Leadership Development Committees of the PAC.*
Name: Joseph Jimenez DIN: Not applicable Date of appointment: March 1, 2018 Designation: Director	Mr. Jimenez is the former Chief Executive Officer of Novartis AG (global health care company), a position he held from 2010 to 2018. Prior to this role, he held several other senior positions at Novartis from April 2007 to 2010, as well as various leadership roles at H. J. Heinz Company in Europe and North America from 1999 to 2006 and at ConAgra Foods from 1993 to 1998. He was also an Advisor to the Blackstone Group L.P. from 2006 to 2007. Mr. Jimenez has been a Director of General Motors since 2015. He was a Director of Colgate-Palmolive from 2010 to 2015. Mr. Jimenez graduated from Stanford University and received degrees from University of California, Berkeley and Haas School of Business.

Details	Qualifications & Experience
	Mr. Jimenez has significant international business leadership, strategy development, and finance experience. He contributes his extensive knowledge of international consumer products businesses, as well as his valuable insight into the health care industry, to the Board. *He is a member of the Compensation & Leadership Development and Innovation & Technology Committees of the PAC.*
Name: Terry J. Lundgren DIN: Not applicable Date of appointment: January 8, 2013 Designation: Director	Mr. Lundgren is the former Executive Chairman and Chairman of the Board of Macy's, Inc. (a national retailer), a position he held from 2017 to 2018. Mr. Lundgren was Chairman and Chief Executive Officer of Macy's from 2003 to 2017 and President of Macy's from 2003 to 2014. He was a Director of Kraft Foods Group from 2012 to 2015. Mr. Lundgren graduated from University of Arizona. Mr. Lundgren brings extensive leadership, strategy, and risk management experience to the Board. With over 35 years in the retail industry, he contributes his deep knowledge of the consumer industry and dynamic marketing practices, including digital marketing, to the Board. *He is the chair of the Compensation & Leadership Development Committee and member of the Innovation & Technology Committee of the PAC.*
Name: W. James McNerney, Jr. DIN: Not applicable Date of appointment: May 1, 2003 Designation: Director	Mr. McNerney is a Senior Advisor at Clayton, Dubilier & Rice, LLC (a private equity investment firm). He retired as Chairman of the Board of The Boeing Company (aerospace, commercial jetliners and military defense systems) in 2016. He was President of The Boeing Company from 2005 to 2013, Chief Executive Officer from 2005 to 2015, and Chairman of the Board from 2005 to 2016. From 2001 to 2005, Mr. McNerney was Chairman and CEO of 3M Company (a global technology company). Prior to his appointment as CEO of 3M Company, Mr. McNerney was employed by General Electric for nearly twenty years, where he held positions of increasing importance. Mr. McNerney graduated from Yale University and received his MBA degree from Harvard Business School. Mr. McNerney brings a wealth of leadership, global, strategy, risk management, and technology experience to the Board. His extensive experience in managing large, global manufacturing companies, as well as his insight into government affairs, enables him to advise the Board on a variety of strategic and business matters. *He is the Lead Director, member of the Compensation & Leadership Development, and Governance & Public Responsibility Committees of the PAC.*
Name: Nelson Peltz DIN: Not applicable	Mr. Peltz has served as the Chief Executive Officer and Founding Partner of Trian Fund Management, L.P. (an investment management fund) since its formation in 2005. He previously served as Chairman and Chief Executive Officer of Triarc Companies, Inc. from 1993 to 2007. He has been a Director of The Madison Square Garden Company since 2015,

Details	Qualifications & Experience
Date of appointment: March 1, 2018 Designation: Director	The Wendy's Company since 2007, and Sysco Corporation since 2015. He was a Director of Mondelez International, Inc. from 2014 to 2018, Legg Mason, Inc. from 2009 to 2014, Ingersoll-Rand from 2012 to 2014, and H. J. Heinz Company from 2006 to 2013. Mr. Peltz was enrolled in University of Pennsylvania but did not complete his degree. Mr. Peltz brings more than 40 year of business experience, as well as extensive management, finance, and operations experience, to the Board. Additionally, as the Chief Executive Officer of Trian Fund Management, which owns approximately 38 million shares of the PAC's common stock, Mr. Peltz provides an institutional investor perspective. *He is a member of the Governance & Public Responsibility and Innovation & Technology Committees of the PAC.*
Name: David S. Taylor DIN: Not applicable Date of appointment: July 28, 2015 Designation: Director	Mr. Taylor is Chairman of the Board, President and Chief Executive Officer of the PAC. Mr. Taylor has been President and CEO since 2015 and was elected Chairman of the Board in 2016. Mr. Taylor joined the PAC in 1980 and, since that time, has held numerous positions of increasing responsibility in North America, Europe, and Asia in virtually all of the PAC's core businesses. Prior to his current role, Mr. Taylor was Group President- Global Health & Grooming from 2013 to 2015, Group President-Global Home Care from 2007 to 2013, and President-Global Family Care from 2005 to 2007. He also played a key role in the design of the PAC's portfolio optimization strategy. Mr. Taylor served as a Director of TRW Automotive Corporation from 2010 to 2015. Mr. Taylor graduated from Duke University (Electrical Engineering). As a long-time employee and leader, Mr. Taylor brings vast global and business experience to the Board, as well as a deep knowledge of the PAC. He has significant leadership, strategy, risk management, consumer industry, marketing and international experience.
Name: Margaret C. Whitman DIN: Not applicable Date of appointment: February 8, 2011 Designation: Director	Ms. Whitman is the Chief Executive Officer of NewTV (mobile video company), a position she has held since 2018. She was President and Chief Executive Officer of Hewlett Packard Enterprise (a multinational information technology enterprise) from 2015 to 2017. Prior to her role at Hewlett Packard Enterprise, she was President and Chief Executive Officer of Hewlett-Packard Company from 2011 to 2015, as well as Chairman of the Board from 2014 to 2015. She served as President and Chief Executive Officer of eBay Inc. from 1998 to 2008. She has been a Director of Hewlett Packard Enterprise since 2015 and Dropbox since 2017. Ms. Whitman served as a Director of DXC Technology during 2017 and Zipcar, Inc. from 2011 to 2013 and as Chairman of the Board of HP Inc. from 2015 to 2017. She also served as a Director of the PAC from 2003 to 2008, having resigned in preparation for her 2010 California gubernatorial bid. Ms. Whitman graduated from Princeton University (Economics) and received her MBA degree from Harvard Business School. Ms. Whitman has extensive leadership, strategy, risk management and consumer industry experience. Her current and

Details	Qualifications & Experience
	prior management roles also provide her with significant marketing, innovation and technology experience. *She is a member of the Compensation & Leadership Development and Innovation & Technology Committees of the PAC.*
Name: Patricia A. Woertz DIN: Not applicable Date of appointment: January 8, 2008 Designation: Director	Ms. Woertz is the former Chairman of the Board and Chief Executive Officer of Archer Daniels Midland Company ("**ADM**") (agricultural processors of oilseeds, corn, wheat, etc.), where she joined in 2006 as Chief Executive Officer and President and was named Chairman in 2007. Ms. Woertz stepped down as Chief Executive Officer of ADM in 2015 and as Chairman in 2016. Prior to joining ADM, Ms. Woertz was with Chevron Corp. for 29 years and retired as EVP Global Downstream. She began her career as a certified public accountant with Ernst & Ernst. Ms. Woertz has been a Director of 3M Company since 2016. She was a Director of Royal Dutch Shell plc from 2014 to 2017. Ms. Woertz graduated from Pennsylvania State University with a Bachelor's Degree in Accounting. Ms. Woertz has significant leadership, strategy and risk management experience. Having started her career as a CPA, and with broad executive experience at Chevron and ADM, she also brings a significant amount of international, marketing, government relations, and finance experience. *She is the chair of the Audit Committee and member of the Governance & Public Responsibility Committee of the PAC.*
Name: Ernesto Zedillo DIN: Not applicable Date of appointment: March 13, 2001 Designation: Director	Dr. Zedillo served as President of Mexico from 1994 to 2000 and currently serves as Director of the Center for the Study of Globalization and Professor in the field of International Economics and Politics at Yale University. He has been a Director of Alcoa, Corp. since 2002 and Citigroup, Inc. and Promotora de Informaciones S.A. since 2010. Dr. Zedillo graduated from National Polytechnic Institute (Economics). He received a masters and PhD in Economics and other honorary degrees from Yale University. Dr. Zedillo's prior service as President of Mexico provides him with significant government and leadership experience. His current role provides him with a wealth of international experience. He also has significant financial experience, having previously served on the Audit Committee of Union Pacific and as the Secretary of Economic Programming and the Budget for Mexico, as well as having held various positions at the Banco de Mexico. *He is a member of the Governance & Public Responsibility and Innovation & Technology Committees of the PAC.*

7. None of the directors of the PAC are on the board of directors of the Target Company.

8. Other than the transaction detailed in Part A of Section I (*Details of the Offer*) above, which has triggered this Offer, pursuant to which the Acquirer shall acquire Equity Shares in the Target

Company, as on the date of this DLoF, the PAC, its directors, and its key managerial employees do not hold any ownership/ interest/ relationship/ shares in the Target Company.

9. The PAC, as of the date of the DLoF, has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the SEBI Act or under any other regulations made under the SEBI Act.

10. The PAC's key financial information is below. This is based on (i) its audited consolidated financial statements as of and for the financial years ended June 30, 2015, June 30, 2016, and June 30, 2017 audited by Deloitte & Touche LLP, the statutory auditors of the PAC, and (ii) its unaudited consolidated financial statements as of and for six months ended December 31, 2017 as filed in the PAC's quarterly reports on Form 10-Q with the SEC. Regulation S-X of the United States Code of Federal Regulations Title 17 (Commodity and Securities Exchanges) requires interim financial statements included in quarterly reports on Form 10-Q to be reviewed by an independent public accountant prior to filing with the SEC, using professional standards and procedures for conducting such reviews as established by the Public Company Accounting Oversight Board (United States).

Statement of Comprehensive Income

(In millions)

Particulars	**As at and for financial year ended June 30, 2015**		**As at and for financial year ended June 30, 2016**		**As at and for financial year ended June 30, 2017**		**As at and for six month period ended December 31, 2017**	
	(In USD)	**(In INR)**	**(In USD)**	**(In INR)**	**(In USD)**	**(In INR)**	**(In USD)**	**(In INR)**
Income from operations(1)	70,749	4,646,893	65,299	4,288,930	65,058	4,273,101	34,048	2,236,320
Other Income(2)	2,097	137,734	942	61,872	5,435	356,978	283	18,588
Total Income	**72,846**	**4,784,627**	**66,241**	**4,350,802**	**70,493**	**4,630,079**	**34,331**	**2,254,908**
Total Expenditure(3)	58,848	3,865,219	49,278	3,236,648	48,911	3,212,543	25,025	1,643,677
Profit Before Depreciation Interest and Tax	**13,998**	**919,408**	**16,963**	**1,114,154**	**21,582**	**1,417,536**	**9,306**	**611,231**
Depreciation(4)	3,134	205,846	3,078	202,167	2,820	185,222	1,368	89,852
Interest(5)	626	41,117	579	38,030	465	30,542	237	15,566
Profit/(Loss) Before Tax	**10,238**	**672,445**	**13,306**	**873,957**	**18,297**	**1,201,772**	**7,701**	**505,813**
Provision for Tax(6)	3,202	210,312	2,798	183,777	2,971	195,139	2,353	154,548
Profit/(Loss) After Tax(7)	**7,036**	**462,133**	**10,508**	**690,180**	**15,326**	**1,006,633**	**5,348**	**351,265**

Notes:

(1) Represents Net Sales as reported in the Consolidated Statement of Earnings.

(2) Represents 1) Other non-Operating income/(expense), net, excluding the $543MM one-time charge related to early extinguishment of long-term debt in fiscal 2017, 2) Interest income, (items 1 and 2 as reported in the Consolidated Statement of Earnings) and 3) Earnings from Discontinued Operations before impairment charges and income taxes and 4) Gain/(Loss) on Sales before income taxes (items 3 and 4 as reported in the Discontinued Operations footnote).

(3) Represents operating costs, calculated as the sum of 1) Cost of products sold and Selling, general and administrative expense, excluding depreciation and amortization, 2) the one-time charge for the

deconsolidation of Venezuela operations, 3) net earnings attributable to noncontrolling interests (items 1 through 3 as reported on the Consolidated Statement of Earnings), 4) the $543MM one-time charge related to early extinguishment of long-term debt in fiscal 2017 as reported in Management's Discussion and Analysis, and 5) the impairment charges on the Batteries business as reported in the Discontinued Operations footnote.

[4] Represents depreciation and amortization as reported on the Consolidated Statement of Cash Flows.

[5] Represents interest expense as reported on the Consolidated Statement of Earnings.

[6] Represents Income taxes on continuing operations as reported on the Consolidated Statement of Earnings and income taxes on discontinued operations as reported in the Discontinued Operations footnote.

[7] Represents Net Earnings attributable to Procter and Gamble as reported on the Consolidated Statement of Earnings.

Balance Sheet Statement

(In millions)

Particulars	**As at and for financial year ended June 30, 2015**		**As at and for financial year ended June 30, 2016**		**As at and for financial year ended June 30, 2017**		**As at and for six month period ended December 31, 2017**	
	(In USD)	**(In INR)**	**(In USD)**	**(In INR)**	**(In USD)**	**(In INR)**	**(In USD)**	**(In INR)**
Sources of funds								
Paid up share capital[1]	68,938	4,527,944	68,761	4,516,319	68,656	4,509,422	68,752	4,515,728
Reserves and Surplus (excluding revaluation reserves)[2]	(5,888)	(386,732)	(10,778)	(707,914)	(12,878)	(845,845)	(14,031)	(921,576)
Networth[3]	**63,050**	**4,141,212**	**57,983**	**3,808,405**	**55,778**	**3,663,577**	**54,721**	**3,594,152**
Secured loans[4]	30,345	1,993,102	30,598	2,009,719	31,592	2,075,007	37,733	2,478,356
Unsecured loans[5]	18,328	1,203,809	19,438	1,276,715	16,380	1,075,861	16,630	1,092,282
Current liabilities[6]	17,772	, 1,167,290	19,117	1,255,631	16,656	1,093,989	17,560	1,153,365
Total	**129,495**	**8,505,413**	**127,136**	**8,350,471**	**120,406**	**7,908,435**	**126,644**	**8,318,156**
Uses of funds								
Net fixed assets[7]	94,491	6,206,301	88,262	5,797,172	88,779	5,831,129	90,268	5,928,929
Investments[8]	4,797	315,074	6,274	412,085	9,700	637,110	11,441	751,461

Particulars	As at and for financial year ended June 30, 2015		As at and for financial year ended June 30, 2016		As at and for financial year ended June 30, 2017		As at and for six month period ended December 31, 2017	
	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)
Net current assets[9]	24,879	1,634,088	27,536	1,808,603	16,926	1,111,723	19,888	1,306,272
Total miscellaneous expenditure not written off[10]	5,328	349,950	5,064	332,611	5,001	328,473	5,047	331,494
Total	**129,495**	**8,505,413**	**127,136**	**8,350,471**	**120,406**	**7,908,435**	**126,644**	**8,318,156**

Notes:

[1] Represents Convertible Class A preferred stock, Convertible Class B preferred stock, Common stock, and Additional paid-in capital, as reported on the Consolidated Balance Sheets.

[2] Represents Reserve for ESOP debt retirement, Accumulated other comprehensive income/(loss), Treasury Stock, Retained earnings, and Noncontrolling interest as reported on the Consolidated Balance Sheets.

[3] Represents Total Shareholders' Equity as reported on the Consolidated Balance Sheet.

[4] Represents debt due within one year and long-term debt as reported on the Consolidated Balance Sheets.

[5] Represents Noncurrent deferred income taxes, Noncurrent liabilities held for sale and Other noncurrent liabilities, primarily related to pensions and post-retirement benefits, as reported on the Consolidated Balance Sheets. P&G Co. does not have any unsecured debt.

[6] Represents Total Current Liabilities as reported on the Consolidated Balance Sheets, excluding Debt due within one year.

[7] Represents Property, Plant and Equipment, Net, Goodwill, and Trademarks and Other intangible assets, net, as reported on the Consolidated Balance Sheets.

[8] Represents US government securities, Corporate bond securities, and Other investments, as reported in the Risk Management Activities and Fair Value Measurements footnote.

[9] Represents Total Current Assets, excluding Available-for-sale investment securities, as reported on the Consolidated Balance Sheets.

[10] Represents Noncurrent Assets held for Sale and Other noncurrent assets, as reported on the Consolidated Balance Sheets, excluding Other Investments, as reported in the Risk Management Activities and Fair Value Measurements footnote.

Other financial data

(In units)

Particulars	As at and for financial year ended June 30, 2015		As at and for financial year ended June 30, 2016		As at and for financial year ended June 30, 2017		As at and for six month period ended December 31, 2017	
	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)	(In USD)	(In INR)
Dividend (%)[1]	259.0%	NA	266.0%	NA	270.0%	NA	137.9%	NA
Earnings/(Loss) per share[2]	2.44	160.26	3.69	242.36	5.59	367.16	2.00	131.36

Notes:

[1] Represents dividend per common share, as reported on the Consolidated Statement of Earnings / stated value of the common stock (which is $1 per share).

[2] Represents the diluted net earnings per common share, which are calculated by dividing net earnings attributable to P&G by the weighted average number of common shares outstanding plus the dilutive effect of stock options and other stock-based awards and the assumed conversion of preferred stock.

Note: *For the information mentioned in paragraph 10 above, since the financial statements of the PAC are prepared in USD, the functional currency of the PAC, they have been converted into INR for purpose of convenience of translation. INR to USD conversion has been assumed at a rate of 1 USD = INR 65.6814 as on April 18, 2018, the date preceding the PA date (Source: RBI reference rate).*

11. The major contingent liabilities of the PAC, as mentioned in its consolidated financial statements as of and for six months ended December 31, 2017 filed in Form 10-Q with the SEC, are as follows:

As reported on the Commitments and Contingencies footnote:

Litigation:

The PAC is subject to various legal proceedings and claims arising out of its business which cover a wide range of matters such as antitrust, trade and other governmental regulations, product liability, patent and trademark, advertising, contracts, environmental, labor and employment and tax. With respect to these and other litigation and claims, while considerable uncertainty exists, in the opinion of the PAC's management and counsel, the ultimate resolution of the various lawsuits and claims will not materially affect its financial position, results of operations or cash flows.

The PAC is also subject to contingencies pursuant to environmental laws and regulations that in the future may require it to take action to correct the effects on the environment of prior manufacturing and waste disposal practices. Based on currently available information, the PAC does not believe the ultimate resolution of environmental remediation will materially affect its financial position, results of operations or cash flows.

Income Tax Uncertainties:

The PAC is present in approximately 140 taxable jurisdictions and, at any point in time, has 50 – 60 jurisdictional audits underway at various stages of completion. The PAC evaluates its tax positions and establishes liabilities for uncertain tax positions that may be challenged by local authorities and may not be fully sustained, despite its belief that the underlying tax positions are fully supportable. Uncertain tax positions are reviewed on an ongoing basis and are adjusted in light of changing facts and circumstances, including progress of tax audits, developments in case law and closing of statutes of limitations. Such adjustments are reflected in the tax provision as appropriate. The PAC has tax years open ranging from 2008 and forward. The PAC is generally not able to reliably estimate the ultimate settlement amounts until the close of the audit. While the PAC does not expect material changes, it is possible that the amount of unrecognized benefit with respect to its uncertain tax positions could increase or decrease within the next 12 months. At this time, the PAC is not able to make a reasonable estimate of the range of impact on the balance of uncertain tax positions or the impact on the effective tax rate related to these items.

12. The common stock shares of PAC are listed on the New York Stock Exchange (NYSE) and NYSE Euronext-Paris. The closing market price of the PAC's shares as on May 3, 2018 is USD 71.36 per share. The PAC is in compliance with applicable corporate governance requirements as per Ohio law. The Chief Ethics and Compliance Officer of PAC is Sharon Abrams and her business address is The Procter & Gamble Company, One P&G Plaza, Cincinnati, 45202 USA.

III. BACKGROUND OF THE TARGET COMPANY

1. The Target Company is a public limited company incorporated in Maharashtra, India. The Target Company was incorporated on April 26, 1967, as a private limited company under the name 'E. Merck (India) Private Limited' in Mumbai, Maharashtra. On June 30, 1981, the Target Company was converted into a public limited company and its name was changed to 'E. Merck (India) Limited'. Subsequently, on March 27, 2002, the name was further changed to 'Merck Limited'.

2. The Target Company has its registered office at Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai, Maharashtra – 400079, Tel: +91 22 6210 9000 and Fax: +91 22 6210 9999. The Corporate Identification Number (CIN) of the Target Company is L99999MH1967PLC013726.

3. The Target Company is engaged predominantly in pharmaceuticals and chemicals segments.

4. The Equity Shares of the Target Company are listed on the BSE (Scrip ID: MERCK, Scrip Code: 500126) and the NSE (Symbol: MERCK) and are frequently traded in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations. The ISIN of the Target Company is INE199A01012.

5. As of the date of this DLoF, the authorized share capital of the Target Company is INR 180,000,000 (Indian Rupees One Hundred Eighty Million Only) divided into 18,000,000 (Eighteen Million) Equity Shares of face value of INR 10 (Indian Rupees Ten Only) each.

6. The subscribed and fully paid-up equity share capital of the Target Company is INR 165,993,820 (Indian Rupees One Hundred Sixty Five Million Nine Hundred Ninety Three Thousand Eight Hundred Twenty Only) comprising 16,599,382 (Sixteen Million Five Hundred Ninety Nine Thousand Three Hundred Eighty Two) fully paid-up Equity Shares of INR 10 (Indian Rupees Ten Only) each.

7. The Target Company does not have partly paid-up equity shares.

Paid up shares	No. of shares / voting rights	% of shares / voting rights
Fully paid-up equity shares	16,599,382	100.00
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	16,599,382	100.00
Total voting rights	16,599,382	**100.00**

8. The Equity Shares of the Target Company have not been delisted from any stock exchange in India.

9. Trading of the Equity Shares of the Target Company is not currently suspended on the Stock Exchanges. As on the date of the Draft Letter of Offer there are no partly paid up equity shares in the share capital of the Target Company and no outstanding instruments (warrants, compulsorily convertible debentures, compulsorily convertible preference shares, optionally convertible debentures or preference shares or partially convertible debentures) that are convertible into Equity Shares.

10. There are no locked-in shares of the Target Company in accordance with the SEBI (ICDR) Regulations.

11. The details of the board of directors of the Target Company as of the date of the Draft Letter of Offer are provided below.

Name of Director	Date of Appointment	Designation	Details of the experience and qualification of the directors
Mr. Suresh. N. Talwar	April 08, 2015	Chairman, Independent Director	B. Com, LLB, Solicitor Corporate Laws, Corporate Taxation, International issue of securities,

Name of Director	Date of Appointment	Designation	Details of the experience and qualification of the directors
			Foreign Exchange laws & Commercial Documentation
Mr. H.C.H. Bhabha	April 08, 2015	Independent Director	B. Com, F.C.A., A.C.A. (England & Wales; Finance, Accounts & Administration)
Ms. Rani Ajit Jadhav	April 08, 2015	Independent Director	B.A. (Hons.), Politics & Economics. PG Diploma, Development Administration Public Administrator & Regulator. Worked as Head of various public sector organization including MAFCO, State textile Corp. etc
Mr. Milind Thatte	April 01, 2018	Managing Director	M. Pharm, M.B.A. Sales & Marketing, Business Development, Commercial Excellence, Market Research and Formulation R&D
Mr. Krishnan Narayanaswamy	October 22, 2017	CFO & Executive Director (Finance)	B.Com, CWA, Finance, Taxation function of the Company
Ms. Zoe Tang (aka Mei Lin Tang)	December 23, 2016	Nominee Director, Merck KGaA	Bachelor of Accountancy and MBA; Finance and Administration

12. The Target Company has not been party to any scheme of amalgamation, restructuring, merger / demerger and spin off during the last three years.

13. Brief audited financials of the Target Company as of and for the financial years ended December 31, 2015 (as per Indian GAAP), December 31, 2016 (as per Ind-AS) and December 31, 2017 (as per Ind-AS) are provided below:

(In INR million)

Profit & Loss Statement	From audited financials for year ended and as of December 31, 2015 (Indian GAAP)	From audited financials for year ended and as of December 31, 2016 (Ind-AS)	From audited financials for year ended and as of December 31, 2017 (Ind-AS)
Income from operations	9,395.0	10,297.7	11,194.5
Other Income*	233.1	244.1	409.7
Total Income	**9,628.1**	**10,541.8**	**11,604.2**
Total expenditure	8,560.6	9,057.1	9,646.0
Profit Before Depreciation, Interest and Tax	**1,067.5**	**1,484.7**	**1,958.2**
Depreciation**	234.2	333.0	436.3
Interest	-	-	-
Profit before tax	**833.3**	**1,151.7**	**1,521.9**
Provision for tax	297.7	360.5	582.8
Profit after tax	**535.6**	**791.3**	**939.1**

(In INR million)

Balance Sheet	From audited financials for year ended and as of December 31, 2015 (Indian GAAP)	From audited financials for year ended and as of December 31, 2016 (Ind- AS)	From audited financials for year ended and as of December 31, 2017 (Ind-AS)
Sources of funds			
Paid up share capital	166.0	166.0	166.0
Reserves and Surplus (excluding revaluation reserve)	5,749.5	6,472.2	7,166.6
Networth	**5,915.5**	**6,638.2**	**7,332.6**
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	-	-	-
Uses of funds			
Net fixed assets	1,387.3	1,406.4	1,239.7
Investments	422.8	277.8	699.7
Net assets (net of liabilities)***	4,105.4	4,954.0	5,393.2
Total miscellaneous expenditure not written off	-	-	-
Total	**5,915.5**	**6,638.2**	**7,332.6**

Other financial data	From audited financials for year ended and as of December 31, 2015 (Indian GAAP)	From audited financials for year ended and as of December 31, 2016 (Ind- AS)	From audited financials for year ended and as of December 31, 2017 (Ind-AS)
Dividend (%)	75%	110%	150%
Earning Per Share	32.3	47.7	56.6
Return on Net worth	9%	12%	13%
Book value per share	356.4	399.9	441.7

* *Including exceptional items*
** *Including impairment*
*** *Taken as balancing figure to match Net Worth and Use of Funds*

14. Details of the contingent liabilities in the Target Company as of December 31, 2017 are provided below:

a) Summary of disputed statutory demands not accepted by the Target Company are given below:

(In INR million)

	As at December 31, 2017
Income tax	769.9
State and Central Sales Tax, Entry Tax	89.2
Excise Duty / Service tax	227.5
Total	**1,086.7**

The management of the Target Company considers that the excise duty / value added tax / sales tax / income tax demands received from tax authorities are not tenable against the Target Company and hence no provision has been made.

b) Estimated amount of contracts remaining to be executed on Capital Account (net of advances INR 33.2 million) and not provided for INR 138.0 million.

c) In June 2016, National Pharmaceutical Pricing Authority (NPPA) served a demand notice on the Target Company alleging that during the period from January 2006 to June 2009, the Target Company sold Polybion 100ml syrup at a price higher than the ceiling price fixed by it on June 5, 2008. Pursuant to orders passed by Kolkata High Court, NPPA gave another opportunity of hearing to the Target Company. NPPA did not accede to any of the Target Company's contention and issued a fresh demand notice dated December 13, 2016 demanding a sum of INR 292.2 million (INR 116.8 million on account of overcharge during the said period and INR 175.4 million for interest thereon) for sales made by the Target Company during the period May 2006 to June 2009. The Target Company has challenged the said demand by way of writ petition, which is pending before the Hon'ble Delhi High Court. In a separate proceeding filed by the manufacturer of the said drug, Cradel Pharmaceutical Private Limited, Hon'ble Kolkata High Court stayed the demand provided it deposits a sum of INR 22.5 million with the NPPA. The Target Company has been legally advised that the Target Company has a defendable case before Delhi High Court. Accordingly, no provision has been created in the books.

d) During the year 2014, the Target Company has made a provision of INR 69.9 million towards a possible liability which may accrue to the Target Company due to a judgment passed by the Supreme Court in the year 2014 impacting the Pharmaceutical industry in India including the Target Company.

e) National Pharmaceutical Pricing Authority (NPPA) issued the price fixation orders for about 350 drugs on June 21, 2013 including Metformin, a formulation used by the Target Company in the Target Company's product Carbophage 500 SR. The orders did not clarify whether the prices so fixed are applicable only for plain tablet or innovative dosages as well. The Target Company sought clarification from the NPPA, however, no clear response has been received. Pending this clarification NPPA had sent a notice dated June 6, 2014, claiming the differential pricing charged by the Target Company for Carbophage 500 SR over the prices notified. On the basis of a recent judgement passed by the High Court of Bombay, the Target Company has made a provision of INR 32.0 million towards a possible liability on some pharma products which may accrue to the Target Company.

f) During the year 2014, Central Excise issued a show cause cum demand notice on the Target Company covering a period of five years for alleged wrong classification of the products, Vitamin E Acetate min.92% for Poultry / Cattle / Pig-feed, Vitamin E Liquid for Animal Nutrition (for Pig/Cattle/Poultry) and Vitamin E Dry Powder 50% for Animal Nutrition. The value of total demand was INR 188.7 million including penalty and interest.

The Central Excise had issued show cause cum demand notice on similar matter in the past as well. The value of such demand was INR 18 million. This was contested by the Target Company before the lower authorities. On the representation made by the Target Company the demand was dropped after considering various decisions pronounced by judicial and quasi-judicial authorities at the relevant time.

The Target Company based on legal opinion believes that it has a good case on merits as well as on limitations. Accordingly, no provision has been created in the books of accounts. If the Target Company succeeds on merits the entire duty demand including penalty and interest would be dropped. However, if the Target Company does not succeed on merits the Target Company has still chances of succeeding on limitations as the matter was known to the authorities and there was no suppression or misdeclaration of facts by the Target Company. In such an eventuality the duty demand would be restricted to one year and interest and penalty would be dropped.

15. Shareholding pattern of the Target Company pre and post Offer is provided below:

Shareholders' category	**Shareholding & voting rights prior to agreement / acquisition and Offer (A)**		**Shareholding & voting rights to be acquired which triggered the SEBI (SAST) Regulations (B)**		**Shares / voting rights to be acquired in the Offer (assuming full acceptance) (C)**		**Shareholding / voting rights after the acquisition and Offer**	
	No.	***%***	***No.***	***%***	***No.***	***%***	***No.***	***%***
(1) Promoter group								

Shareholders' category	Shareholding & voting rights prior to agreement / acquisition and Offer (A)		Shareholding & voting rights to be acquired which triggered the SEBI (SAST) Regulations (B)		Shares / voting rights to be acquired in the Offer (assuming full acceptance) (C)		Shareholding / voting rights after the acquisition and Offer	
(a) Parties to the India SAPA	8,599,224	51.80	0	0.00	0	0.00	0	0.00
(i) Emedia Export Company MBH	3,534,559	21.29	0	0.00	0	0.00	0	0.00
(ii) Merck Internationale Beteiligungen GmbH	3,091,224	18.62	0	0.00	0	0.00	0	0.00
(iii) Chemitra GmbH	1,973,441	11.89	0	0.00	0	0.00	0	0.00
(b) Promoters other than (a) above	0	0.00	0	0.00	0	0.00	0	0.00
Total 1(a+b)	**8,599,224**	**51.80**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**
(2) Acquirer and PAC								
(a) PGOI (Acquirer)	0	0.00	8,599,224	51.80	4,315,840	26.00	12,915,064	77.80
(b) P&G Co. (PAC)	0	0.00	0	0.00	0	0.00	0	0.00
Total 2(a+b)	0	0.00	8,599,224	51.80	4,315,840	26.00	12,915,064	77.80
(3) Parties to the India SAPA other than 1(a) and 2 (i.e., Merck KGaA)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(4) Public shareholders (other than parties to India SAPA, Acquirer and PAC) (1)								
(a) Institutions(2)	2,199,416	13.25	0	0.00	0	0.00	Will depend upon response from each category	
(b) Others(3)	5,800,742	34.95	0	0.00	0	0.00		
Total 4(a+b)	**8,000,158**	**48.20**	0	0.00	0	0.00	**3,684,318**	**22.20**
Grand total (1+2+3+4)	**16,599,382**	**100.00**	**8,599,224**	**51.80**	**4,315,840**	**26.00**	**16,599,382**	**100.00**

Notes

(1) Number of Shareholders under Public category as on March 31, 2018 is 28,553 (Source: www.bseindia.com)

(2) Includes Mutual Funds, Financial Institutions / Banks, Insurance Companies, FPIs as of March 31, 2018 (Source: www.bseindia.com)

(3) Includes Bodies Corporate, NRIs, Trusts, Overseas Corporate Bodies, Non Banking Financial Companies, Clearing Members, IEPF and individuals as of March 31, 2018 (Source: www.bseindia.com)

As stated in paragraph 6 of Part A of Section I (Details of the Offer), in terms of Clause 31(A) of the SEBI (LODR) Regulations, all of the existing Promoters and members of Promoter Group of the Target Company, shall post the closing of the underlying transaction and Offer, be declassified as 'promoters' of the Target Company for the purposes of all applicable laws and the Acquirer shall be named as the 'promoter' of the Target Company for the purposes of all applicable laws, and appropriate steps (as required under applicable laws) will be taken in connection with the foregoing.

IV. OFFER PRICE AND FINANCIAL ARRANGEMENTS

A. Justification of Offer Price

1. The Offer is a mandatory offer made in accordance with Regulations 3(1), 4 and other applicable regulations of the SEBI (SAST) Regulations. The Open Offer is being made pursuant to the execution of the India SAPA for the acquisition of 51.80% of the equity shares and voting rights, accompanied with a change in control of the Target Company.

2. The Offer Price is INR 1,500.36 (Indian Rupees One Thousand Five Hundred and Thirty Six Paise Only) per Equity Share.

3. The Offer Price will be paid in cash in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations.

4. The Equity Shares of the Target Company are listed on the Stock Exchanges.

5. The trading turnover in the Equity Shares based on the trading volumes during the 12 (twelve) months prior to the month of the PA on the Stock Exchanges is as given below:

Stock exchange	Total traded volumes during the 12 calendar months preceding date of the PA ("A")	Weighted average number of Equity Shares during the 12 calendar months preceding date of the PA ("B")	Trading turnover % (A/B)
BSE	1,122,892	16,599,382	6.76%
NSE	6,249,206	16,599,382	37.65%

(Source: www.bseindia.com, www.nseindia.com)

6. Based on the above, the Equity Shares are frequently traded in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations, with NSE being the stock exchange where the maximum volume of trading in the shares of the Target Company have been recorded.

7. The Offer Price of INR 1,500.36 (Indian Rupees One Thousand Five Hundred and Thirty Six Paise Only) per Equity Share is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations, being the highest of the following parameters:

S. No.	Details	Price (per share)
A	The highest negotiated price per Equity Share of the Target Company for any acquisition under an agreement attracting the obligation to make a public announcement of an open offer i.e. the price per share under the India SAPA	INR 1,500
B	The volume weighted average price paid or payable per Equity Share for acquisitions by the Acquirer or by any person acting in concert with him during the fifty two weeks immediately preceding the date of the PA	Not Applicable
C	The highest price per Equity Share paid or payable for any acquisition by the Acquirer or by any person acting in concert with him during the twenty six weeks immediately preceding the date of the PA	Not Applicable
D	The volume weighted average market price per Equity Share for a period of sixty trading days immediately preceding the date of the PA as traded on the Stock Exchanges during such period and such shares being frequently traded	INR 1,500.36

Note:

1. *Further details in respect of the negotiated price have been set out in Part A of Section I (Details of the Offer) above.*
2. *The Offer Price would be revised in the event of any corporate action such as bonus, rights, split, etc., if the record date for effecting such corporate actions falls within 3 (three) Working Days prior to the commencement of the Tendering Period of the Open Offer.*

8. The Offer Price may be subject to revision pursuant to the SEBI (SAST) Regulations or at the discretion of the Acquirer and the PAC, at any time prior to the commencement of the last 3 (three) Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. If the Acquirer, along with PAC, acquires or agrees to acquire any Equity Shares in the Target Company during the Offer period, whether by subscription or purchase, at a price higher than the Offer Price, the Offer Price shall stand revised to the highest price paid for such acquisition in accordance with Regulation 8(8) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increases to the amount kept in the escrow account under Regulation 17 of the SEBI (SAST) Regulations; (ii) make a public announcement in the same newspapers in which the Detailed Public Statement was published; and (iii) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision. Such revised Offer Price would be payable for all the Equity Shares validly tendered during the Tendering Period of the Offer. However, the Acquirer and PAC shall not acquire any Equity Shares during the period commencing 3 (three) Working Days prior to the commencement of the Tendering Period and ending on the expiry of the Tendering Period.

9. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirer shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a Public Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot.

B. Financial Arrangements

1. The total funding requirement for the Offer, assuming full acceptance, i.e. for the acquisition of 4,315,840 (Four Million Three Hundred Fifteen Thousand Eight Hundred Forty) Equity Shares, at the Offer Price of INR 1,500.36 (Indian Rupees One Thousand Five Hundred and Thirty Six Paise Only) is the Offer Consideration, i.e. INR 6,475,313,702.40 (Indian Rupees Six Thousand Four Hundred and Seventy Five Million Three Hundred Thirteen Thousand Seven Hundred and Two, and Forty Paise Only).

2. The Acquirer has adequate resources to meet the financial requirements of this Open Offer and by way of security for performance of its obligations under the SEBI (SAST) Regulations, the Acquirer has (i) created the Open Offer Escrow Account named "P&G OIBV Escrow Account" with the Open Offer Escrow Agent and has deposited the Open Offer Escrow Amount, i.e. a sum of INR 64,753,138 (Indian Rupees Sixty Four Million Seven Hundred Fifty Three Thousand One Hundred and Thirty Eight Only) in the said Open Offer Escrow Account being in excess of 1% of the Offer Consideration. The Open Offer Escrow Account is in compliance with the requirements of deposit of escrow amount as per Regulation 17 of the SEBI (SAST) Regulations; and (ii) furnished the Bank Guarantee which is valid up to October 23, 2018. The Manager to the Offer has been duly authorised to realize the value of the aforesaid Bank Guarantee in terms of the SEBI (SAST) Regulations. The Acquirer undertakes that in case the Offer process is not completed within the validity of the Bank Guarantee, then the Bank Guarantee will be further extended at least up to the 30th day from the date of completion of payment of the shares validly tendered in the Open Offer. The bank issuing the Bank Guarantee is neither an associate company nor a group company of the Acquirer, the PAC or the Target Company.

3. The source of funds is cash invested by the Acquirer in stable and liquid assets.

4. Dhruv A & Co., Chartered Accountants (Firm Registration No. – 140541W) have, vide their certificate dated April 19, 2018, certified that the Acquirer has adequate financial resources through verifiable means to fulfill its payment obligations under this Offer.

5. The Manager to the Offer has entered into an agreement dated April 19, 2018 with the Acquirer and the Open Offer Escrow Agent pursuant to which the Acquirer has solely authorized the Manager to the Offer to realize the value of the Open Offer Escrow Account and to operate the special escrow account to be opened as per the provisions of the SEBI (SAST) Regulations.

6. The amount deposited in Open Offer Escrow Account, along with the Bank Guarantee are in excess of a sum total of (i) 25% of INR 5,000,000,000 (Indian Rupees Five Thousand Million Only) out of the Offer Consideration; and (ii) 10% of the balance of the Offer Consideration, as required under Regulation 17(1) of the SEBI (SAST) Regulations.

7. The Manager to the Open Offer is satisfied that firm arrangements have been put in place by the Acquirer and the PAC to fulfill their obligations in relation to this Open Offer through verifiable means in accordance with the SEBI (SAST) Regulations.

8. In case of any upward revision in the Offer Price or the Offer Size, the value of the escrow amount shall be computed on the revised consideration calculated at such revised offer price or offer size and any additional amounts required will be funded in the escrow account by the Acquirer prior to effecting such revision, in terms of Regulation 17(2) of the SEBI (SAST) Regulations.

V. TERMS AND CONDITIONS OF THE OFFER

A. Operational Terms and Conditions

1. In terms of the schedule of activities, the Tendering Period for the Offer shall commence on June 13, 2018 (Wednesday) and close on June 26, 2018 (Tuesday).

2. The Equity Shares tendered under this Offer shall be fully paid-up, free from all liens, charges, equitable interests and encumbrances and shall be tendered together with all rights attached thereto, including all rights to dividends, bonuses and rights offers, if any, declared hereafter, and the tendering Public Shareholder shall have obtained all necessary consents for it to sell the Equity Shares on the foregoing basis.

3. This Open Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations.

4. This Open Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

5. The Identified Date for this Offer as per the schedule of activities is May 30, 2018 (Wednesday).

6. The marketable lot for the Equity Shares for the purpose of this Offer shall be 1 (one) only.

7. In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Public Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.

B. Eligibility for accepting the Offer

1. The Draft Letter of Offer shall be sent to all Public Shareholders holding Equity Shares whose names appear in the register of the Target Company on the Identified Date.

2. All Public Shareholders, registered or unregistered, who own Equity Shares and are able to tender such Equity Shares in this Offer at any time before the closure of the Tendering Period are eligible (subject to Section V (*Terms and Conditions of the Offer*) below) to participate in this Offer.

3. The Public Announcement, the Detailed Public Statement, the Draft Letter of Offer and the Form of Acceptance-cum-Acknowledgement will also be available on SEBI's website (www.sebi.gov.in). In case of non-receipt of the Letter of Offer, Public Shareholders, including those who have acquired Equity Shares after the Identified Date, if they so desire, may download the Letter of Offer or the Form of Acceptance-cum-Acknowledgement from SEBI's website.

4. There shall be no discrimination in the acceptance of locked-in and non locked-in Equity Shares in the Offer. The residual lock-in period will continue in the hands of the Acquirer. The Equity Shares to be acquired under the Offer must be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.

5. The acceptance of this Offer by Public Shareholders must be unconditional, absolute and unqualified. Any acceptance of this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

6. The acceptance of this Offer is entirely at the discretion of the Public Shareholder(s) of the Target Company.

7. None of the Acquirer, the PAC, the Manager or the Registrar to the Offer accepts any responsibility for any loss of equity share certificates, Offer acceptance forms, share transfer forms etc. during transit and Public Shareholders are advised to adequately safeguard their interest in this regard.

8. The acceptance of Equity Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager.

9. The Acquirer reserves the right to revise the Offer Price and/or the Offer Size upwards prior to the commencement of the last 3 (three) Working Days prior to the commencement of the Tendering Period, i.e., up to June 8, 2018 (Friday), in accordance with the SEBI (SAST) Regulations and the

revision, if any, in the Offer Price and/or the Offer Size would be announced in the same newspapers where the DPS was published. The Acquirer would pay such revised price for all the Equity Shares validly tendered at any time during the Offer and accepted under the Offer in accordance with the terms of the DPS and the Draft Letter of Offer.

10. The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute part of the terms of the Offer.

C. Statutory and Other approvals

1. To the best of the knowledge of the Acquirer and the PAC, there are no statutory or other approval(s) required to complete the acquisition under the India SAPA and the Offer as on the date of this Draft Letter of Offer, except as set out below in subsequent paragraphs and in this part. If, however, any statutory or other approval(s) becomes applicable prior to completion of such acquisition, the Offer would also be subject to such other statutory or other approval(s) being obtained.

    a) CCI (or any appellate authority) in respect of the purchase of the Sale Shares under the India SAPA and purchase of the Offer Shares, having either (a) declined jurisdiction; (b) granted approval; or (c) been deemed to have granted approval through the expiration of time periods available for their investigation; and

    b) DoP having provided its approval for the purchase of the Sale Shares under the India SAPA and purchase of the Offer Shares, as per the extant Consolidated Foreign Direct Investment Policy Circular of 2017 (as amended from time to time).

2. The necessary filings in relation to the above approvals mentioned at paragraphs 1(a) and 1(b) will be made shortly.

3. NRI and OCB holders of Equity Shares, if any, must obtain all requisite approvals required to tender the Equity Shares held by them pursuant to the Open Offer and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and other documents required to accept the Open Offer. Further, if holders of Equity Shares who are not persons resident in India (including NRIs, OCBs, FIIs and FPIs) had required any approval from the RBI, the FIPB or any other regulatory body in respect of the Equity Shares held by them in the Target Company, they will be required to submit such previous approvals that they would have obtained for acquiring and holding the Equity Shares of the Target Company to tender Equity Shares held by them pursuant to the Open Offer, along with the Form of Acceptance-cum-Acknowledgement and other documents required to be tendered to accept the Open Offer as mentioned in the Draft Letter of Offer. In the event such approvals and supporting documents are not submitted, the Acquirer and the PAC reserve the right to reject such Equity Shares tendered in the Open Offer. If the Equity Shares are held under general permission of the RBI, the non-resident Public Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on a repatriable basis or a non-repatriable basis.

4. The Offer is also subject to the satisfaction of the conditions stipulated under the India SAPA and disclosed in paragraph 5.3 of Part A of Section I (*Details of the Offer*) (all of which are considered to be outside the reasonable control of the Acquirer and the PAC).

5. The Acquirer does not require any approvals from financial institutions or banks for this Offer.

6. Where any statutory or other approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory or other approval(s) are required in order to complete this Offer.

7. In case of delay in receipt of any statutory approval(s), SEBI may, if satisfied that such delay in receipt of the requisite statutory approval(s) was not attributable to any willful default, failure or neglect on the part of the Acquirer and/or the PAC to diligently pursue such approval, grant an extension of time for the purpose of completion of this Open Offer subject to such terms and conditions as may be specified by SEBI, including payment of interest at such rate as may be prescribed by SEBI from time to time in accordance with Regulation 18(11) of the SEBI (SAST) Regulations.

8. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that any of the approvals, whether relating to the acquisition under the India SAPA or the acquisition of the Offer Shares, specified in the DPS and Part C of Section V (*Terms and Conditions of the Offer*) of this Draft Letter of Offer or those which become applicable prior to completion of the Offer are not received, or if any of the conditions set out in paragraph 5.3 of Part A of Section I (*Details of the Offer*) above, all of which are outside the reasonable control of the Acquirer and the PAC, are not satisfied in accordance with the India SAPA, the Acquirer and the PAC shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PAC (through the Manager) shall, within 2 (two) Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.

VI. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

1. The eligible Public Shareholders of the Target Company, who wish to avail of and accept the Offer, can deliver duly filled and signed Form of Acceptance-cum-Acknowledgement along with all the relevant documents at the collection centres mentioned below in accordance with the procedure as set out in the Draft Letter of Offer on or before the closure of Tendering Period (i.e., June 26, 2018 (Tuesday)).

S. No.	City	Contact person	Address	Tel. No.	Fax No.	E-mail id	Mode of delivery
1.	**Mumbai**	Sumeet Deshpande	Link Intime India Pvt. Ltd, C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083	022-49186200	022-49186195	merck.offer@linkintime.co.in	Hand Delivery & Speed / Registered Post
2.	**Ahmedabad**	Chandrasekher	Link Intime India Pvt Limited, 506-508, Amarnath Business centre -1 (ABC -1) Beside Gala Business Centre, Near XT Xavier's College Corner, Off C G Road, Navrangpura, Ahmedabad - 380006	079-2646 5179	022-49186195	merck.offer@linkintime.co.in	Hand Delivery
3.	**Vadodara**	Alpesh Gandhi	Link Intime India Pvt Limited, B-102 & 103 Shangrila Complex, First Floor, Opp. HDFC Bank Near Radhakrishna Char Rasta, Akota, Vadodara – 390020	0265-2356573/ 2356794/96	022-49186195	merck.offer@linkintime.co.in	Hand Delivery
4.	**Kolkata**	Kuntal Mustafi	Link Intime India Pvt Limited, 59 C, Chowringhee Road, 3rd Floor,	033-22890540	022-49186195	merck.offer@linkintime.co.in	Hand Delivery

S. No.	City	Contact person	Address	Tel. No.	Fax No.	E-mail id	Mode of delivery
			Kolkata - 700020				
5.	**New Delhi**	V.M. Joshi /Bharat	Link Intime India Pvt Limited, 44 Community Centre 2rd Floor, Naraina Industrial Area Phase I, Near PVR Naraina, New Delhi - 110 028	011-41410592/93/94	022-49186195	merck.offer@linkintime.co.in	Hand Delivery
6.	**Pune**	Ajinkya Kulkarni	Link Intime India Pvt Limited, Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off: Dhole Patil Road, Pune - 411 001	020-26161629	022-49186195	merck.offer@linkintime.co.in	Hand Delivery
7.	**Bangalore**	Nagendra D. Rao	Link Intime India Pvt. Ltd., No. 180, First Floor, 3rd Main, 3rd Cross, S.L.Byrappa Road, Hanumantha nagar, Bangalore - 560 019	080-26509004	022-49186195	merck.offer@linkintime.co.in	Hand Delivery
8.	**Chennai**	Divya S Jain	Link Intime India Pvt. Ltd., C/O SAS Partners Corporate Advisors Private Limited, #12, 3rd Floor, RMS Apartments, Gopalakrishna Street, Pondy Bazar, T Nagar, Chennai-17	044- 28152672/73	022-49186195	merck.offer@linkintime.co.in	Hand Delivery

The centres will be closed on Saturdays, Sundays and public holidays. The centres will be open from 10 am to 1 pm and 2 pm to 5 pm.

2. In case of non-receipt of the Draft Letter of Offer, an unregistered shareholder may download the same from the SEBI website or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer.

3. Share Certificate(s), Transfer Deed(s), Form of Acceptance-cum-Acknowledgement should not be sent to the Acquirer, PAC, the Target Company or the Manager to the Offer.

4. Shareholders who wish to tender their shares under this Offer should enclose the following documents duly completed:

   a) <u>For Equity Shares held in physical form</u>:

      Registered shareholders should enclose:

      i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.

      ii. Original share certificate(s).

      iii. Valid share transfer deed(s)/ form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.

      iv. Self-attested copy of PAN card (in case of joint holders, PAN card copy of all joint holders).

      In case of non-receipt of the aforesaid documents, but receipt of the original share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted. Notwithstanding that the signature(s) of the transferor(s) has been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such equity shares are liable to be rejected in this Offer.

      Unregistered owners should enclose:

      i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.

      ii. Original share certificate(s).

      iii. Original broker contract note.

      iv. Valid share transfer deed(s) as received from the market. The details of the buyer should be left blank failing which the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed(s). The transfer deed(s) should be valid for transfer. No indemnity is required from unregistered shareholders.

      v. All other requirements for valid transfer will be precondition for acceptance.

      vi. Self-attested copy of PAN card.

   b) <u>For Equity Shares held in Demat Form:</u>

      Beneficial owners should enclose:

i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective Depositories.

ii. Photocopy of the delivery instruction slip in 'Off-market' mode or counterfoil of the delivery instruction in 'Off- market' mode, duly acknowledged by the DP, in favour of the Open Offer Escrow Demat Account (*please see below*) before the close of the business hours on June 26, 2018 (Tuesday).

iii. In case of non-receipt of the aforesaid documents, but receipt of the shares in the Open Offer Escrow Demat Account, the Offer shall be deemed to have been accepted.

5. For the shareholders holding shares in dematerialised form, the Registrar to the Offer has opened the Open Offer Escrow Demat Account with Ventura Securities Limited as the Depository Participant in NSDL called, "LIIPL Merck Open Offer Escrow Demat Account". Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their Equity Shares in the Open Offer Escrow Demat Account:

DP Name	Ventura Securities Limited
DP ID	IN303116
Client ID	12645304
ISIN No.	INE199A01012
Depository	NSDL

Shareholders having their beneficiary account with CDSL have to use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favor of the Open Offer Escrow Demat Account opened with NSDL.

Form of Acceptance-cum-Acknowledgement of dematerialised Equity Shares not credited to the above Open Offer Escrow Demat Account on or before the closure of Tendering Period is liable to be rejected. Beneficial owners are therefore requested to tender the delivery instructions at least 2 (two) working days prior to the date of closing of the Tendering Period. For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgement.

6. Shareholders should also provide all relevant documents, which are necessary to ensure transferability of shares in respect of which the application is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):

a) Duly attested death certificate and succession certificate (for single shareholder) in case the original shareholder has expired.

b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).

c) No objection certificate from any lender, if the Equity Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

d) In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

7. Unregistered shareholders, owners of Equity Shares who have sent such Equity Shares for transfer or shareholders who have not received the Draft Letter of Offer, may send their consent, to the Registrar to the Offer, on a plain paper stating their name, address, number of shares held, distinctive numbers, folio number, number of shares offered along with the documents as mentioned above so as to reach the Registrar to the Offer on or before the closure of the Tendering Period. No indemnity is required from the unregistered owners or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and

a photocopy of the delivery instruction in 'Off-market' mode or counterfoil of the delivery instruction in 'Off-market' mode, duly acknowledged by the DP, in favour of the Open Offer Escrow Demat Account, so as to reach the Registrar to the Offer, on or before the closure of the Tendering Period.

8. The application should be signed by all the shareholders as per the registration details available with the Target Company and should be sent to the Registrar to the Offer in an envelope clearly marked 'Merck Limited- Open Offer'.

9. Shareholders of the Target Company who have sent their Equity Shares for transfer should submit Form of Acceptance-cum-Acknowledgement duly completed and signed, a copy of the letter sent to the Target Company (for transfer of said shares) and acknowledgement received thereon and a valid share transfer deed.

10. The Draft Letter of Offer along with the Form of Acceptance-cum-Acknowledgement would also be available at SEBI's website, www.sebi.gov.in, and shareholders can also apply by downloading such form from the said website.

11. If the shares tendered in this Offer by the shareholders of the Target Company are more than the Equity Shares agreed to be acquired under the Offer, the Acquirer and the PAC shall accept the offers received from the shareholders on a proportionate basis in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots provided that acquisition of Equity Shares from a shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. The minimum marketable lot for the purposes of acceptance of Equity Share of the Target Company would be 1 (One) Equity Share.

12. In case of delay in receipt of any statutory approval(s), as required, SEBI has the power to grant extension of time to the Acquirer and the PAC for payment of consideration to the Public Shareholders of the Target Company who have accepted the Offer within such period, subject to the Acquirer and the PAC agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations. Further, if delay occurs on account of willful default by the Acquirer and the PAC in obtaining the requisite approvals, Regulation 17(9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Open Offer Escrow Account shall become liable to forfeiture.

13. Unaccepted shares, share certificates, transfer deeds and other documents, if any, will be returned by registered post at the shareholders'/ unregistered owners' sole risk to the sole/first shareholder. Unaccepted shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.

14. The Registrar to the Offer will hold in trust the share certificate(s), Form of Acceptance-cum-Acknowledgement, transfer deed(s) and Equity Shares lying in credit of the Open Offer Escrow Demat Account on behalf of the shareholders of Target Company who have accepted the Offer, until the cheques/ drafts or payment made through electronic mode for the consideration and/ or the unaccepted Equity Shares/ share certificates are dispatched/ returned/ credited.

15. While tendering the Equity Shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous approvals from RBI or other regulatory authorities (specific or general) that they would have been required to submit to acquire the Equity Shares of the Target Company under the Offer. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered. If the Equity Shares are held under general permission of the RBI, the non-resident Public Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on a repatriable basis or a non-repatriable basis. While tendering the shares under the Offer, NRIs/ OCBs/ foreign shareholders will also be required to submit a certificate for deduction of tax at lower or nil rate from the Indian income tax authorities ("**TDC**"), indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, before remitting the consideration. In case the aforesaid TDC is not submitted, the Acquirer will deduct tax at the maximum marginal rate as may be applicable to

the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

COMPLIANCE WITH TAX REQUIREMENTS

1. **General**

i Securities transaction tax will not be applicable to the Equity Shares accepted in this Offer.

ii The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the Income Tax Act. A person who is treated as a non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India-sourced income (i.e. income which accrues or arises or deemed to accrue or arise in India) and income received by such persons in India. In case of shares of a company, the source of income from shares would depend on the "situs" of such shares. As per judicial precedents, generally the "situs" of the shares is where a company is "incorporated" and where its shares can be transferred. Accordingly, since the Target Company is incorporated in India, the Target Company's shares should be deemed to be "situated" in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the IT Act.

iii Further, the non-resident shareholder can avail benefits of the Double Taxation Avoidance Agreement ("**DTAA**") between India and the respective country of which the said shareholder is tax resident subject to satisfying relevant conditions including non-applicability of General Anti-Avoidance Rule ("**GAAR**") and providing and maintaining necessary information and documents as prescribed under the IT Act.

iv The IT Act also provides for different income-tax regimes/ rates applicable to the gains arising from the tendering of shares under the Open Offer, based on the period of holding, residential status, classification of the shareholder and nature of the income earned, etc.

v Based on the provisions of the IT Act, the shareholders would be required to file an annual income-tax return, as may be applicable to different category of persons, with the Indian income tax authorities, reporting their income for the relevant year.

vi The summary of income-tax implications on tendering of Equity Shares is set out below.

2. **Taxability of Capital Gain in the hands of the shareholders**

i Gains arising from the transfer of shares may be treated either as "capital gains" or as "business income" for income-tax purposes, depending upon whether such shares were held as a capital asset or business asset (i.e. stock-in-trade).

ii As per the current provisions of the IT Act, where the shares are held as investments (i.e. capital assets), income arising from the transfer of such shares is taxable under the head "Capital Gains". Further, Section 2(14) of the IT Act has provided for deemed characterization of securities held by FPIs as capital assets, whether or not such assets have been held as a capital asset; and therefore, the gains arising in the hands of FPIs will be taxable in India as capital gains. Capital Gains in the hands of shareholders would be computed as per provisions of Section 48 of the IT Act. Depending on the period for which the shares are held, the gains would be taxable as "short-term capital gain/ STCG" or "long-term capital gain/ LTCG".

iii The Finance Act, 2018 ("**Finance Act**"), vide Section 112A, has imposed an income tax on long-term capital gains @ 10% on transfer of equity shares that are listed on a recognized stock exchange, which have been held for more than 1 (one) year and have been subject to securities transaction tax ("**STT**") upon both acquisition and sale (subject to certain transactions, yet to be notified, to which the provisions of applicability of payment of STT upon acquisition shall not be applicable). Under this provision the capital gains tax would be calculated on gains exceeding INR 0.1 million (without any indexation and foreign exchange fluctuation benefits). It may also be noted that any capital gains arising up to January 31, 2018 are grandfathered under this provision.

Gains of this nature were, prior to April 1, 2018, exempt from capital gains taxation. However, since STT will not be applicable to the Equity Shares transferred in this Offer, the provisions of Section 112A of the IT Act shall not be applicable.

iv Where LTCG arising from tendering of Equity Shares in the Offer does not fall under the provisions of Section 112A, such LTCG shall be subject to tax under the applicable provisions of Section 112 and / or Section 115AD of the IT Act.

v Further, any gain realized on the sale of listed equity shares held for a period of 12 (twelve) months or less, which are transferred, will be subject to short term capital gains tax and shall be leviable to tax at the rates prescribed in First Schedule to the Finance Act (i.e. normal tax rates applicable to different categories of persons).

vi Taxability of capital gain arising to a non-resident in India from the transfer of equity shares shall be determined basis the provisions of the Income Tax Act or the DTAA entered between India and the country of which the non-resident seller is resident, subject to satisfaction of certain prescribed conditions.

3. **Taxability of business income in the hands of shareholders**

i If the shares are held as stock-in-trade by any of the shareholders of the Target Company, then the gains would be characterized as business income and taxable under the heading "Profits and Gains from Business or Profession".

ii **Resident Shareholders:** For individuals, Hindu Undivided Family ("**HUF**"), association of persons ("**AOP**"), body of individuals ("**BOI**"), profits would be taxable at applicable slab rates. For persons other than stated above, profits would be taxable @ 30%.

iii **Non-Resident Shareholders:** Non-resident shareholders can avail benefits of the DTAA between India and the respective country of which the said shareholder is tax resident subject to satisfying relevant conditions (including non-applicability of GAAR) and providing and maintaining necessary information and documents as prescribed under the IT Act.

iv **Where DTAA provisions are not applicable:** For non-resident individuals, HUF, AOP, BOI, profits would be taxable at applicable slab rates. For foreign companies, profits would be taxed in India @ 40%. For other non-resident shareholders, such as foreign firms, profits would be taxed in India @ 30%.

4. **Withholding tax implications**

A. General

i As per the provisions of Section 195(1) of the Income Tax Act, any person responsible for paying to a non-resident or to a foreign company any sum chargeable to tax is required to deduct tax at source (including surcharge and cess as applicable) at the applicable rate as per the Income Tax Act. The consideration received by the non-resident Public Shareholders for the Equity Shares accepted in this Offer may be chargeable to tax in India as capital gains under Section 45 of the Income Tax Act or as business profits, depending on the facts and circumstances of the case. The Acquirer is required to deduct tax at source (including surcharge and cess as applicable) at the applicable rate as per the Income Tax Act on gross consideration as capital gains / business profits unless exempted under the provisions of the Income Tax Act or if any benefit under a DTAA is availed. Further, the Acquirer, subject to DTAA benefits, is required to deduct tax at source (including surcharge and cess as applicable) at the applicable rate as per the Income Tax Act on the payment of any interest, if any, (paid for delay in payment of the Offer Price) to a non-resident Public Shareholder.

ii Upon furnishing the TDC by any Public Shareholder, taxes would be deducted by the

Acquirer in accordance with such certificate. In the absence of a TDC, the taxes would be deducted at the maximum applicable rate on the gross consideration as dealt with the below provided details as applicable as per the Income Tax Act applicable (i.e. 40% in case of foreign company, 30% in case of all other category of persons), for each category of the Public Shareholder(s) on gross consideration.

iii Notwithstanding anything contained herein, where the Public Shareholder is a tax resident of any country or territory notified as a notified jurisdictional area under Section 94A(1) of the Income Tax Act, tax will be deducted at the rate of 30% or at the rate specified in the relevant provision of the Income Tax Act or at the rates in force, whichever is higher, from the gross consideration and interest payable to such Public Shareholder in accordance with Section 94A of the Income Tax Act.

Resident shareholders

iv In absence of any specific provision under the IT Act, the Acquirer is not required to deduct tax on the consideration payable to the resident shareholders pursuant to transfer of Equity Shares.

v Section 194A of the IT Act provides that payment of interest, if any, (for delay in payment of Offer consideration) by Acquirer to a resident shareholder may be chargeable to tax, as income from other sources under Section 56 of the IT Act. The Acquirer is required to deduct tax at source at the applicable rate as per the IT Act on such interest.

Requirement to submit PAN and other details

vi All Public Shareholders are required to submit their PAN along with self-attested copy of the PAN card for income-tax purposes. In absence of PAN for non-resident Public Shareholders, as per Notification No. 53 /2016, F.No.370 142/16/2016-TPL, they shall furnish self-attested copy of documents containing the following details:

a) Name, email id, contact number;

b) Address in the country of residence;

c) Tax Residency Certificate ("**TRC**") from the government of the country of residence, if the law of such country provides for issuance of such certificate; and

d) Tax identification number in the country of residence, and in case no such number is available, then a unique number on the basis of which such non-resident is identified by the government of the country of which he claims to be a resident.

If PAN or in case of non-resident Public Shareholders not having a PAN the aforesaid details, are not furnished, the Acquirer will arrange to deduct tax at least at the rate of 20% as per Section 206AA of the Income Tax Act or at such rate as applicable and provided below as provided below for each category of the Public Shareholders, whichever is higher. The provisions of Section 206AA of the Income Tax Act would apply only where there is an obligation to deduct tax at source.

vii Each Public Shareholder shall certify its tax residency status (i.e. whether resident or non-resident), nature of its holding (i.e. capital asset / business asset), its tax status (i.e. whether individual, firm, company, AOP/BOI, trust, any other taxable entity), and the entitlement of the non-resident Public Shareholder to invoke a favorable DTAA with India. In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, it would be assumed that the Public Shareholder is a non-resident Public Shareholder and taxes shall be deducted treating the Public Shareholder as a non-resident and at the maximum marginal tax rate as may be applicable (i.e. 40% in case of foreign company, 30% in case of all other category of persons), under the Income Tax Act, on the entire consideration and interest, if any, payable to such Public Shareholder.

viii The Acquirer will not accept any request from any Public Shareholder, under any circumstances, for non-deduction of tax at source or deduction of tax at a lower or nil rate, on the basis of any self-computation / computation by any tax consultant, of capital gain and/or interest, if any, and tax payable thereon.

B. <u>Resident Public Shareholders</u>

For payment of Consideration

i In absence of any specific provision under the IT Act, the Acquirer is not required to deduct tax on the consideration payable to the shareholders pursuant to tendering of the Equity Shares under the Offer.

For payment of Interest

i For interest payments by the Acquirer for delay in payment of Offer Price, if any, the Acquirer will arrange to deduct the tax at the rate of 10% (as provided in Section 194A the IT Act).

ii All resident shareholders shall submit their PAN for income tax purposes. In case the PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirer will arrange to deduct tax at the rate of 20% (as provided in Section 206AA of the Income Tax Act).

iii Notwithstanding anything contained in both clauses above, no deduction of tax shall be made at source by the Acquirer where the total amount of interest payable to a resident shareholder does not exceed INR 5,000 or a TDC from the income tax authorities indicating the amount of tax to be deducted by the Acquirer or, in the case of resident shareholder not being a company or firm, a self-declaration in Form 15G or Form 15H as may be applicable (as provided in the Income Tax Rules, 1962), has been furnished by a resident shareholder. The self-declaration in Form 15G and Form 15H will not be regarded as valid unless the resident shareholder has furnished its PAN in such declaration and the same should be submitted along with the Form of Acceptance-cum-Acknowledgement. Also, no tax is to be deducted on interest amount in the case of resident shareholder being an entity specified under Section 194A(3)(iii) of the IT Act if it submits a self-attested copy of the relevant registration, or notification along with the Form of Acceptance-cum-Acknowledgement.

C. <u>Non-resident shareholders (other than FPIs)</u>

For payment of Consideration

i While tendering shares under the Offer, all non-resident shareholders (other than FPIs) including NRIs/ foreign shareholders shall be required to submit a valid certificate for deduction of tax at a nil/lower rate issued by the income tax authorities under the IT Act along with the Form of Acceptance-cum-Acknowledgement, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such TDC only if it has been submitted along with the Form of Acceptance cum- Acknowledgement and the same is valid and effective as of the date on which tax is required to be deducted at source.

ii In case the such TDC is not submitted as aforesaid or is otherwise not valid and effective as of the date on which tax is required to be deducted at source, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the shareholder belongs under the IT Act (i.e. 40% in case of foreign company, 30% in case of all other category of persons), on the gross consideration towards acquisition of shares, payable to such shareholder under the Offer.

iii The Acquirer will not take into consideration any other details and documents (including self-certified computation of tax liability or the computation of tax liability certified by any tax professionals including a chartered accountant, etc.) submitted by the Public Shareholder for deducting a lower amount of tax at source.

iv In case of ambiguity, incomplete or conflicting information, the Acquirer will arrange to deduct tax at the applicable maximum marginal rate under the Income Tax Act (i.e. 40% in case of foreign company, 30% in case of all other category of persons) on the entire payment consideration excluding interest.

For payment of Interest

v For interest payments by the Acquirer for delay in payment of the Offer Price, if any, NRIs and other non-resident Shareholders (excluding FPIs) may submit a TDC from the income tax authorities under the Income Tax Act. The Acquirer will arrange to deduct taxes at source in accordance with such TDC.

vi In case of ambiguity, incomplete or conflicting information, the Acquirer will arrange to deduct tax at the maximum marginal rate applicable to the category of the Shareholder under the Income Tax Act (i.e. 40% in case of foreign company, 30% in case of all other category of persons) on interest payable to such shareholders.

Notwithstanding anything contained herein, where the Public Shareholder is a tax resident of any country or territory notified as a notified jurisdictional area under Section 94A(1) of the Income Tax Act, tax will be deducted at the rate of 30% or at the rate specified in the relevant provision of the Income Tax Act or at the rates in force, whichever is higher, from the gross consideration and interest payable to such Public Shareholder in accordance with Section 94A of the Income Tax Act.

D. Non-resident shareholders being FPIs

For payment of Consideration

i As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source is required to be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, to an FPI, as defined in Section 115AD of the Income Tax Act. Further, for the purposes of Section 115AD, FPI will include FPIs as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014. The Acquirer would not deduct tax at source on the payments to FPIs, subject to the following conditions:

a) FPIs furnishing the copy of the registration certificate issued by SEBI (including for subaccount of FPI, if any);

b) FPIs declaring that they have invested in the Equity Shares in accordance with the applicable SEBI regulations. Such FPIs will be liable to pay tax on their income as per the provisions of the Income Tax Act.

ii If the above conditions are not satisfied, FPIs may submit a valid and effective TDC issued by the income tax authorities, along with the Form of Acceptance-cum-Acknowledgement, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. The Acquirer shall deduct tax in accordance with such TDC.

iii If none of the above conditions/ requirements as mentioned in (i) and (ii) are satisfied, the Acquirer shall deduct tax at the maximum tax rate applicable under the Income Tax Act (i.e. 40% in case of foreign company, 30% in case of other category of persons) on the gross consideration payable to the Public Shareholder, depending on category of the Public Shareholder.

For payment of Interest

i For interest payments by the Acquirer for delay in payment of the Offer Price, if any, FPIs may submit a TDC from the income tax authorities under the Income Tax Act. The Acquirer will arrange to deduct taxes at source in accordance with such TDC.

ii In case of ambiguity, incomplete or conflicting information, the Acquirer will arrange to deduct tax at the maximum marginal rate, as may be applicable to the relevant category to which the shareholder (i.e. 40% in case of foreign company, 30% in case of all other category of persons) belongs under the Income Tax Act on the interest payable to such shareholder.

Notwithstanding anything contained herein, where the Public Shareholder is a tax resident of any country or territory notified as a notified jurisdictional area under Section 94A(1) of the Income Tax Act, tax will be deducted at the rate of 30% or at the rate specified in the relevant provision of the Income Tax Act or at the rates in force, whichever is higher, from the gross consideration and interest payable to such Public Shareholder in accordance with Section 94A of the Income Tax Act.

E. Tax deduction certificate

The Acquirer will issue a certificate in the prescribed form to the shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax on the same, certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of the IT Act read with the Income-tax Rules, 1962 made thereunder.

F. Tax Implications in foreign jurisdictions

Apart from the above, the Acquirer is entitled to withhold tax in accordance with the tax laws applicable in overseas jurisdictions where the non-resident Shareholder is a resident for tax purposes. For this purpose, the non-resident Shareholder shall furnish along with Form of Acceptance-cum-Acknowledgement, a self-declaration stating the quantum of the Overseas Tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident and the Acquirer will be entitled to rely on this representation at their sole discretion.

G. Other points for consideration

i Shareholders who wish to tender their Equity Shares must submit the information / documents, as applicable, all at once along with the Form of Acceptance-cum-Acknowledgement and those that may be additionally requested for by the Acquirer. The documents submitted by the shareholders along with the Form of Acceptance-cum-Acknowledgement will be considered as final. Any further / delayed submission of additional documents, unless specifically requested by the Acquirer, may not be accepted.

ii Based on the documents and information submitted by the shareholder, the final decision to deduct tax or not, or the quantum of taxes to be deducted rests solely with the Acquirer.

iii Taxes once deducted will not be refunded by the Acquirer under any circumstances.

iv The Acquirer shall deduct tax (if required) as per the information provided and representation made by the shareholders. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the shareholders, such shareholders will be responsible to pay such income tax demand (including interest, penalty, etc.) and provide the Acquirer with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.

v The tax deducted by the Acquirer while making the payment to a shareholder under this Offer may not be the final liability of such shareholders and shall in no way discharge the obligation of the shareholders to appropriately disclose the amount received by it, pursuant to this Offer, before the income tax authorities. The rate at which tax is required to be deducted is based on the tax laws prevailing as on the date of this DLoF. If there is any change in the tax laws with regards to withholding tax rates as on the date of deduction of tax, the tax will be deducted at the rates applicable at the time of deduction of tax.

vi All shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income.

5. **Rate of Surcharge and Cess:**

As per the current provisions of the IT Act, in addition to the basic tax rate, surcharge, health and cess are leviable (except for TDS on payment to residents, where tax is required to be deducted at basic rates as applicable).

6. The tax rate and other provisions may undergo changes.

7. **<u>Others</u>**

i The tax deducted by the Acquirer while making payment to a Public Shareholder may not be the final tax liability of such Public Shareholder and shall in no way discharge the obligation of the Public Shareholder to appropriately disclose the amounts received by it, pursuant to this Open Offer, before the income tax authorities.

ii The Acquirer and the Manager to the Open Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above.

iii Public Shareholders who wish to tender their Equity Shares must submit the following information along with the Form:

a) Information requirement from non-resident Public Shareholder:

i. Self-attested copy of PAN card; or

- Name, email id, contact number of the non-resident Public Shareholder
- Address in the country or specified territory outside India of which the non-resident Public Shareholder is a resident
- A certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate
- Tax Identification Number of the non-resident Public Shareholder in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident Public Shareholder is identified by the Government of that country or the specified territory of which he claims to be a resident

ii. NOC/ TDC / Certificate from the income-tax authorities for no/lower deduction of tax, if any;

iii. Self-attested declaration in respect of residential status, status of Public Shareholders (e.g. individual, firm, company, trust, or any other - please specify);

iv. SEBI registration certificate for FPI, wherever applicable;

v. Declaration from FPIs that they have invested in the Equity Shares in accordance with the applicable SEBI regulations; and

vi. RBI and other approval(s) obtained for acquiring the Equity Shares, if applicable.

b) Information requirement in case of resident Public Shareholder:

i. Self-attested copy of PAN card;

ii. Self-attested declaration in respect of residential status, status of Public Shareholders (e.g. individual, firm, company, trust, or any other - please specify);

iii. Self-attested declaration in respect of nature of holding the Equity Shares (e.g. as capital asset or as business asset

iv. If applicable, self-declaration form in Form 15G or Form 15H (in duplicate), as applicable for interest payment, if any;

v. NOC / TDC / Certificate from the income tax authorities (applicable only for the interest payment, if any) for no/lower deduction of tax; and

vi. For Mutual Funds/Banks/other specified entities under Section 194A(3)(iii) of the Income Tax Act - Copy of relevant registration or notification (applicable only for the interest payment, if any).

THE ABOVE DISCLOSURE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF THE SHARES. THIS DISCLOSURE IS NEITHER BINDING ON ANY REGULATORS NOR CAN THERE BE ANY ASSURANCE THAT THEY WILL NOT TAKE A POSITION CONTRARY TO THE COMMENTS MENTIONED HEREIN. HENCE, THE PUBLIC SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR TAX TREATMENT ARISING OUT OF THE PROPOSED OFFER THROUGH TENDER OFFER AND APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE ACQUIRER AND THE PAC DO NOT ACCEPT NOR HOLD ANY RESPONSIBILITY FOR ANY TAX LIABILITY ARISING TO ANY PUBLIC SHAREHOLDER AS A REASON OF THIS OFFER.

VII. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection by Public Shareholders at the office of the Manager to the Offer at ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai - 400 020, between 10:30 a.m. and 3:00 p.m. on any Working Day (except Saturdays, Sundays and public holidays) during the period from the date of commencement of the Tendering Period (June 13, 2018 (Wednesday)) until the date of closure of the Tendering Period (June 26, 2018 (Tuesday)).

1. Certified copies of the Deed of Incorporation and Articles of Association (including amendments to Articles of Association) of the Acquirer;

2. Certified copies of the Articles of Incorporation and Regulations of the PAC;

3. Certificate dated April 19, 2018 from Dhruv A & Co., Chartered Accountants (Firm Registration No. – 140541W) having their office at 1101 & 1102, One India Bulls Centre, Tower 2B, 841, Elphinstone Road- West, Mumbai, India, certifying that the Acquirer has adequate financial resources to fulfill its obligations under this Offer;

4. Certified copies of audited standalone financial statements of the Acquirer as of and for the financial years ended June 30, 2015, June 30, 2016, and June 30, 2017 and certified copies of its interim audited standalone financial statements as of and for six months ended December 31, 2017;

5. Certified copies of audited consolidated financial statements of the PAC as of and for the financial years ended June 30, 2015, June 30, 2016, and June 30, 2017 and its unaudited consolidated financial statements as of and for six months ended December 31, 2017;

6. Certified copies of the audited annual reports of Merck Limited for the three financial years ending on December 31, 2015; December 31, 2016 and December 31, 2017;

7. Letter dated April 20, 2018 from the Open Offer Escrow Agent confirming the receipt of the Open Offer Escrow Amount and stating that the Open Offer Escrow Account shall be operated in terms of the Open Offer Escrow Agreement;

8. Copy of the India SAPA;

9. Copy of the Public Announcement (including any corrigendum to it) submitted to the Stock Exchanges on April 19, 2018;

10. Copy of the Detailed Public Statement (including any corrigendum to it) published by the Manager on behalf of the Acquirer on April 26, 2018;

11. Copy of the Offer Opening Public Announcement (including any corrigendum to it) to be published by the Manager on behalf of the Acquirer on June 12, 2018;

12. Published copy of the recommendation to be made by the committee of the independent directors of Target Company in relation to the Offer;

13. SEBI observation letter no. [•] dated [•] on the Draft Letter of Offer;

14. A copy of the documentation for opening the Open Offer Escrow Demat Account for the purpose of the Offer; and

15. Open Offer Escrow Agreement dated April 19, 2018 between the Acquirer, the Manager and the Open Offer Escrow Agent.

VIII. DECLARATION BY THE ACQUIRER AND THE PAC

1. The Acquirer and the PAC and their respective directors accept full responsibility for the information contained in the DLoF including the Form of Acceptance-cum-Acknowledgement (other than such information as has been obtained from public sources or provided or relating to and confirmed by the Target Company and/or any of the Sellers).

2. The Acquirer and the PAC shall be jointly and severally responsible for the fulfillment of obligations under the SEBI (SAST) Regulations in respect of this Offer.

3. For the purposes of the disclosures pertaining to the Target Company and/or the Seller contained in the DLoF, the Acquirer and the PAC have relied on the information available from public sources or provided by the Target Company or the Sellers, as the case may be, and the same has not been independently verified by the Acquirer or the PAC. The information and disclosures contained in *Section III (Background of the Target Company)* and appearing in this DLoF have been confirmed and certified by the Target Company to the Manager to the Offer.

4. The person(s) signing this DLoF are duly and legally authorized by the Acquirer and the PAC, as applicable, to sign the DLoF.

SIGNED FOR AND ON BEHALF OF PROCTER & GAMBLE OVERSEAS INDIA B.V.

Sd/-

Authorized Signatory

SIGNED FOR AND ON BEHALF OF THE PROCTER & GAMBLE COMPANY

Sd/-

Authorized Signatory

Place: Mumbai
Date: May 7, 2018

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this form with enclosures to the Registrar to the Offer at any one of its collection centers given overleaf)

(Capitalized terms and expressions used herein but not defined, shall have the same meaning as ascribed to them in the Draft Letter of Offer)

TENDERING PERIOD FOR THE OFFER	
OPENS ON	**WEDNESDAY, JUNE 13, 2018**
CLOSES ON	**TUESDAY, JUNE 26, 2018**

To
Acquirer and PAC,
C/o Link Intime India Private Limited
C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083

Dear Sir/ Madam,

Sub: OPEN OFFER FOR ACQUISITION OF UP TO 4,315,840 (FOUR MILLION THREE HUNDRED FIFTEEN THOUSAND EIGHT HUNDRED FORTY) FULLY PAID UP EQUITY SHARES OF FACE VALUE OF INR 10 (INDIAN RUPEES TEN ONLY) EACH ("EQUITY SHARES") OF MERCK LIMITED ("TARGET COMPANY") AT A PRICE OF INR 1,500.36 (INDIAN RUPEES ONE THOUSAND FIVE HUNDRED AND THIRTY SIX PAISE ONLY) PER FULLY PAID UP EQUITY SHARE ("OFFER PRICE") PAYABLE IN CASH BY THE ACQUIRER AND PAC.

I / We refer to the Draft Letter of Offer dated May 7, 2018 for acquiring the Equity Shares held by me / us in Merck Limited. I/We, the undersigned have read the Draft Letter of Offer and understood their contents and unconditionally accept the terms and conditions as mentioned therein.

Name (in BLOCK LETTERS)	Holder	Name of the Shareholder	Permanent Account Number (PAN)
(Please write names of the joint holders in the same order as appearing in the Equity Share certificate(s) / demat account)	Sole / First		
	Second		
	Third		
Contact Number(s)	**Tel No. (with STD Code):**		**Mobile No.:**
Full Address of the First Holder (with pin code)			

Name (in BLOCK LETTERS)	Holder	Name of the Shareholder	Permanent Account Number (PAN)
Email address			

<u>For Equity Shares held in dematerialized form</u>

I/We, hold the following Equity Shares in dematerialized form and accept this Offer and enclose a photocopy or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by my/our DP in respect of my/our Equity Shares, as detailed below:

DP Name	DP ID	Client ID	Name of the Beneficiary	No. of Equity Shares	Depositary

I / We have executed an off-market transaction for crediting the Equity Shares to the Open Offer Escrow Demat Account with Ventura Securities Limited as the DP in NSDL styled 'LIIPL Merck Open Offer Escrow Demat Account' - whose particulars are:

DP Name	Ventura Securities Limited
DP ID	IN303116
Client ID	12645304
ISIN No.	INE199A01012
Depository	NSDL

I/We note and understand that the Equity Shares will be held in the credit of the Depository Escrow Account by the Registrar to the Offer on behalf of the Shareholders who have accepted this Offer, till completion of formalities relating to this Offer. I/We also note and understand that the consideration will be paid only to those Shareholders who have validly tendered their Equity Shares in this Offer, in accordance with the terms of the Draft Letter of Offer.

Enclosures (√ whichever is applicable)

☐ Photocopy or counterfoil of the delivery instructions in "off market" mode duly acknowledged by the Shareholders' DP, in favour of the Depositary Escrow Account

☐ Duly attested power of attorney, if any person apart from the Shareholder, has signed the Form of Acceptance-cum-Acknowledgement or Equity Share transfer deed(s)

☐ Corporate authorization, in case of companies along with certified board resolution and specimen signatures of authorized signatories

☐ Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder), in case the original Shareholder has expired

☐ Photocopy of cheque from Shareholders who opt for receiving consideration through NEFT/RTGS/ECS Other relevant documents (please specify)

<u>For Equity Shares held in physical form</u>

I/We hold the following Equity Shares in the physical form and accept this Offer and enclose the original Equity Share certificate(s) and duly signed Equity Share transfer deed(s) in respect of my/our Equity Shares, as detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.		No. of Equity Shares
			From	To	
1					

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.		No. of Equity Shares
2					
3					
4					
				Total	

(In case of insufficient space, please use an additional sheet and authenticate the same)

I/We note and understand that the original Equity Share certificate(s), valid Equity Share transfer deed(s) and the Form of Acceptance-cum-Acknowledgement will be held in trust by the Registrar to the Offer, on behalf of the Shareholders who have accepted this Offer, till completion of formalities relating to this Offer. I/We also note and understand that the consideration will be paid only to those Shareholders who have validly tendered their Equity Shares in this Offer, in accordance with the terms of the Draft Letter of Offer. In case of Equity Shares tendered in physical form, where the original Equity Share certificates are required to be split, all the documents will be returned only upon receipt of Equity Share certificates from the Target Company.

Enclosures (√ whichever is applicable)

☐ Duly attested power of attorney, if any person apart from the Shareholder, has signed the Form of Acceptance-cum-Acknowledgement or Equity Share transfer deed(s)

☐ Original Equity Share certificate

☐ Valid Equity Share transfer deed(s)

☐ Corporate authorization, in case of companies along with certified board resolution and specimen signatures of authorized signatories

☐ Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder), in case the original Shareholder has expired;

☐ Self-attested copy of PAN card of all the transferor(s)

☐ Photocopy of cheques from Shareholders who opt for receiving consideration through NEFT/RTGS/ECS

☐ Other relevant documents (please specify)

<u>For all Shareholders</u>

I / We, confirm that our residential status under the Income Tax Act is:

☐ Resident

☐ Non-resident. If yes, please state country of tax residence - ______________________

I / We, confirm that our status is:

☐ Individual

☐ Firm

☐ Company

☐ Association of Person / Body of Individual

☐ Trust

☐ NRI – Repatriable

☐ NRI – Non Repatriable

☐ FPI

☐ Any other – please specify ____________________________

For Resident Shareholders

I/We have enclosed the following documents (√ whichever is applicable):

☐ Self-attested copy of PAN card

☐ Certificate from income tax authorities under Section 197 of the Income Tax Act, wherever applicable, in relation to payment of interest, if any, for delay in payment of Offer Price (Certificate for Deduction of Tax at Lower Rate/ TDC)

☐ Self-declaration in Form 15G / Form 15H (in duplicate), if applicable (applicable only for interest payment, if any)

☐ For specified entities under Section 194A(3)(iii) of the Income Tax Act, self-attested copy of relevant registration or notification (applicable only for interest payment, if any).

For NRIs/ other Non-Resident Shareholders (other than FPIs):

I/We certify that the Equity Shares are held by me/us as ☐ "Capital Asset OR ☐ Business Asset" (√ whichever is applicable).

Kindly enclose a certificate under Section 195(3) or Section 197 of the Income Tax Act from income tax authorities, specifying the rate of tax to be deducted.

In order to avail of the benefit of lower rate of tax deduction under the DTAA, if any, at the sole discretion of the Acquirer and the PAC, kindly enclose a Tax Residence Certificate issued by the tax authorities of the country of which you are a tax resident, in the format, if any, prescribed by the CBDT in this regard.

In case of ambiguity, incomplete or conflicting information or the information or Certificate for Deduction of Tax at Lower Rate is not submitted to the Acquirer and the PAC, tax shall be deducted at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs, under the Income Tax Act on the entire consideration and/ or amount of interest payable to such Shareholder.

I/We have enclosed the following documents (√ whichever is applicable):

☐ Self-attested copy of PAN card or, alternatively a) name, email id, contact number; b) address in the country of residence; c) Tax Residency Certificate; and d) tax identification number in the country of residence

☐ Certificate from income tax authorities under Section 195(3) or Section 197 of the Income Tax Act, wherever applicable, (No Objection Certificate or Certificate for Deduction of Tax at Lower Rate/ TDC) from the income tax authorities under the Income Tax Act, indicating the amount of tax to be deducted by the Acquirer and/or the PAC before remitting the consideration and/ or the amount of interest)

☐ Previous RBI, FIPB, or other regulatory approval, if any, for holding Equity Shares in this Offer and RBI approval evidencing the nature of shareholding, i.e. repatriable or non-repatriable basis, if applicable

☐ Copy of any approvals (including approvals from the RBI) for tendering of Equity Shares in this Offer (since the Equity Shares validly tendered in this Offer may be acquired by a non-resident entity)

☐ Tax Residence Certificate

I / We, confirm that the details of Overseas Tax to be deducted on the consideration payable by the Acquirer and/ or the PAC is as follows:

	Amount of Overseas Tax
	Rate at which Overseas Tax is to be deducted on the gross consideration
	Country in which the Overseas Tax has to be deposited
	Details of Authority with whom such Overseas Tax has to be deposited

For FPIs

I/We certify that the Equity Shares are held by me/us as ☐ "Capital Asset OR ☐ Business Asset" (√ whichever is applicable).

Kindly enclose a certificate under Section 195(3) or Section 197 of the Income Tax Act from the income tax authorities, specifying the rate of tax to be deducted.

In order to avail of the benefit of lower rate of tax deduction under the DTAA, if any, at the sole discretion of the Acquirer and the PAC, kindly enclose a Tax Residence Certificate issued by the tax authorities of the country of which you are a tax resident in the format, if any, prescribed by the CBDT.

In case of ambiguity, incomplete or conflicting information or the information or Certificate for Deduction of Tax at Lower Rate is not submitted to the Acquirer and the PAC, tax shall be deducted at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs, under the Income Tax Act on the entire consideration and/ or amount of interest payable to such Shareholder.

I/We have enclosed the following documents (√ whichever is applicable):

☐ Self-attested copy of PAN card or, alternatively a) name, email id, contact number; b) address in the country of residence; c) Tax Residency Certificate; and d) tax identification number in the country of residence

☐ SEBI registration certificate for FPI

☐ Declaration that the investment in the Equity Shares in accordance with the applicable SEBI regulations

☐ Certificate from income tax authorities under Section 195(3) or Section 197 of the Income Tax Act, wherever applicable, (No Objection Certificate or Certificate for Deduction of Tax at Lower Rate/ TDC) from the income tax authorities under the Income Tax Act, indicating the amount of tax to be deducted by the Acquirer and/or the PAC before remitting the consideration and/ or the amount of interest

☐ Previous RBI, FIPB, or other regulatory approval, if any, for holding Equity Shares in this Offer

☐ Tax Residence Certificate

I / We, confirm that the details of Overseas Tax to be deducted on the consideration payable by the Acquirer and/ or the PAC is as follows:

	Amount of Overseas Tax
	Rate at which Overseas Tax is to be deducted on the gross consideration
	Country in which the Overseas Tax has to be deposited
	Details of Authority with whom such Overseas Tax has to be deposited

For All Shareholders

I/We confirm that this Offer is hereby accepted by me/us and that the Equity Shares which are being tendered by me/us under this Offer are free from all liens, charges and encumbrances of any kind whatsoever and are also not the subject matter of litigation, where under the transfer of Equity Shares may be prohibited during the pendency of such litigation.

I/We authorize the Acquirer and/or the PAC:

- to acquire all Equity Shares so tendered by me/us or such lesser number of Equity Shares, which it may decide to accept, in consultation with the Manager to the Offer and in terms of the Draft Letter of Offer;

- to return to me/us by registered post, the Equity Share certificate(s), Equity Share transfer deed(s) and other documents, if any, and in the case of dematerialized Equity Shares, to credit such Equity Shares to the same account from which they were tendered, to the extent that the Equity Shares tendered by me/us are not found valid / accepted, in each case at my/our sole risk, without specifying the reasons thereof;

- to split/consolidate the Equity Share certificates comprising the Equity Shares that are not acquired or accepted and the Acquirer/PAC/Registrar to the Offer is hereby authorized to do all such things and execute such documents, as may be found necessary and expedient for the purpose.

I/We authorize the Acquirer, the PAC, the Manager to the Offer and the Registrar to the Offer to send by registered post / ordinary post (as described in the Draft Letter of Offer), the bankers' cheque / demand draft / NEFT/RTGS/ECS as consideration to the sole/first holder at the address mentioned below. In case I have tendered my Equity Shares in dematerialized form, I authorize the Acquirer, the PAC, Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my DP for the purpose of mailing the aforementioned instruments.

Bank Details

In order to avoid fraudulent encashment in transit, the Shareholders holding shares in physical form are requested to provide details of bank account of the sole/first Shareholder and the consideration payment will be drawn accordingly.

Name of Bank	
Branch Address and PIN Code	
Type of Account	Savings / Current / NRE / NRO / Others (√ whichever is applicable)
Account Number	
9 digit MICR code	
IFSC Code (for RTGS/NEFT transfers)	
Other relevant details for remittance of funds to non-resident shareholders	

** If payment is through RTGS / NEFT, please also enclose a photo-copy of a cheque drawn on the account in which payments will be made.*

For the Equity Shares that are tendered in demat form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars, and not the details provided herein.

Yours faithfully,

Signed and Delivered	**Full Name**	**Signature**

1st Shareholder		
2nd Shareholder		
3rd Shareholder		

Note: *In case of joint holders, all must sign. In case of body corporate, it must affix the corporate seal and also attach necessary corporate resolutions.*

Place: Date:

---Tear Here--

ACKNOWLEDGEMENT SLIP

Received from Mr./ Ms./ M/s. ____ Address _______________ ____ Form of Acceptance-cum-Acknowledgement for __________________ shares along with:

☐ **Demat shares:** Copy of delivery instruction slip from DP ID _______________ Client ID _________

☐ **Physical shares:** __________________ Share certificate(s) __________________transfer deed(s) under Folio Number(s) __________________

For accepting the Offer made by the Acquirer

Signature of Official	Stamp of Collection Centre
Date of Receipt	

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