NOVARTIS

Novartis India Limited
Registered Office:
Sandoz House
Shivsagar Estate
Dr. Annie Besant Road
Worli, Mumbai 400 018
India
Tel +91 22 2495 8400
Fax +91 22 2495 0221
Email: girish.tekchandani@novartis.com
CIN No. L24200MH1947PLC006104
Website: www.novartis.in

The Secretary
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

July 4, 2016

Annual Report for 2015-16

Dear Sirs,

Please find enclosed Annual Report for the year ended March 31, 2016.

Thanking you,

Yours sincerely,

For Novartis India Limited

Girish Tekchandani
Company Secretary &
Compliance Officer

Encl.: a/a

NOVARTIS

NOVARTIS INDIA LIMITED
ANNUAL REPORT 2015-16



CONTENTS

BOARD OF DIRECTORS

Christopher Snook	Chairman
Ranjit Shahani	Vice Chairman & Managing Director
Dinesh Charak	Whole Time Director (upto May 26, 2016)
Jai Hiremath	Director
Sandra Martyres	Director
Rajendra Nath Mehrotra	Director
Monaz Noble	Whole Time Director (from June 13, 2016)

Monaz Noble	Chief Financial Officer
Girish Tekchandani	Company Secretary and Compliance Officer

CIN	L24200MH1947PLC006104
Registered Office	Sandoz House Shivsagar Estate Dr Annie Besant Road Worli, Mumbai 400 018
Telephone Nos.	+91 22 2495 8400 / 2495 8888
Fax No.	+91 22 2495 0221
E-mail	india.investors@novartis.com
Website	www.novartis.in
Registrar and Transfer Agents	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai 400 078
Telephone Nos.	+91 22 2594 6970
Fax	+91 22 2594 6969
E-mail	irnt.helpdesk@linkintime.co.in

Annual General Meeting

11.30 am, Friday, July 29, 2016
Hall of Culture
Nehru Centre
Dr Annie Besant Road
Worli, Mumbai 400 018

Members are requested to bring their copy of the Annual Report to the meeting. Members are also requested to direct all correspondence relating to shares to the Company's Registrar and Transfer Agents, Link Intime India Private Limited, at the address above.

The Novartis India Limited Board
As on May 26, 2016

From left: Dinesh Charak, Whole Time Director; Rajendra Nath Mehrotra, Director; Sandra Martyres, Director; Christopher Snook, Chairman; Ranjit Shahani, Vice Chairman & Managing Director; Jai Hiremath, Director

Dear Shareholder

At Novartis we are committed to patients, healthcare partners and society at large, to improve access to healthcare and essential medicines as we aspire in our mission to discover new ways to improve and extend people's lives, and be a trusted leader in changing the practice of medicine.

To support the pursuit of our strategy, we foster a corporate culture of high ethical standards and promote innovation, quality, collaboration, performance, courage and integrity as our core values.

In 2015 Novartis completed a portfolio transformation to focus on three leading divisions covering innovative Pharmaceuticals, Generics, Eyecare and to leverage on our new services organisation – Novartis Business Services. These steps position us well to navigate the challenging healthcare environment.

As a healthcare leader, we also have a responsibility to help improve access to medicines and healthcare for patients who have no access to such facilities. In India our Arogya Parivar project now covers 11 States across an area that is home to 70 million people, expanding their access to affordable products, improved health infrastructure and community education.

Besides delivering needed medicines at affordable prices, Arogya Parivar also aims to support healthcare systems and help manage the rising cost of care and its economic consequences.

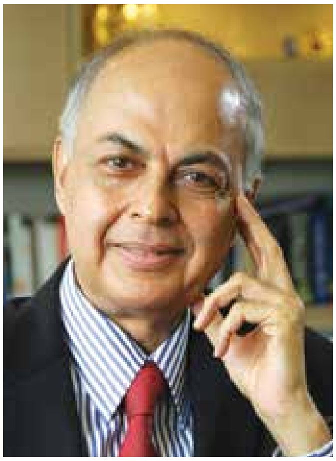
Strong demographics and economic trends continue to transform our societies and shape the future of healthcare. These trends are opening opportunities for Novartis while at the same time raising a few challenges. I would like to refer to just two of these. One such impediment is the manner in which price control has been exercised by the authorities, particularly the unpredictable and recurrent price fixation under the Drug Price Control Order (DPCO). This has clearly impacted the profitability of your Company. The second is the announcement of the National Intellectual Property Rights (IPR) Policy. While the Policy has many positive features, it has not addressed issues relevant to the research-based pharmaceutical companies.

Finally I would like to talk about the share buyback approved by your Board in May 2016. During FY 2015-2016 the Company received INR 1964 million from divestment of its OTC and Animal Health businesses. Following this the Company decided to distribute the proceeds received via a share buy-back through the "Tender Offer" route in accordance with the Companies Act, the Management Rules and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, subject to the approval of the shareholders of the Company by way of a special resolution. I believe that the share buyback is in the best interests of both shareholders and the Company as a whole.

I thank you for the confidence you have reposed in your Company and look forward to your support as always.

Sincerely

Christopher Snook
Chairman



Dear Shareholder

Novartis has a long-term commitment to ensure access to medicines. In an interconnected and shrinking world that has seen unprecedented levels of disruption in most industries, the pharmaceutical industry particularly lives in extraordinarily volatile times.

Four forces are transforming the world in fundamental ways; these include an ageing population; industrialisation and urbanisation in emerging economies; greater global interactions and cutting-edge convergence of technologies. In this new digital era, where patients are active participants in their own wellness, healthcare providers have had to rise to the challenge with new approaches and mindsets, using tools and techniques that were unheard of barely a few decades ago.

The world's rapidly growing and ageing population is driving changes in healthcare, presenting both new opportunities and new challenges for Novartis. The global population will increase by more than one billion people by 2030, projects the United Nations, with most of that growth occurring in developing countries. People over age 60 are the fastest growing population segment, expected to add 500 million people and reach 1.4 billion by 2030.

These factors are behind increasing demand for healthcare worldwide. If current growth rates continue, healthcare spending will likely more than double by 2025, exceeding USD 15 trillion. Governments and health insurers are increasingly searching for ways to keep spending in check. They are focusing on the value they receive, based on tangible benefits for patients and healthcare systems.

We have entered an important period in the history of our Company following the portfolio divestment of the OTC and Animal Health businesses and are now focused on Pharmaceuticals, Generics and Eyecare. This has improved our competitive position. In addition Novartis Business Services (NBS), our new cross-divisional services organisation, will play a critical role in identifying additional synergies across businesses.

As we focus on improving health outcomes for patients by leveraging medical science, we are also advancing the creative use of new digital technology and data analysis to help healthcare systems deliver real-world outcomes with our therapies. This enables us to improve value and reduce waste in the system. In this time of increased scrutiny on drug prices, we understand that patients and healthcare systems need to get good value for what they spend on treatments.

India's enormous population is one of the biggest challenges we face in providing access to quality healthcare for all our citizens. Access to healthcare extends beyond the cost of medicine, to the proximity, quality and functionality of healthcare infrastructure. A 2015 study by IMS Health on 'Assessing the Impact of Price Control Measures on Access to Medicines in India' concluded that price controls do not improve access to medicines.

While the DPCO is an attempt to regulate the industry, it should be noted that Indian drug prices are lower than in other developing economies including countries such as Pakistan and Bangladesh and even the price increases have always been below or at par with inflation. While the order leads to a marginal price benefit

The world's rapidly growing and ageing population is driving changes in healthcare, presenting both new opportunities and new challenges for Novartis.

We hope as India aspires to provide quality healthcare for all, our Government does consider healthcare access in a holistic manner.

for patients, the desired outcome would be a significant upsurge in volumes and deeper penetration into rural markets of the country. However, the analysis of both 2013 and 1995 price controls by IMS reveals that this desired objective has certainly not been achieved. Finally the unpredictability of price controls is making the strategic planning of business very difficult and also unremunerative to the extent that key products will disappear from the market.

In a country like ours, price control can play an important role in ensuring equitable access and distribution of essential public goods. However, this cannot be the sole policy instrument that is used to address the healthcare challenges of our citizens.

We hope as India aspires to provide quality healthcare for all, our Government does consider healthcare access in a holistic manner and ensures improvement on all parameters. The focus must shift from controlling prices to collaboratively advancing a common agenda.

India's National IPR Policy aims "to promote a holistic and conducive ecosystem to catalyse the full potential of intellectual property for India's economic growth and socio-cultural development, while protecting public interest." The Policy put forward seven objectives that outline steps to be undertaken to advance these objectives. Regrettably none of the innovative pharmaceutical industry's long-standing suggestions have been included. While we are generally supportive of the new IPR policy key gaps still remain particularly with respect to data protection, section 3(d) and low triggers for compulsory license.

The Company's Revenue from Operations for FY 2015-16 is lower by 7.4 per cent compared to the previous year mainly due to divestment of the OTC business wef September 30, 2015, and Animal Health business wef December 31, 2015. The Extraordinary Income (net of tax effect) from these divestments is INR 1319 million. The Board has recommended a share buy-back from all shareholders of the Company on a proportionate basis through the "Tender Offer" route to distribute the proceeds received from the divestment of the OTC and Animal Health businesses.

As we have been communicating during the quarterly results updates, the Company's profitability has been impacted substantially due to DPCO 2013 as also the additional products covered under National List of Essential Medicines (NLEM) 2015. As a result, despite many productivity measures taken by the Company during the year, the Operating Profit margin is low at 6.5 per cent for the Pharma segment. The Company however has maintained dividend at 200 per cent for FY 2015-16, subject to the approval of shareholders, as it believes in a steady dividend policy.

The Company's shared commitment to corporate responsibility rests with every Novartis associate and we can be proud of what Novartis has accomplished in enhancing access to medicines to patients who need this most.

We extend our thanks to you, our shareholders, for your loyalty and continued support.

Sincerely

Ranjit Shahani
Vice Chairman & Managing Director

Healthcare in your Hands

Deep in the remote mountainous region of Himachal Pradesh in North India, where difficult landscapes and climatic conditions have made medical access almost impossible for rural communities living in the lap of the Himalayas, a unique programme has been revolutionising healthcare. In January 2015, in a public-private partnership with a leading hospital chain, the National Health Mission, Department of Health and Family Welfare, Government of Himachal Pradesh, set up a 15-month initiative to connect isolated patients and doctors to quality multispecialty health services. By May 31, 2015, the Himachal Pradesh Tele-Health Services programme had offered 254 tele-consultations and 13 emergency consultations for patient stabilisation.

The Government of Himachal Pradesh is aggressively working on scaling-up learnings from this programme to the rest of the remote terrains covered by the State health facilities, according to *Making a Difference: Good, Replicable and Innovative Practices*, a Ministry of Health and Family Welfare Government of India publication.

Elsewhere, in the South Indian state of Andhra Pradesh, a web-based Mother and Child Tracking System (MCTS) has been replacing inefficient manual data collection to ensure timely delivery of the full spectrum of healthcare and immunisation services to pregnant women and children up to five years of age.

In Rajasthan, where complex fund flows for accredited social health activists (ASHAs) have caused delays, ASHA Soft, a software launched on December 26, 2014, has been working towards prompt and transparent online payments and improved monitoring of the activists who form part of a National Rural Health Mission programme designed to provide every village in the country with a trained female community health activist. The upgraded payment systems, complete with SMS alerts to beneficiaries, have done much to incentivise activists; the software also enables programme managers to capture the performance of ASHAs based on incentives earned for a range of activities.

THE DIGITAL EDGE

Over the last decade, the healthcare industry, both in India and elsewhere, has been seeing a complete transformation. Cutting-edge technology, a host of new challenges and evolving mindsets have brought in a range of treatment options that would have been unimaginable a few years ago. “As patients transition from passive healthcare recipients to active value-seeking consumers, it is the health sector’s turn to master digital tools,” says a November 2014 PwC report, *Healthcare Delivery of the Future: How digital technology can bridge time and distance between clinicians and consumers*. The report adds: “In the New Health Economy, digitally-enabled care is no longer a nice-to-have, but rather a fundamental business imperative.” The report also notes that hospitals and the pharmaceutical industry are all seeing major shifts in how care is being delivered. “Digital technology bridges time, distance and the expectation gap between consumers and clinicians,” it says.

Across the world, exciting new discoveries have been taking place and are increasingly in use. These technological leaps are helping to close the last-mile gap between healthcare providers and consumers; they are improving access, reducing costs and expanding possibilities. ‘Smart’ teddy bears have been developed to monitor children’s health parameters, and digital diagnostic systems such as Neurotrack are being used to detect the first signs of Alzheimer’s among those unable to visit a doctor’s clinic. In Japan, ‘smart’ toilets have been in use for years now, recording and analysing important data like weight, Body Mass Index (BMI), blood pressure, and blood sugar levels, beaming the information to computers via WiFi; with the guidance of a trained physician, these results can help to monitor health and provide

Over the last decade, the healthcare industry, both in India and elsewhere, has been seeing a complete transformation.

early detection for some medical conditions. This May, at the International Conference on Robotics and Automation in Stockholm, the Massachusetts Institute of Technology (MIT) showcased ingestible robots designed to treat internal wounds. The idea is to have the robot unfold itself, origami-style, from a capsule that the patient swallows, and then crawl across the stomach wall to remove—say—a button battery that has accidentally made its way inside. Researchers say that in the United States alone, 3,500 people swallow button batteries every year and the only solution so far has been interventions such as endoscopy. The robots, made from biocompatible materials, can also patch wounds or deliver medicine to specific locations in the body. Indian researchers are also making a mark internationally in medical breakthroughs. For instance, Dr. Mohit Shivdasani, Senior Research Fellow and Biomedical Engineer at the Bionics Institute in Melbourne, has played a major role in developing a bionic eye for vision restoration in the blind.

As a brand leader and trend-setter in the pharmaceutical space, Novartis has recognised the potential of new technologies and the need for reinvention; the Company has played a trend-setting role through various technology partnerships to explore new opportunities for the future. For instance, in a joint initiative with Qualcomm Ventures, it has formed a USD 100m digital health investment company to back 'beyond-the-pill' technologies,

Pic courtesy: Bionic Vision Australia

THE HEALTHCARE REVOLUTION

Futuristic techniques such as 3-D bioprinting of body parts are revolutionising healthcare. Among the many technological marvels of the modern age is the ingestible robot, designed to remove foreign objects such as button batteries that may have been accidentally swallowed.

products or services. The partnership combines Qualcomm's background in wireless technology and digital health investment with Novartis' burgeoning efforts to tap into new technologies. In January 2016, Novartis announced a digital innovation in a collaborative venture with Qualcomm—the Breezhaler (TM) inhaler device to treat Chronic Obstructive Pulmonary Disease (COPD). The device will enable near real time data to be sent to the patients' smartphone and a Novartis COPD mobile application.

In 2013, Novartis' mHealth Challenge, a 48-hour development marathon in Silicon Valley, sought a novel way to use mobile technology to help caregivers navigate the daily challenges of looking after a loved one with heart failure.

In a collaboration with personalised analytics firm TicTrac, Novartis also launched a new 'quantified self' platform to help multiple sclerosis (MS) patients more easily record, track and analyse their personal data. In addition, the company has ramped up social media efforts, including making creative use of Pinterest and its *Discovery Unbound* magazine on Flipboard.

In 2014, Novartis' eye care division Alcon entered into an agreement with a division of Google Inc. to in-license its "smart lens" technology for all ocular medical uses. The agreement with Google[x], a team within Google devoted to finding new solutions to big global problems, provided Alcon with the opportunity to develop and commercialise Google's "smart lens" technology with the potential to transform eye care and further enhance Alcon's pipeline and global leadership in contact lenses and intraocular lenses. The agreement between Google and Alcon represented an important step for Novartis, across all of its divisions, to leverage technology to manage human diseases and conditions.

This transition to technology partnerships was the next logical step for a company that has always believed in a pioneering approach, straddling a complete range of healthcare options. After all, Novartis was the first global pharmaceutical company to have an OTC Research & Development Centre in India, and the first to tackle access barriers to healthcare through its Arogya Parivar initiative, exploring new ways to reach out to remote rural areas.

COMPLEX CHALLENGES

In the complex world of healthcare, especially in India, there are many challenges that require sustained and focused attention. Globally, the ~USD 8 trillion industry has a large number of stakeholders and is hugely dependent on data and information. Efficient management of data, reduced levels of wastage in the value chain and a greater need to engage with growing levels of patient/consumer involvement are vital. Major forces are changing the world in unprecedented ways, underlining a need for a dramatic change in both approaches to healthcare and in mindsets. Industrialisation and urbanisation in emerging economies, disruptive technologies, an ageing world and enhanced global interactions have suddenly made the world a very different place.

A Shortage of Manpower: In India, the problems are magnified by the immense shortage of manpower. There is only one doctor per 1,700 citizens in India, significantly less than the minimum ratio of 1:1,000 that the World Health Organization stipulates. Union Health Ministry figures claim that there are about six to six-and-a-half lakh doctors available currently in the country and India would need about four lakh more by 2020. Increased use of technology would go a long way towards combating this shortage, and stretch the use of existing resources. Professor Vivekananda Jha, Executive Director of George Institute of Public Health, India, and Robyn Norton, Principal Director, Professor of Global

Health and James Martin Professorial Fellow, University of Oxford, pointed out in a recent article that about 66 per cent rural population lacks access to preventive medicines and over 31 per cent has to travel more than 30 kilometres for treatment. For those working in an unorganised sector, this means loss of a day's earnings. "Current inadequacies, projections of demand and limited resources call for system-wide changes. Fundamental, transformative change is required with 'disruptive' innovation - ideas that are truly out of the box," they said. The location and focus need to move out of hospitals, where doctors reside, into the community, where people live, they pointed out, adding that science, technology and entrepreneurship should drive the change.

Growing Numbers: At the dawn of agriculture, about 8000 B.C., according to one report, the world's population was approximately five million. Over 8,000 years up to 1 A.D. it is believed to have grown to 200 million (though estimates vary), with a growth rate of under 0.05 per cent per year. The industrial revolution brought in a new era: it had taken all of human history until around 1800 for the world population to reach one billion but the second billion was achieved in approximately 130 years (1930), the third billion in less than 30 years (1959), the fourth billion in 15 years (1974), and the fifth billion in only 13 years (1987). During the 20th century alone, the population in the world grew from 1.65 billion to six billion. As of July 1, 2015, the world population was 7.349 billion according to the medium fertility estimate by the United Nations Department of Economic and Social Affairs, Population Division. India ranks number two in the list of countries by population, at 1,325,120,774 as of Tuesday, May 24, 2016, based on United Nations estimates, with its numbers equivalent to 17.84 per cent of total world population. The expanding number of people, both in India and across the globe, is rapidly stretching all the world's resources, including healthcare.

An Ageing Population: Breakthroughs in medical treatment of a variety of diseases have resulted in increased life expectancy but not necessarily better quality of life. The world over, people are becoming older and sicker. From 2016 to 2025 the population is estimated to increase by one billion and the number of additional people older than 50 will cross 500 million. Seventy per cent of the disease burden will be focused on chronic problems. In India, the proportion of the population aged 60 years and above was seven per cent in 2009 and was projected to increase to 20 per cent by the year 2050. In absolute numbers, the elderly population in 2009 was approximately 88 million and is expected to shoot up to more than 315 million by 2050. The 2014 *State of Elderly in India* report released by a non-profit organisation states that though India will be the youngest country in the world by 2020 with a median age of 29 years, the number of elderly people is likely to increase significantly after that; by 2021, the elderly in the country will number 143 million. Older people, who often suffer from multiple conditions requiring long-term care, are the most intensive users of healthcare services, but often find it difficult to access them because of greater lack of mobility.

Urbanisation: In India, the 21st century is sometimes referred to as the 'urban' age because for the first time since the dawn of civilisation, more people are residing in urban areas than in rural areas, according to a 2014 study by PHD Chamber of Commerce and Cushman & Wakefield. The report states that in the next few decades, the urban population in India is likely to cross 600 million, and by 2050, nearly half of India's population will be living in urban areas. The housing shortage—close to 20 million—means that at least

CHANGE ACROSS THE SPECTRUM

While disruptive technologies such as 3-D printing, gene sequencing and robotic prosthetics are leading to next-generation historic breakthroughs in healthcare management, we are also seeing fundamental changes in day-to-day systems across the board.

half the population is living in slums, with all the attendant problems of overcrowding and poor hygiene. According to another estimate, seven out of ten people will be living in large cities by 2050 and one out of three will be in slums. Close proximity in unhygienic conditions is bound to result in a resurgence in communicable diseases that would pose fresh challenges as the juggernaut of urbanisation takes hold.

In such a situation, simple technological aids can make all the difference; in a Nairobi slum, for instance, an NGO has been running a clinic for some years, tapping patients' details into a custom-built iPad app that automatically uploads the information to the head office, where it can be analysed. A sudden increase in cases of upset stomachs might indicate a problem with the local water supply, and patients in the affected area receive text messages warning them to be careful, and to buy water purification tablets. A commercial retail software manages drug inventory here; it tracks trends and alerts staff whenever necessary.

Inefficient Systems: Inefficient paper-based record-keeping systems in traditional healthcare impact both diagnoses and treatment, leading to misinformation and delays in timely and adequate medical help. Inadequate referral mechanisms also result in extended waiting periods for patients and ill-managed queues at various stages such as registration, out-patient departments, laboratories, radiology departments, operation theatre, billing and discharge at most hospitals. A lack of proper facility management and basic infrastructure also causes delays in delivery of drugs and/or vaccines and downtime of equipment. A lack of transparency in information related to availability of beds, blood, drugs, and equipment makes the situation worse.

TECHNOLOGY TO THE RESCUE

While at one end of the spectrum, disruptive technologies such as 3-D printing, gene sequencing and robotic prosthetics are leading to next-generation historic breakthroughs in healthcare management, we are already seeing fundamental changes in day-to-day systems across the board. Innovations such as Mobile Internet, Cloud Technology and the Internet of Things are even now impacting almost all processes, from patient registration to data monitoring and self-care. The change is fast-paced and the world's willingness to embrace it is growing, as can be seen from the dramatic decrease in the period between disruptive technologies and their acceptance in earlier eras. For instance, the printing press was discovered in 1448 and the computer printer came 500 years later in 1953 but the 3-D Printer arrived only 31 years later in 1984. It took the Radio 38 years to reach 50 million users, TV 13 years, iPod four years but Facebook and Twitter less than a year.

In India, there is no doubt that technology is already proving to be a game-changer in the way healthcare services are being delivered, and the private sector is a major driving force. Information Technology (IT) solutions are becoming an integral part of process management, patient care and the management information system (MIS) in hospitals. According to the India Brand Equity Foundation (IBEF), a Trust established by the Department of Commerce, Ministry of Commerce and Industry, Government of India, the overall Indian healthcare market today is worth USD 100 billion and is expected to grow to USD 280 billion by 2020, a Compound Annual Growth Rate (CAGR) of 22.9 per cent. Healthcare delivery, which includes hospitals, nursing homes and diagnostics centres, and pharmaceuticals, constitutes 65 per cent of the overall market. Deloitte Touche Tohmatsu India has predicted that with increased digital adoption, the Indian healthcare market, which is worth USD 100 billion, will likely grow at a CAGR of 23 per cent to USD 280 billion by 2020.

A Ministry of Health report states that development of 50 technologies has been targeted in FY16, for the treatment of diseases like cancer and tuberculosis. One initiative, 'Sehat' (Social Endeavour for Health and Telemedicine), has been launched at a government-run Common Service Centre (CSC) to empower rural citizens by providing access to information, knowledge, skills and other services in various sectors through the intervention of digital technologies and fulfilling the vision of a 'Digital India'. Health products including medical devices, innovative technologies, m-health, and tele-health/e-health form a bulk of product innovations.

As the health insurance sector grows over the coming decade, increased demand from this sector for more efficient systems for storage and retrieval of information will also encourage healthcare providers to modernise existing infrastructure through greater use of technology. According to one report, the health insurance industry grew at about 16 per cent in 2015, which is more than twice the rate at which India's gross domestic product (GDP) is growing. The industry has seen year-on-year growth of more than 27 per cent in direct premium collections.

Cloud computing and wireless technologies will play a major role in meeting the challenge of manpower shortage and improving accessibility of healthcare. As the pharmaceutical sector moves towards more streamlined and futuristic systems of healthcare, tools such as telemedicine, teleradiology, hospital information systems (HIS)/hospital management information systems (HMIS), online or electronic medical records (EMR) will take centre-stage.

The exponential growth in the smartphone and tablet market has revolutionised healthcare, freeing it of wires and cords, and enabling both patients and physicians to check processes on-the-go.

Over the last decade, at least ten technological advancements in healthcare have emerged, according to Becker's *Health IT and CIO Review*.

The electronic health record: Traditionally, health records involved a range of disparate systems for various functions. In 2009, only 16 per cent of U.S. hospitals were using electronic health records (EHR). By 2013, about 80 per cent of hospitals eligible for the Centers for Medicare & Medicaid Services (CMS) meaningful use incentives program had incorporated an EHR into their organisations. The integrated structured platform proved to be far more efficient in providing patient care. The EHR can also be used as a data and population health tool and experts point out that data-driven medicine is the future.

mHealth: The exponential growth in the smartphone and tablet market has revolutionised healthcare, freeing it of wires and cords, and enabling both patients and physicians to check processes on-the-go. By 2019, according to an R&R Market Research report, the global mHealth market will reach USD 20.7 billion. Smartphones and tablets are enabling healthcare providers to freely access and send information, and service providers are finding it useful for orders and documentation. mHealth also allows patients to become active players in their own treatment, making it a part of their everyday life. Devices like tablets and smartphones have placed self-management literally into the hands of patients, and in a country like India, the potential is enormous. According to a report by Counterpoint Research, India is now the second-biggest smartphone market in terms of active unique smartphone users, crossing 220 million users, higher than the United States.

Telemedicine/telehealth: Telemedicine clinics make it possible for patients to receive long-distance medical care through video chats with physicians, eliminating the need to leave work to visit a primary health centre. It also makes a difference in rural settings where such care may be hard to find in the immediate vicinity. Telemedicine is a growing field and its scope is expanding; one large-scale study published in *CHEST Journal* shows that patients in an intensive care unit equipped with telehealth services were discharged from the Intensive Care Unit (ICU) 20 per cent more quickly and saw a 26 per cent lower mortality rate than patients in a regular ICU. It also offers cost benefits, both for doctors and patients, both in terms of travel time and expense, and by eliminating the need for traditional office costs.

Portal technology: Portal technology allows physicians and patients to access medical records and interact online, empowering patients to become more active and involved in their own healthcare. Portals allow patients and doctors to be on the same page when it comes to patients' medical information. Electronic archiving of information also means that patients and doctors can review old information that could be clinically relevant. In the United States, according to one 2014 report from the American Academy of Family Physicians, 41 per cent of family practice physicians use portals for secure messaging, another 35 per cent use them for patient education, and about one-third use them for prescribing medications and scheduling appointments.

Self-service kiosks: In crowded hospitals, a self-service kiosk could go a long way towards expediting processes like hospital registration. Automated kiosks can assist patients with paperwork, payments and various registration requirements. Experts, however, point out that human communication must not be entirely done away with in such situations; if a patient needs to speak with a hospital staffer, someone must be available.


Dr. J. Shah

Remote monitoring tools: Home monitoring systems have been gaining currency for some years now; one study says that at the end of 2012, 2.8 million patients worldwide were using such tools, reducing costs and avoiding needless visits to a physician's office. One example of home monitoring would be a cardiac cast with a pacemaker automatically transmitting data to a remote centre. If doctors observe something seriously amiss, they can get in touch with the patient. Patients with serious and chronic illnesses benefit greatly.

Sensors and wearable technology: One of the most visible forms of the revolution in healthcare is that of sensors and wearable technology. A Transparency Market Research report states that the wearable medical device market is growing at a Compound Annual Growth Rate of 16.4 per cent a year. Sensors and wearable technology act as data collection devices; an alert may be sent to a care provider if the patient has a fall, or a bandage that can detect skin pH levels would indicate if a cut is getting infected.

Wireless communication: Messaging systems like walkie-talkies are not new in themselves, but hospitals are increasingly using them to replace devices like overhead pagers and beepers for staff communication. Wireless communication, including WiFi and Bluetooth, help to provide the most up-to-date information available. However, there have been some concerns over interference, an issue associated with the use of multiple emitters within the same spectrum in a hospital setting.

Real-time locating services (RTLS): Tracking systems for instruments, devices and even clinical staff add efficiency to hospitals and identify problem areas, allowing for flexibility and last-minute changes. An RTLS consists of specialised fixed receivers or readers (location sensors) receiving wireless signals from badges or tags attached to objects of interest and/or persons, to determine where the tagged entities are located within a building or some other confined indoor or outdoor space. An RTLS can be realised using various technologies, including light, camera vision, infrared (IR), sound, ultrasound, Bluetooth, WiFi or radio frequency identification (RFID). In large facilities, the system can be used to quickly locate healthcare staff during a medical emergency, or pinpoint the location of a patient who wanders away, particularly in cases of dementia or Alzheimer's.

Pharmacogenomics/genome sequencing: Pharmacogenomics, the study of how genes affect a person's response to drugs, combines pharmacology (the science of drugs) and genomics (the study of genes and their functions) to develop effective, safe medications and doses tailored to an individual's genetic makeup. As medicine becomes increasingly more personalised, pharmacogenomics will go a long way towards coping with adverse drug events, misdiagnoses and a variety of other unnecessary costs.

THE WAY FORWARD

Digital technologies and cutting-edge medical research have already made huge inroads into traditional healthcare models, facilitating better communication between doctors and patients, and between caregiver teams themselves. They have also opened up a variety of new healthcare techniques for more focused and effective care, both in immediate, and in remote locations. As the 2014 PwC report points out, however, 'After years of dating, it's time for medicine and technology to marry'. The transition, no doubt, will be a challenging one. In a survey of clinicians and physicians, PwC's Health Research Institute (HRI) found that privacy and payment concerns were the two top barriers for adoption of mobile health. There were also concerns related to connectivity and perceptions that patients would find it expensive. Some experts have also pointed out that too many mobile phone apps could simply end up confusing the patients.

The change, however, is inevitable. PwC notes that while yesterday's care models are inadequate to satisfy growing industry and consumer expectations, 'the next five years will be critical in making the leap from using these technologies as add-ons to making them fully integrated tools that will allow for lower cost care alternatives and create data-rich insights into real-time care delivery'. Increasingly, they will focus on the patient as a consumer, providing personalised, transparent, convenient, team-based and on-demand models for healthcare. Analytics will enable caregivers to offer customised healthcare plans that are predictive and precise. While there will always be a need for face-to-face interaction between doctors and patients, new technologies could go a long way towards extending the reach and scope of healthcare to places where these were unavailable just a few years ago and putting healthcare literally in a patient's hands.

Notice

NOTICE is hereby given that the 68th Annual General Meeting of NOVARTIS INDIA LIMITED will be held at Hall of Culture, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018 on Friday, July 29, 2016 at 11.30 am to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2016 and the Balance Sheet as on that date together with the Reports of the Directors and the Auditors thereon.

2. To declare dividend for the year ended March 31, 2016.

3. To appoint Mr Ranjit Shahani (holding DIN 00103845) as Director, who retires by rotation and being eligible, offers himself for re-appointment.

4. To re-appoint the Auditors and to fix their remuneration and in this regard pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, M/s Lovelock and Lewes, (Firm Registration No. 301056E), Chartered Accountants, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the 68th Annual General Meeting till the conclusion of the 69th Annual General Meeting of the Company, at a remuneration to be decided by the Audit Committee of the Board of Directors and reimbursement of travelling and out of pocket expenses incurred by the Auditors for the purpose of audit."

Special Business

5. To consider and if thought fit, to pass with or without modification(s) if any, the following as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Sections 149 and 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Ms Sandra Martyres (holding DIN 00798406) who was appointed as an Additional Director by the Board of Directors under Section 161 of the Act with effect from April 19, 2016 and holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, to hold office for a term up to April 18, 2021.

   RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 and 197 and any other applicable provisions of the Act and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms Sandra Martyres be paid such fees and remuneration and profit related commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time."

6. To consider and if thought fit, to pass with or without modification(s) if any, the following as an Ordinary Resolution:

   "RESOLVED THAT Ms Monaz Noble (holding DIN 03086192) who was appointed as an Additional Director by the Board of Directors under Section 161 of the Companies Act, 2013 ("the Act") with effect from June 13, 2016 and holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s) if any, the following as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 190, 196, 197 and 203 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act, consent of the members be and is hereby accorded to the appointment of Ms Monaz Noble (holding DIN 03086192) as Whole Time Director of the Company for a period of 5 years commencing from June 13, 2016, on the terms and conditions of appointment and remuneration as follows:

   Overall Remuneration

   The remuneration payable to Ms Monaz Noble, in any financial year, shall not exceed 5 per cent of the net profits of the Company and the overall remuneration payable to all Executive Directors including the Managing Director, in any financial year, shall not exceed 10 per cent of the net profits of the Company. In any financial year, during the tenure of Ms Monaz Noble, if the Company has no profits or its profits are inadequate, then Ms Monaz Noble will be paid in accordance with the provisions of Schedule V to the Act.

   Within the aforesaid ceiling, the remuneration payable to Ms Monaz Noble shall be as follows:

   Salary including perquisites

   ₹ 9,555,016 per annum with annual increments effective April 1 of each financial year commencing from April 1, 2017, as may be decided by the Board/Committee of the Board, subject to a ceiling of 20 per cent per annum.

   Annual Performance Incentive

   As may be decided by the Board/Committee of the Board, subject to a ceiling of 100 per cent of salary.

   Other key conditions

   (a) Leave: As per rules of the Company, subject to maximum 30 days leave each year with encashment of unavailed leave at the end of her tenure.

   (b) Group Personal Accident Insurance: as per rules of the Company.

   (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund: as per Company's policy.

   (d) Gratuity: to be payable as per the Rules of the Company.

   (e) Employee Stock Option, Stock Grant or any other Stock Linked Incentive Plan whether existing or declared by the Parent company, Novartis AG: as per Novartis Group policies and Rules of the Company; the cost thereof will be borne by the Company.

   (f) She will not be entitled to sitting fees for meetings of the Board/Committees of the Board attended by her.

   (g) The salary will be subject to all applicable provisions of the Income Tax Act, 1961.

   (h) The tenure will be subject to termination by 3 months' notice in writing on either side.

8. To consider and if thought fit, to pass with or without modification(s) if any, the following as a Special Resolution:

   "RESOLVED THAT pursuant to provisions of Sections 88 and 94(1) and other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Management and Administration) Rules, 2014 and any other applicable Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded for keeping the Register of Members of the Company, maintained under Section 88 of the Act together with the Index of Members and copies of Annual Returns of the Company filed under Section 92 of the Act on and from May 1, 2016, at the office of the Registrar and Transfer Agents of the Company, viz., Link Intime India Private Limited having its registered office located at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."

9. To consider and if thought fit, to pass with or without modification(s) if any, the following as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s N. I. Mehta and Co., Cost Accountants (Firm Registration No. 000023) appointed as Cost Auditors by the Board of Directors of the Company, be paid a remuneration of ₹ 275,000 (Rupees two lakh seventy five thousand only) for the financial year ending March 31, 2017.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."

By Order of the Board of Directors

GIRISH TEKCHANDANI
Company Secretary

Registered Office

Sandoz House, Shivsagar Estate
Dr Annie Besant Road, Worli
Mumbai 400 018

June 13, 2016

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("the Meeting") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER.

2. THE INSTRUMENT APPOINTING PROXY/PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

CORPORATE MEMBERS INTENDING TO SEND THEIR AUTHORIZED REPRESENTATIVE(S) TO ATTEND THE MEETING ARE REQUESTED TO SEND TO THE COMPANY A DULY CERTIFIED BOARD RESOLUTION AUTHORIZING THEIR SAID REPRESENTATIVE(S) TO ATTEND AND VOTE ON THEIR BEHALF AT THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 AND HOLDING IN AGGREGATE NOT MORE THAN 10 PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN 10 PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

3. In compliance with the provisions of Section 108 of the Companies Act, 2013 ("the Act") and Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendments thereof and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing its members with the facility for voting by electronic means and the business may be transacted through such voting. The Company also will be providing voting facility through polling paper at the Meeting and members attending the Meeting who have not already cast their vote by remote e-voting may be able to exercise their voting right at the Meeting. Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again. Please refer to the instructions relating to voting through electronic means which are being sent along with the Annual Report.

4. Payment of dividend for the year ended March 31, 2016 as recommended by the Board, if approved at the Meeting, will be payable on or after August 3, 2016.

5. Pursuant to the provision of Sections 205A and 205C of the Companies Act, 1956, dividends which remain unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend account are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

   Members who have not encashed the dividend warrant(s) for the financial year ended March 31, 2009 onwards are requested to make their claims directly to the Company or to Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078, without any delay.

   Due date for transfer of unclaimed dividend to IEPF

Year	Dividend rate per share (₹)	Date of declaration	Due date for transfer to IEPF
2008-09	10	17.07.2009	23.08.2016
2009-10	10	30.07.2010	05.09.2017
2010-11	10	26.07.2011	01.09.2018
2011-12	10	25.07.2012	30.08.2019
2012-13	10	25.07.2013	30.08.2020
2013-14	10	25.07.2014	30.08.2021
2014-15	10	23.07.2015	28.08.2022

6. Members/Proxies are requested to bring the attendance slip along with their copy of the Annual Report to the Meeting.

7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least seven days before the date of the Meeting, so that the information required may be made available at the Meeting.

8. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agents to facilitate better service:
   i. Any change in their address
   ii. Particulars of their bank accounts in case the same have not been sent earlier, for dividend payment through ECS mode and
   iii. Share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of the names for consolidation of such holdings into one account.
9. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective Depositories, viz. National Security Depository Limited and Central Depository Services (India) Limited will be printed on the dividend warrants. Members are requested to inform the concerned Depository Participants of any change in address, dividend mandate, etc.
10. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to the Registrar and Transfer Agents of the Company, in the prescribed Form SH. 13 for this purpose.
11. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the Company's Registrar and Transfer Agents for receiving communication from the Company in electronic form.
12. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, additional information relating to the Director who retires by rotation and recommended for re-appointment at the Meeting is as follows:

    Re-appointment of Mr Ranjit Shahani (Item No. 3)

    Mr Ranjit Shahani has been on the Board of the Company from November 1, 2002 and providing his strategic and general management expertise to the Company. Mr Shahani aged 66 years, is a mechanical engineer from IIT Kanpur and MBA from JBIMS, Mumbai. He started his career with ICI in India in their businesses of fibres and specialty chemicals. Later, he rose to the position of General Manager with ICI/Zeneca in the U.K., overseeing their Asia Pacific and LatAm operations for their petrochemicals and plastics division. This was followed by a period as CEO at Roche Products Limited after which he moved to Novartis India Limited in 1997. Mr Ranjit Shahani was President of the Organisation of Pharmaceuticals Producers of India till 2013 and is President of the Swiss Indian Chamber of Commerce India.

    Mr Ranjit Shahani does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related to in any way with any other Director or Key Managerial Personnel of the Company. He is Director of Novartis Comprehensive Leprosy Care Association, Octopus Steel Private Limited, Organization of Pharmaceutical Producers of India and Swiss Indian Chamber of Commerce India. He is member of Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company. The number of Board/Committee meetings attended by Mr Shahani during the financial year is disclosed in the Corporate Governance Report annexed to the Directors' Report.

Explanatory Statement

[Pursuant to Section 102(1) of the Act, the following Explanatory Statement sets out material facts relating to the business under Item Nos. 5 to 9 of the accompanying Notice dated June 13, 2016 convening the 68^{th} Annual General Meeting of the Company scheduled for July 29, 2016.]

Item No. 5:

The Board of Directors of the Company appointed Ms Sandra Martyres as an Additional Director with effect from April 19, 2016. Pursuant to the provisions of Section 161 of the Act, Ms Martyres will hold the office of a Director up to the date of the forthcoming Annual General Meeting. The Company has received a notice in writing from a member under the provisions of Section 160 of the Act, proposing the candidature of Ms Martyres for the office of Director.

Ms Sandra Martyres aged 63 years holds a Master's Degree in Economics from Bombay University; a Diploma in Business Administration; CAIIB & a double certification in Commercial French from Alliance Francaise de Paris and the Chambre de Commerce et Industrie de Paris. She has a banking career spanning over 35 years. She started with Indian Bank where she worked in various capacities covering retail banking, trade finance, Foreign Exchange dealing. Thereafter she joined Societe Generale from where she retired as Deputy CEO – India. She received trainings in the Bank's offices in London, Paris, Singapore, Hong Kong and an Investment Banking Training at Kellogg's in Chicago. During her tenure with Societe Generale she was actively involved in the bank's foray into CSR, Financial Inclusion etc. She also headed the Indian Chapter of SG Feminin – a global initiative of the Societe Generale group to promote diversity in the workplace. She was also Director on the Boards of ALD Automotive India Private Limited and SG Wealth Management Services Private Limited (subsidiaries of the Societe Generale group).

She is currently Advisor to the CEO of Societe Generale India, and an Independent Director on the Board of Bank One Mauritius, where she chairs the Bank's Risk Management Committee and is a member of the Audit Committee and the Credit Committee.

Ms Martyres is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director of the Company.

In the opinion of the Board, Ms Martyres fulfils the conditions specified in Section 152 of the Act and Rules made thereunder for her appointment as Independent Director of the Company and is independent of the management.

The draft letter for appointment of Ms Martyres as an Independent Director setting out terms and conditions is open for inspection at the Registered Office of the Company between 11.00 am and 1.00 pm on all days except Saturdays, Sundays and holidays, until the date of the Annual General Meeting or any adjournment thereof.

Ms Martyres does not hold by herself or for any other person on a beneficial basis, any shares in the Company. She is not related to in any way with any other Director or Key Managerial Personnel of the Company.

She is a member of Audit Committee and Corporate Social Responsibility Committee of the Company.

An Ordinary Resolution in terms as set out in Item No 5 of the accompanying Notice is placed before the members in the Meeting for approval.

Except Ms Sandra Martyres, being an appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution. This Explanatory Statement may also be regarded as a disclosure under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item Nos. 6 and 7:

The Board of Directors of the Company appointed Ms Monaz Noble as an Additional Director and Whole Time Director for a period of 5 years with effect from June 13, 2016. Pursuant to the provisions of Section 161 of the Act, Ms Monaz Noble will hold the office of a Director up to the date of the forthcoming Annual General Meeting. The Company has received a notice in writing from a member under the provisions of Section 160 of the Act proposing the candidature of Ms Monaz Noble for the office of Director.

Monaz Noble aged 48 years is a Commerce Graduate from Sydenham College and MBA from NMIMS, Mumbai. She is also an Associate member of The Institute of Company Secretaries of India and Associate Cost and Management Accountant. She joined Novartis in 2010 and is currently the Chief Financial Officer. She has rich experience in the area of treasury, accounting, taxation, strategy, commercial finance, mergers & acquisitions, secretarial and corporate governance. In her career spanning over two decades she has worked with Cadbury India Limited and Godrej Soaps Limited.

The remuneration payable to Ms Monaz Noble is within the permissible limits specified by the Act and is commensurate with her responsibilities of heading a Company of this size with its diversified business operations.

The draft agreement between the Company and Ms Monaz Noble is open for inspection at the Registered Office of the Company between 11.00 am and 1.00 pm on all days except Saturdays, Sundays and holidays, until the date of the Annual General Meeting or any adjournment thereof.

Ms Monaz Noble is not disqualified from being appointed as a Director in terms of Section 164 of the Act and have given her consent to act as a Director of the Company.

Ms Monaz Noble does not hold by herself or for any other person on a beneficial basis, any shares in the Company. She is not a Director in any company other than Novartis India Limited. She is member of Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company.

An Ordinary Resolution in terms as set out in Item Nos. 6 and 7 of the accompanying Notice is placed before the members in the Annual General Meeting for approval.

Except Ms Monaz Noble, being an appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in this resolution. This Explanatory Statement may also be regarded as a disclosure under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item No. 8:

As required under the provisions of Section 94 the Act, read along with the Companies (Management and Administration) Rules, 2014, certain documents such as the Register of Members/Debenture holders, Index thereof and certain other registers, certificates, documents etc., as provided under Section 88 of the Act are required to be kept at the Registered Office of the Company. However, these documents can be kept at any other place in India, in which more than one-tenth of the total number of members reside, with the approval of the members by way of Special Resolution.

The Register/Index of Members were maintained at the office of the Company's erstwhile Registrars & Transfer Agents ("RTA"), Sharepro Services (India) Private Limited ("Sharepro") having its office at Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072 till April 30, 2016.

SEBI vide its Order dated March 22, 2016 directed all client Companies of Sharepro to switch over their share related activities/RTA, either in-house or to another RTA, registered with SEBI.

The Company appointed Link Intime India Private Limited located at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 as RTA and changed the place of keeping/maintaining the aforesaid Registers/returns with effect from May 1, 2016.

The Board recommends the Resolution at Item No. 8 of the Notice for approval of the members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution.

Item No. 9:

The Board of Directors of the Company has appointed M/s N. I. Mehta and Co., Cost Accountants, as Cost Auditors of the Company to audit the accounts relating to drug formulations for the financial year ending March 31, 2017.

Remuneration payable to M/s N. I. Mehta and Co., Cost Auditors of the Company for the financial year ended March 31, 2016, was recommended by the Audit Committee to the Board of Directors and subsequently, was considered and approved by the Board of Directors at its meeting held on May 26, 2016.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution.

By Order of the Board of Directors

GIRISH TEKCHANDANI
Company Secretary

Registered Office

Sandoz House, Shivsagar Estate
Dr Annie Besant Road, Worli
Mumbai 400 018

June 13, 2016

Directors' Report

Your Directors are pleased to present the Annual Report and the Audited Accounts for the financial year ended March 31, 2016.

Summary of the Financial Results

	₹ million	
	2015-16	**2014-15**
Revenue from operations (Net)*	**8,083.2**	**8,733.8**
Profits		
Profit before tax*	2,721.4	932.3
Profit after tax*	1,986.1	791.1
Balance brought forward from previous year	**6,156.9**	**5,750.5**
Available for appropriation	**8,143.0**	**6,541.6**
The Directors have made the following appropriations:		
Dividend (Proposed)	319.6	319.6
Tax on distributed profits	65.1	65.1
General Reserve	—	—
Carry forward	7,758.3	6,156.9
	8,143.0	**6,541.6**

* Includes continuing as well as discontinuing operations.

Dividend

The Board has recommended payment of dividend at ₹ 10 per equity share of ₹ 5 each for the financial year 2015-16. The dividend, if approved by the members at the Annual General Meeting ("AGM"), will result in a cash outflow of ₹ 384.7 million including dividend tax.

Management Discussion and Analysis

For the year under review, the business operations of the Company comprise Pharmaceuticals, Generics, Over-The-Counter ("OTC") and Animal Health. This segmentation forms the basis for review of operational performance by the management.

a. Industry structure and developments

Pharmaceuticals and Generics

The overall economic environment has improved powered by lower oil prices, low inflation, a stable currency and the reforms agenda driven by the new Government at the centre. However, India's public healthcare spend at less than 1 per cent of GDP continues to remain among the lowest in the world. Many challenges like low profitability due to price controls, low healthcare insurance penetration, uncertainty around enforcement of patents and the threat of compulsory licensing continue to dampen sentiments and negatively impact investments by the research based pharmaceutical industry.

The Indian Pharma Market ("IPM") is valued at ₹ 1,046 billion (IMS, MAT March 2016) and is expected to grow at a CAGR of 12-14 per cent* over the next four years. It continues to be a highly fragmented and competitive market with a large number of players spread across therapeutic segments.

b. Segment-wise operational performance

Pharmaceuticals

The Pharmaceuticals business registered Net Revenue from Operations of ₹ 6,532.4 million representing an increase of 8.9 per cent over the previous year. Reduction in selling prices arising out of the Drug Price Control Order, 2013 ("DPCO") continues to have an adverse impact on the operating profits of the Pharmaceutical business. To mitigate the DPCO

*source: India Pharma 2020: McKinsey and Company impact, several cost containment measures were undertaken by the Company during the year, which resulted in an increase in the operating profit over the last year.

The business continues to hold leadership position in major therapeutic areas such as:

Therapeutic Area	Rank	Product
Central Nervous System	1	Tegrital®
Pain & Inflammation	2	Voveran®
Transplantation/Immunology	3	Sandimmun® Neoral®

Generics

The Generics business recorded Net Revenue from Operations of ₹ 388.1 million representing a decline of 19.9 per cent over the previous year, due to pruning of a few products and lower service income due to discontinuation of services.

c. Concerns

Pharmaceutical and Generics

India is a self-pay market, which coupled with widespread low affordability poses a significant challenge to the pharmaceutical industry in general. Healthcare insurance has still not penetrated in a way so as to make a positive impact on affordability. The DPCO in turn has adversely impacted the pharmaceutical industry. In 2016, the Government has further expanded the scope of DPCO which in all likelihood will pose further challenges for the already beleaguered pharmaceutical industry. The continued unpredictability of the Patent environment prevalent in the country adds to concerns of the research-oriented pharmaceutical industry.

d. Outlook

Pharmaceutical and Generics

A large and growing population, a favourable demographic and low healthcare penetration presents a growth opportunity for the pharmaceutical industry.

Notwithstanding the strong long-term potential of the IPM given the several factors in favour, investments in the sector and profitability could still be impeded in the short to medium term given the government's propensity to resort to further price controls. The Company has taken steps to partially offset the severe negative impact of the price cuts and is continuing to drive operational excellence to increase productivity and profitability. In addition, the Company continues to work on innovative strategies to broaden access to its medicines and strives to identify new growth opportunities to deliver strong performance.

During the year under review, the Board of Directors of the Company approved divestment of the OTC and Animal Health businesses of the Company allowing the Company's management to enhance focus on the Pharmaceuticals and Generics businesses.

e. Internal control systems and their adequacy

The Company maintains appropriate policies, procedures and systems to ensure orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

The Head of Internal Audit together with external audit consultants review the effectiveness and efficiency of these systems and procedures to ensure that all assets are protected against loss and that the financial and operational information is accurate and complete in all respects. The Audit Committee of the Board of Directors approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an ongoing basis and significant deviations are brought to the notice of the Audit Committee of the Board of Directors following which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularities and early remedial steps.

During the year, the Company conducted a detailed review of its internal control systems and evaluated the internal financial control systems with the Audit Committee of the Board of Directors, discussed relevant issues with internal and external auditors and obtained external advice/expertise on these matters. Based on the recommendations of the Audit Committee, the Board has stated in its responsibility statement that proper internal financial controls were followed by the Company and such internal financial controls are adequate and were operating effectively.

f. Vigil Mechanism

The Company has established a Vigil Mechanism that enables the Directors and Employees to report genuine concerns. The Vigil Mechanism provides for (a) adequate safeguards against victimization of persons who use the Vigil Mechanism; and (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company in appropriate or exceptional cases. Details of the Vigil Mechanism policy are made available on the Company's website www.novartis.in

g. Personnel

The Industrial Relations scenario continued to be cordial. The Company regards its employees as a great asset and accords high priority to training and development of employees.

Number of employees as on March 31, 2016 was 752.

The information required pursuant to Section 197 of the Companies Act, 2013 ("the Act") read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing AGM. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary of the Company in this regard.

Corporate Social Responsibility

The Company has actively supported various initiatives in the areas of health, education and environment over the years. With the introduction of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The CSR Policy adopted by the Board of Directors is available on the Company's website, www.novartis.in. The CSR Committee decided to continue with the existing programs and increase focus on health and education in the years ahead.

Health: India has around 60% of the world's leprosy case load and leprosy continues to be an area of focus for the Company's CSR work in India. Leprosy Post Exposure Prophylaxis Project (LPEP) was launched in the union territory of Dadra & Nagar Haveli in March 2015 and continued during the financial year under review. Around 4 research assistants, 1 project supervisor for the project, 7 doctors, 7 supervisors, 14 Auxiliary Nurse Midwives (ANMs), 70 accredited Social Health Activists (ASHAs) from general health care were trained in leprosy as well as in the LPEP project. Awareness was generated in a population of around 350,000 including school children. 13,523 people were screened for leprosy, TB, renal and liver disorders, pregnancy etc. with a prophylactic dose for prevention of transmission of leprosy being given to 12,540 eligible persons. 18 new cases of leprosy were detected while 17 persons were suspected to have contracted TB and were referred to TB referral centres for further investigation and treatment.

The Company is a strong player in the oncology segment and furthered its commitment to patients by funding purchase of equipment to treat patients suffering from renal cancer and to manage hemodynamics in critically ill patients undergoing major lung and GI surgery.

In addition to this major project, the Company initiated associations with various NGOs in the areas of dementia, cancer and medical care to people living in urban slums.

Education: The poor in India are heavily impacted by lack of education owing to children not being sent to school or dropping out of school. The need to supplement the family income to provide food on the table is often a cause. The mid-day meal program, when run effectively, has helped bring and keep children in school. Recognizing this as an important role in education, the Company made significant investments in this area to provide less privileged children with a nutritious meal. The part scholarship to three meritorious, needy women at the Indian School of Business, Hyderabad continued.

Sports: A country of 1.2 billion people, India has as yet not been able to make a significant mark in the area of sports at the Olympic level except for sporadic wins in some sports. Greater focus on academics even among the educated makes sports a neglected field. The Company therefore chose to support the medical, nutritional and training needs of promising Indian athletes who could win medals at the forthcoming Olympics to be held in Rio through its association with an NGO working in the field.

Environment: The city of Mumbai is starved of open green spaces and the Company has contributed in a positive way by supporting the upkeep of two beautiful gardens close to its Mumbai office.

The Company commemorates Community Partnership Week ("CPW") each year encouraging employees to work on causes close to their heart. CPW continues to grow in stature with a rising number of associates participating in a broad range of activities covering the less fortunate be they children, the sick or the elderly.

The Annual Report on Corporate Social Responsibility Activities is annexed herewith as **Annexure A.**

Related Party Transactions

All Related Party Transactions that were entered into during the financial year were on arm's length and were in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee of the Board of Directors for their approval. The Audit Committee has granted omnibus approval for Related Party Transactions as per the provisions and restrictions contained in the erstwhile Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy is available on the Company's website www.novartis.in.

Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of Section 188 of the Act including certain arm's length transaction under third proviso thereto are required to be disclosed in Form AOC–2. The Form AOC–2 envisages disclosure of material contracts or arrangement or transactions at arm's length basis.

The details of the material Related Party Transactions in financial year 2015-16, as per the Policy on dealing with Related Parties adopted of the Company are disclosed in **Annexure B**.

The transactions disclosed in Annexure B relate to material Related Party Transactions with Novartis Pharma AG for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations as approved by members under erstwhile Clause 49(VII)(E) of the Listing Agreement at 67th Annual General Meeting of the Company held on July 23, 2015.

Risk Management

The Company has devised and implemented a mechanism for risk management and has developed a Risk Management Policy. The Policy provides for constitution of a Risk Committee of the Management. The Committee has created a Risk Register and works towards review and identification of internal and external risks and implementation of risk mitigation steps. The Company provides updates on risk management to the Audit Committee of the Board of Directors of the Company on a regular basis.

Fixed Deposits

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Act and the rules framed thereunder.

Particulars of Loans, Guarantees or Investments

As on March 31, 2016, there were no outstanding loans or guarantees covered under the provisions of Section 186 of the Act. The Company has certain unquoted investments in co-operative housing societies for premises owned by the Company. The details of changes in the Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

Board of Directors

The Company has received declarations from all Independent Directors, that they meet the criteria of independence as laid down under Section 149(6) of the Act and the Listing Regulations.

The members at its Meeting held on July 23, 2015 had approved re-appointment of Mr Ranjit Shahani as Vice Chairman and Managing Director for a period of 5 years commencing from November 1, 2015.

Ms Manisha Girotra resigned as Director of the Company with effect from February 11, 2016.

The Board of Directors appointed Ms Sandra Martyres as Additional Director of the Company at its meeting held on April 19, 2016. Ms Martyres holds office as Additional Director until the ensuing AGM of the Company and is eligible for re-appointment. It is also proposed to appoint Ms Martyres as Independent Director of the Company for a term up to April 18, 2021 at the forthcoming AGM.

Mr Dinesh Charak resigned as Director and Whole Time Director of the Company with effect from May 26, 2016.

Mr Ranjit Shahani retires at the AGM and has offered himself for re-appointment.

Subject to the approval of the members at AGM, Ms Monaz Noble was appointed as Additional Director and Whole Time Director of the Company with effect from June 13, 2016.

Necessary resolutions for the appointment and re-appointment of the aforesaid Directors have been included in the Notice convening the ensuing AGM and details of the proposal for appointment and re-appointment are mentioned in the Explanatory Statement to the Notice.

Familiarization programme for Independent Directors

The Company keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry in a proactive manner. The details of various familiarization programs provided to the Directors of the Company is available on the Company's website www.novartis.in

Divestment of OTC and Animal Health divisions

During the year, the Company concluded the transactions relating to the slump sale of its OTC and Animal Health divisions.

The Company received the sale consideration in relation to the slump sale of the OTC Division to GlaxoSmithKline Consumer Private Limited amounting to ₹ 1,097.3 million and the same was accounted in the quarter ended September 30, 2015. The sale consideration for the slump sale of the Animal Health Division to Elanco India amounting to ₹ 866.8 million has been received and accounted in the quarter ended December 31, 2015.

The details of the slump sale are provided in Note 51 of the Accounts.

Auditors

M/s Lovelock & Lewes, Chartered Accountants, retire at the end of this AGM and, being eligible, offer themselves for re-appointment. The Board of Directors have recommended their re-appointment.

Cost Audit

The Board of Directors have re-appointed M/s N. I. Mehta and Co., Cost Accountants, as Cost Auditors to audit the accounts relating to drug formulations for the financial year ending March 31, 2017.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors appointed Mr K G Saraf from Saraf & Associates, practicing Company Secretary for conducting secretarial audit of the Company for the financial year 2015-16.

The Secretarial Audit Report is annexed herewith as **Annexure C**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Energy, Technology Absorption and Foreign Exchange

Information required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is included in **Annexure D.**

Directors' Responsibility Statement

Pursuant to Section 134 of the Act, the Directors state that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit and loss of the Company for the year ended March 31, 2016;

(c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The annual accounts have been prepared on a going concern basis;

(e) Proper internal financial controls were followed by the Company and such internal financial controls are adequate and were operating effectively;

(f) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Governance

The Company is committed to good corporate governance in line with the erstwhile Listing Agreement, Listing Regulations and Novartis Group corporate governance norms. The Company is in compliance with the provisions on corporate governance specified in the erstwhile Listing Agreement and Listing Regulations.

A certificate of compliance from Dr K. R. Chandratre, practicing Company Secretary and the report on Corporate Governance form part of this Directors' Report.

Prevention of Sexual Harassment Policy

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year 2015-16, no complaints were received by the Company related to sexual harassment.

Auditors' Comments

The Auditors in the Auditors' Report dated May 26, 2016 have commented that the backup of the books of accounts and other books and papers are not maintained in electronic mode on servers physically located in India. The Company would like to clarify that the Company's SAP ERP is centralized in Global Data Centers outside India where the backup storage is maintained. The Company is reviewing maintenance of backup of SAP data in India as required under Rule 3 of the Companies (Accounts) Rules, 2014.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure E.**

Acknowledgement

The Board appreciates and places on record the contribution made by the employees during the year under review and the support received from the parent company, Novartis AG. The Board also places on record their appreciation of the support of all stakeholders particularly shareholders, customers, suppliers, medical fraternity and business partners.

Cautionary Note

The statements forming part of the Directors' Report may contain certain forward looking remarks within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by such forward looking statements.

On behalf of the Board of Directors

CHRISTOPHER SNOOK
Chairman

June 13, 2016

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Novartis India Limited ("the Company") aims to improve the health of all people. Through its business, the Company makes an important contribution to society, through its innovative healthcare products, targeting unmet medical needs.

Corporate Social Responsibility ("CSR") guiding principles:

- The Company's CSR efforts are at the core of its business.
- The Company applies its expertise in science and innovation to some of society's biggest health challenges.
- The Company takes a long-term view and commitment to address health priorities where it can make a significant impact.
- The Company is guided by a central philosophy and programs are conceived of and implemented where the required expertise and infrastructure is strongest.
- The Company applies business principles to investments – talent and capital – where the potential for joint value creation is the greatest; philanthropy plays a useful, but limited role.
- The Company understands that partnerships are key to success and improving health is a goal it shares with all stakeholders including governments, international agencies, foundations and non-governmental organizations.
- The Company measures and communicates the results of its efforts and the impact on patient and societal health.

Company's focus areas under CSR:

- Health
- Education
- Sports
- Environment

The policy on Corporate Social Responsibility is available on the Company's website www.novartis.in.

Composition of the Corporate Social Responsibility Committee:

Name of the Director	Category
Mr Ranjit Shahani	Chairman of the Committee; Vice Chairman and Managing Director
Mr Dinesh Charak	Member; Whole Time Director (up to May 26, 2016)
Ms Manisha Girotra	Member; Non-Executive and Independent Director (up to February 11, 2016)
Ms Sandra Martyres	Member; Non-Executive and Independent Director (from April 19, 2016)
Ms Monaz Noble	Member; Whole Time Director (from June 13, 2016)

Average net profit of the Company for the last three financial years : ₹ 1,197.2 million

Prescribed CSR Expenditure (two per cent of the amount as above) : ₹ 23.9 million

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Location of Projects or programmes	Amount outlay (budget) project or programme-wise (₹ million)	Amount spent on the projects or programmes (₹ million)	Cumulative expenditure up to the reporting period March 31, 2016 (₹ million)	Amount spent: Direct or though implementing agency
1	Health Camps in slums	Health	Maharashtra, (Mumbai)	0.4	0.4	0.4	AmeriCares India Foundation
2	Children with cancer	Health	Jaipur	0.4	0.4	0.4	St Judes India Childcare Centres
3	Care of the Elderly	Health	Maharashtra (Mumbai)	2.0	2.0	2.0	Dignity Foundation
4	Leprosy Post Exposure Prophylaxis	Health	Dadra & Nagar Haveli	4.7	4.7	4.7	Netherlands Leprosy Relief Foundation
5	Equipment to treat cancer patients	Health	Maharashtra (Mumbai)	4.5	4.5	4.5	Tata Memorial Hospital
6	Health camps. awareness	Health	Maharashtra, Gujarat, Uttarakhand, Uttar Pradesh, Bihar, Chhattisgarh, Odisha, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu	0.8	0.8	0.8	Direct – Arogya Parivar
7	Mid-day meal	Education	Karnataka (Bengaluru)	3.4	3.4	3.4	Akshaya Patra Foundation
8	Scholarship	Education	Telangana (Hyderabad)	1.2	1.2	1.2	Indian School of Business
9	Supplementary education	Education	Maharashtra (Mumbai)	0.2	0.2	0.2	Akanksha Foundation
10	Municipal School	Education	Maharashtra (Mumbai)	0.2	0.2	0.2	Paragon Charitable Trust
11	Garden maintenance	Environment	Maharashtra (Mumbai)	0.8	0.8	0.8	Direct – Nehru Centre
12	Garden maintenance	Environment	Maharashtra (Mumbai)	0.7	0.7	0.7	Direct – Rajani Patel Garden
13	Training, nutrition, medical support	Olympic Sports	Pan India	5.0	5.0	5.0	Foundation for Promotion of Sports (OGQ)
Total						**24.3**	

The CSR Committee confirms that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

RANJIT SHAHANI
Vice Chairman & Managing Director and
Chairman of the CSR Committee

June 13, 2016

Annexure B to the Directors' Report

FORM AOC–2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis during the financial year ended March 31, 2016

   None

2. Details of material contracts or arrangement or transactions at arm's length basis during the financial year ended March 31, 2016 (Refer Note 1)

Sr. No.	Particulars	Details
(a)	Name(s) of the related party & nature of relationship	Novartis Pharma AG, Basel, Switzerland Fellow subsidiary
(b)	Nature of contracts/ arrangements/transaction	Contract(s) for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations. Under the erstwhile Clause 49(VII)(E) of the Listing Agreement, the members approved such transactions up to a value of ₹ 3,000 million at the 67th Annual General Meeting of the Company held on July 23, 2015.
(c)	Duration of the contracts/ arrangements/transaction	Ongoing
(d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The transactions under the contract are in the ordinary course of business and at arm's length. The total value of the transactions in the financial year was ₹ 1,315.7 million.
(e)	Date of approval by the Board	The Board approved these transactions at its meeting held on May 27, 2015.
(f)	Amount paid as advances, if any	None

Note 1: Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto are required to be disclosed in Form AOC–2. The Form AOC–2 envisages disclosure of material contracts or arrangement or transactions at arm's length basis. The above details are as per the Policy on dealing with related party transactions adopted by the Company.

On behalf of the Board of Directors

CHRISTOPHER SNOOK
Chairman

May 26, 2016

Annexure C to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
NOVARTIS INDIA LIMITED
Sandoz House, Shivsagar Estate
Dr Annie Besant Road
Worli, Mumbai 400018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Novartis India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-law framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May, 2015);

  (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

The Company has further complied with below mentioned laws, which are specifically applicable to the Company as it is in the business of drugs and pharmaceuticals.

i. Drugs and Cosmetics Act, 1940

ii. Drugs Pricing Control Order, 2013

Following laws were not applicable to the Company during the Audit period:

i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

ii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

iv. The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014;

v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

We have also examined compliance with the following:

i. Secretarial Standards in respect of Meeting of Board of Directors (SS–1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and made effective from 1st July, 2015.

ii. Listing Agreements entered into by the Company with BSE Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective from 1st December, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards as mentioned above.

We further report that:

➢ The Board of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

➢ Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

➢ All decisions of the Board Meetings and Committee Meetings were carried through unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period none of the following events have taken place:

i. Public/Rights/Preferential issue of shares/debentures/sweat equity, etc.

ii. Redemption/buy-back of securities.

iii. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.

iv. Merger/amalgamation/reconstruction, etc.

v. Foreign technical collaborations.

Saraf and Associates
(Practising Company Secretaries)

K. G. Saraf
Proprietor
FCS 1596 : CP 642

Place : Mumbai
Date : May 26, 2016

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE' and forms an integral part of this report.

‘ANNEXURE’

To
The Members
NOVARTIS INDIA LIMITED
Sandoz House, Shivsagar Estate
Dr Annie Besant Road
Worli, Mumbai 400018

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Saraf and Associates
(Practising Company Secretaries)

K. G. Saraf
Proprietor
FCS 1596 : CP 642

Place : Mumbai
Date : May 26, 2016

Annexure D to the Directors' Report

Conservation of energy, technology absorption and foreign exchange earnings/outgo

Particulars required by the Section 134(3)(m) of the Companies Act, 2013 ("the Act") read with rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2016.

A. CONSERVATION OF ENERGY

Measures taken, additional investments and impact on reduction of energy consumption

Disclosure of particulars with respect to Conservation of Energy

	2015-16	**2014-15**
Power & Fuel Consumption	Not applicable	Not applicable
Consumption – per unit of production	Not applicable	Not applicable

B. TECHNOLOGY ABSORPTION

Disclosure of particulars with respect to Technology Absorption

1. **Efforts in brief made towards technology absorption, adaptation and innovation:**

   Novartis AG, Switzerland continues to provide basic technology and technical know-how for introduction of new products and formulation development. These are adapted, wherever necessary, to local conditions.

2. **Benefits derived as a result of the above efforts:**

   New product development, productivity and quality improvements, enhanced safety and environmental protection measures and conservation of energy.

3. **Technology Imported:**

   Novartis AG, Switzerland has provided technical know-how and technology as and when required, relating to products, quality, marketing and so on. This on-going process involves visits by employees of both companies to each other's office sites for discussions and training.

4. **Expenditure on R&D:** NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in this regard is provided in Notes 39 to 41 of the Accounts.

Annexure E to the Directors' Report

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

i)	**CIN**	L24200MH1947PLC006104
ii)	**Registration Date**	December 13, 1947
iii)	**Name of the Company**	Novartis India Limited
iv)	**Category/Sub-Category of the Company**	Company Limited by Shares
v)	**Address of the Registered Office and contact details**	Sandoz House, Shivsagar Estate Dr Annie Besant Road, Worli, Mumbai 400 018 Tel: +91 22 2495 8400 Fax: +91 22 2495 0221
vi)	**Whether listed company Yes/No**	Yes
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	As on March 31, 2016, the Registrar and Transfer Agent of the Company was Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072, Tel: +91 22 6772 0300, +91 22 6772 0400 Fax: +91 22 2859 1568 However, effective May 1, 2016, the Company appointed following as Registrar and Transfer Agent: Link Intime India Private Limited C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai 400 078 Telephone: +91 22 2594 6970 Fax: +91 22 2594 6969 E-mail: rnt.helpdesk@linkintime.co.in

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the product/ service	% to total turnover of the Company
1	Wholesale of pharmaceuticals and medical goods	46497	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Novartis AG P.O. Box CH – 4002 Basel/Switzerland	Foreign Company	Holding Company	75	Sections 2(46) and 2(87)

V. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	–	–	–	–	–	–	–	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	23,970,597	–	23,970,597	75.00	23,970,597	–	23,970,597	75.00	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	**23,970,597**	**–**	**23,970,597**	**75.00**	**23,970,597**	**–**	**23,970,597**	**75.00**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**23,970,597**	**–**	**23,970,597**	**75.00**	**23,970,597**	**–**	**23,970,597**	**75.00**	**–**
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	269,963	673	270,636	0.85	147,827	673	148,500	0.46	(0.38)
b) Banks/FI	6,140	2,091	8,231	0.03	2,065	2,091	4,156	0.01	(0.01)
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	291,961	–	291,961	0.91	283,086	–	283,086	0.89	(0.03)
g) FIIs	191,360	–	191,360	0.60	20,867	–	20,867	0.07	(0.53)
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**759,424**	**2,764**	**762,188**	**2.38**	**453,845**	**2,764**	**456,609**	**1.43**	**(0.96)**
2. Non-Institutions									
a) Bodies Corp.:									
i) Indian	859,311	3,799	863,110	2.70	997,601	3,799	1,001,400	3.13	0.43
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals:									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4,829,940	725,755	5,555,695	17.38	5,228,067	695,704	5,923,771	18.53	1.15
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	639,292	–	639,292	2.00	331,336	–	331,336	1.04	(0.96)
c) Others (specify):									
Non Resident Indians	165,516	3,516	169,032	0.53	247,831	3,516	251,347	0.79	0.26
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	54	–	54	–	54	–	54	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	829	–	829	–	1,529	–	1,529	–	–
Foreign Bodies	–	–	–	–	–	–	–	–	–
NBFCs	–	–	–	–	24,154	–	24,154	0.08	0.08
Sub-total (B)(2)	**6,494,942**	**733,070**	**7,228,012**	**22.62**	**6,830,572**	**703,019**	**7,533,591**	**23.57**	**0.96**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**7,254,366**	**735,834**	**7,990,200**	**25.00**	**7,284,417**	**705,783**	**7,990,200**	**25.00**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A + B + C)	**31,224,963**	**735,834**	**31,960,797**	**100.00**	**31,255,014**	**705,783**	**31,960,797**	**100.00**	**–**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Novartis AG	10,170,445	31.82	–	10,170,445	31.82	–	–
2	Novartis AG	8,147,365	25.49	–	8,147,365	25.49	–	–
3	Novartis AG	2,921,800	9.14	–	2,921,800	9.14	–	–
4	Novartis AG	2,730,987	8.54	–	2,730,987	8.54	–	–
	Total	**23,970,597**	**75.00**	**–**	**23,970,597**	**75.00**	**–**	**–**

(iii) Change in Promoters' Shareholding

Sr. No.	Particulars	Cumulative Shareholding during the year			
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	23,970,597	75.00	23,970,597	75.00
2	Date-wise increase/decrease in Promoters' Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	No transaction during the year			
3	At the end of the year	23,970,597	75.00	23,970,597	75.00

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
	For each of the Top Ten Shareholders	No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	ATUL LIMITED	384,660	1.20	01.04.2015				
		384,660		31.03.2016	–		384,660	1.20
2	THE ORIENTAL INSURANCE COMPANY LIMITED	289,437	0.91	01.04.2015				
				30.10.2015	(8,875)	Sale	280,562	0.88
		280,562	0.88	31.03.2016	–		280,562	0.88
3	ANIMA B KAPADIA	244,262	0.76	01.04.2015				
		244,262		31.03.2016	–		244,262	0.76
4	PARI WASHINGTON COMPANY PVT. LTD. A/C PARI WASHINGTON INDIA MASTER FUND, LTD.	123,272	0.39	01.04.2015				
				10.04.2015	(30,800)	Sale	92,472	0.29
				17.04.2015	(92,472)	Sale	–	–
		–	–	31.03.2016	–		–	–
5	IDFC EQUITY OPPORTUNITY - SERIES 1	110,288	0.35	01.04.2015				
				10.04.2015	(47,537)	Sale	62,751	0.20
				17.04.2015	(62,751)	Sale	–	–
		–	–	31.03.2016	–		–	–

Sr. No	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
	For each of the Top Ten Shareholders	No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
6	EAST SAIL	52,749	0.17	01.04.2015				
				10.04.2015	(13,200)	Sale	39,549	0.12
				17.04.2015	(39,549)	Sale	–	–
		–	–	31.03.2016	–		–	–
7	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICRO CAP SERIES I	52,183	0.16	01.04.2015				
				24.07.2015	(4,085)	Sale	48,098	0.15
				31.07.2015	(8,915)	Sale	39,183	0.12
		39,183	0.12	31.03.2016	–		39,183	0.12
8	HARESH BABUBHAI DARUVALA	45,354	0.14	01.04.2015				
		45,354		31.03.2016	–		45,354	0.14
9	SOHRAB HOMI FRACIS	44,300	0.14	01.04.2015				
		44,300		31.03.2016	–		44,300	0.14
10	R. RAJKUMAR	41,720	0.13	01.04.2015				
		41,720		31.03.2016	–		41,720	0.13
11	M. SHANTHA	35,550	0.11	01.04.2015				
		35,550		31.03.2016	–		35,550	0.11
12	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICRO CAP SERIES II	33,403	0.10	01.04.2015				
				24.07.2015	(2,446)	Sale	30,957	0.10
				31.07.2015	(5,338)	Sale	25,619	0.08
		25,619	0.08	31.03.2016	–		25,619	0.08
13	HARESH BABUBHAI DARUVALA	32,635	0.10	01.04.2015				
		32,635		31.03.2016	–		32,635	0.10

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	270	–	270	–
2	Date-wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
3	At the end of the year	270	–	270	–

Note: 270 equity shares of the Company are held by Dr Rajendra Nath Mehrotra, Independent Director of the Company. Apart from Dr Mehrotra, no other Director/Key Managerial Personnel hold any shares of the Company.

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	33.6	33.6
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**–**	**33.6**	**33.6**
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	–	–	(11.3)	(11.3)
Net Change	–	–	(11.3)	(11.3)
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	22.3	22.3
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**–**	**22.3**	**22.3**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in Million)

Sr. No.	Particulars of Remuneration	Name of the Director		Total Amount
		Ranjit Shahani	Dinesh Charak	
		Vice Chairman & Managing Director	Whole Time Director	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	14.47	10.30	24.77
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	7.80	0.75	8.55
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission			
	– as % of profit	–	–	–
	– others	–	–	–
5	Others: Annual Incentive	–	2.85	2.85
6	**Total (A)**	**22.27**	**13.90**	**36.17**
7	Ceiling as per the Act	5% of net profit	5% of net profit	10% of net profit

B. Remuneration to other Directors:

1. Independent Director: (₹ in Million)

Particulars of Remuneration	Jai Hiremath	Dr Rajendra Nath Mehrotra	Total Amount
Fee for attending Board/Committee meetings	–	–	–
Commission	0.80	0.80	1.60
Others	–	–	–
Total (B)(1)	**0.80**	**0.80**	**1.60**

2. Non-Executive Director: (₹ in Million)

Particulars of Remuneration	Christopher Snook	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify	–	–
Total (B)(2)	–	–
Total (B) = (B)(1) + (B)(2)	–	**1.60**
Total Managerial Remuneration	–	1.60
Overall Ceiling as per the Act	–	1% of net profit

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (₹ in Million)

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount
		Monaz Noble	**Girish Tekchandani**	
		Chief Financial Officer	**Company Secretary**	
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	9.72	5.85	15.57
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	1.83	0.01	1.84
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission – as % of profit – others	– –	– –	– –
5	Others, Annual Incentive	2.30	1.14	3.44
6	**Total (C)**	**13.85**	**7.00**	**20.85**
7	Ceiling as per the Act	NA	NA	NA

VII. Penalties/Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any
A. COMPANY					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					
B. DIRECTOR					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					

Report on Corporate Governance

1. Company's philosophy on Code of Corporate Governance

Novartis India Limited ("the Company") strives to follow the best corporate governance practices, develop best policies/guidelines, communicate and train all its employees in order to foster a culture of compliance and obligation at every level of the organization. The Company is in compliance with the provisions of Corporate Governance specified in the erstwhile Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations").

The Company is committed to meet the expectations of stakeholders as a responsible corporate citizen. The Novartis Code of Conduct contains the fundamental principles and rules concerning ethical business conduct.

2. Board of Directors

Composition of the Board of Directors

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors ("the Board"). The Board of the Company is composed of eminent individuals from diverse fields. The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure. Every member of the Board, including the Non-Executive Directors, has full access to any information related to the Company.

The Board of the Company is composed of Executive and Non-Executive Directors. As on the date of this report, the strength of the Board is six Directors comprising of two Executive and four Non-Executive Directors including the Chairman of the Company. Fifty per cent of the Board comprised of Independent Directors.

Ms Manisha Girotra, Independent Director of the Company ceased to be a Director of the Company with effect from February 11, 2016. As per Section 149 of the Companies Act, 2013 ("the Act") and Regulation 25(6) of the Listing Regulations, an Independent Director who has resigned from the Board shall be replaced by a new Independent Director either in the subsequent Board Meeting or three months from the date of resignation, whichever is later. In compliance with this Regulation, the Board of Directors at its Meeting held on April 19, 2016, appointed Ms Sandra Martyres as Independent Director effective the date of the Board Meeting.

Mr Dinesh Charak ceased to be Director and Whole Time Director of the Company with effect from May 26, 2016. The Board of Directors of the Company at its meeting held on June 13, 2016, appointed Ms Monaz Noble as Additional Director and Whole Time Director effective from the date of the Board Meeting.

The details of the Board of Directors as on June 13, 2016 are given below:

Name	Category	Date of joining the Board	No. of Directorships/Committee Memberships/Chairmanships (Including Novartis India Limited) as on March 31, 2016				
			Directorships[1] under Section 165			Committee Member-ships[2]	Committee Chairman-ships[2]
			Public Companies		Private and Section 8 Companies		
			Listed	Unlisted			
Mr C. Snook	Non-Executive Chairman	01.08.2008	1	—	—	2	—
Mr R. Shahani	Vice Chairman and Managing Director	01.11.2002	1	—	4	1	—
Mr J. Hiremath	Independent Director	28.01.2006	2	1	8	2	1
Dr R. Mehrotra	Independent Director	30.05.2000	2	—	—	3	2
Mr D. Charak (Up to May 26, 2016)	Whole Time Director	22.05.2014	1	—	—	1	—
Ms M. Girotra (Up to February 11, 2016)	Independent Director	22.05.2014	NA	NA	NA	NA	NA
Ms S. Martyres (From April 19, 2016)	Independent Director	19.04.2016	NA	NA	NA	NA	NA
Ms M. Noble (From June 13, 2016)	Whole Time Director	13.06.2016	NA	NA	NA	NA	NA

(1) Excluding directorships outside of India.

(2) Membership and Chairmanship in Audit Committee and Stakeholder Relationship Committee of all public limited companies as on March 31, 2016, whether listed or not, including Novartis India Limited. As on March 31, 2016, the Company has five Directors on the Board.

Except Dr R. Mehrotra, no Directors and their relatives hold shares in the Company. Dr R. Mehrotra holds 270 shares of the Company as on March 31, 2016.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Listing Regulations. There are no inter-se relationships between the Directors of the Company.

Board Meetings

The Board/Committee meetings are pre-scheduled and an annual calendar of Board and Committee meetings is circulated to the Directors well in advance to enable them to plan their schedules and to ensure their meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken at a specially convened meeting or by circular resolution, in which case it is ratified at the subsequent Board meeting.

During the financial year under review, four Board meetings were held on May 27, 2015; July 22, 2015; November 5, 2015 and February 11, 2016. The Company held four Board Meetings in the year as required under the Act and the gap between two Board meetings was in compliance with the provisions contained in the Act and the Listing Regulations.

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry. The details of various familiarization programs provided to the Directors of the Company is available on the Company's website www.novartis.in.

Details of Directors as on March 31, 2016 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2016 are given below:

Name of the Director	Category	No. of Meetings held during the tenure of the Director	No. of Meetings attended	Attendance at the AGM
Mr C. Snook	Non-Executive Chairman	4	4	Yes
Mr R. Shahani	Vice Chairman and Managing Director, and Chairman of Corporate Social Responsibility Committee	4	4	Yes
Mr D. Charak	Whole Time Director	4	4	Yes
Mr J. Hiremath	Independent Director and Chairman of the Audit Committee	4	4	Yes
Dr R. Mehrotra	Independent Director and Chairman of the Nomination and Remuneration Committee and Stakeholders Relationship Committee	4	4	Yes
Ms M. Girotra	Independent Director (Up to February 11, 2016)	3	1	No

3. Audit Committee

The role of the Audit Committee is in accordance with Regulation 18 of the Listing Regulations and the terms of reference specified under Section 177 of the Act.

The terms of reference for the Audit Committee include:

- Examination of Financial Statements and Statutory Auditors' report thereon and discussion of any related issues with the Internal & Statutory Auditors and the management of the Company.
- Review of Financial Statements before their submission to the Board, including Directors' Responsibility Statement, changes in accounting policies and practices, statutory compliances and qualification in draft audit report.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls.
- Evaluation of risk management system.
- Monitoring end use of funds raised through public offers and related matters.
- Establishing a vigil mechanism for Directors and employees to report genuine concerns and to make provision for direct access to the Chairperson of the Committee in appropriate or exceptional cases and review its findings.
- Review of Company's financial reporting processes and the disclosure of financial information to ensure that the Financial Statement is correct, sufficient and credible.
- Look into reasons for substantial defaults in payments to stakeholders.

- Approval of appointment of CFO or any other person heading Finance function after assessing the qualifications, experience, background etc. of the candidate.
- Recommendation for appointment, remuneration and terms of appointment of the Statutory Auditors of the Company.
- Review and monitor the Auditor's independence and performance, effectiveness of audit process and adequacy of internal control systems.
- Call for comments of the Statutory Auditors about internal control systems, the scope of audit, including the observations of the Statutory Auditors.
- Reviewing the adequacy of the Internal Audit function including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit.
- Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing findings of any internal investigation into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- The Chairman of the Committee to attend the General Meeting to respond to the queries of shareholders.

Mr Girish Tekchandani, Company Secretary acts as Secretary to the Committee.

The Vice Chairman and Managing Director, Whole Time Director, Country Chief Financial Officer, Chief Financial Officer, Internal Auditor, Statutory Auditors and Cost Auditor are invitees to the Audit Committee meetings.

During the period under review, the Audit Committee met four times on May 27, 2015; July 22, 2015; November 5, 2015 and February 11, 2016.

Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2016 are given below:

Name of Director	Category	No. of Meetings held	No. of Meetings attended
Mr J. Hiremath	Chairman of the Committee; Non-Executive and Independent Director	4	4
Dr R. Mehrotra	Member; Non-Executive and Independent Director	4	4
Mr C. Snook	Member; Non-Executive Director	4	4

4. Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is in accordance with Regulation 19 of the Listing Regulations and Section 178 of the Act.

The terms of reference for the Nomination and Remuneration Committee includes:

- Formulate Nomination and Remuneration Policy on:
  - — determining qualifications, positive attributes and independence of a director.
  - — guiding remuneration of Directors, Key Managerial Personnel ("KMP") and other employees and Board diversity.

- Recommend Nomination and Remuneration Policy to the Board.
- Identify candidates who are qualified to become Directors.
- Identify persons who are qualified to become Senior Management (Senior Management of the Company means employees of the Company who are Divisional Heads and Corporate Functional Heads).
- Recommend to the Board the appointment and removal of Directors and Senior Management.
- Lay down the process for evaluation of the performance of every Director on the Board.
- The Chairman of the Committee to attend the General Meeting to respond to the queries of shareholders.

During the period under review, the Nomination and Remuneration Committee met on May 22, 2015.

Constitution of the Nomination and Remuneration Committee and attendance details during the financial year ended March 31, 2016 are given below:

Name of Director	Category	No. of Meetings held	No. of Meetings attended
Dr R. Mehrotra	Chairman of the Committee; Non-Executive and Independent Director	1	1
Mr C. Snook	Member; Non-Executive Director	1	—
Mr J. Hiremath	Member; Non-Executive and Independent Director	1	1

The Nomination and Remuneration Committee has approved the Nomination and Remuneration Policy and the methodology for conducting the performance appraisal of the Board, the Board Committees and the Directors. The details of Nomination and Remuneration Policy and methodology for conducting the performance appraisal of the Board, the Board Committee and the Directors are given below:

Nomination and Remuneration Policy

The Nomination and Remuneration Committee has adopted a Nomination and Remuneration Policy which provides guidance on:

a) Selection Criteria for Directors

The Company shall consider the following aspects while appointing a person as a Director on the Board of the Company:

Skills and Experience: The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance, technical operations or any other discipline related to the Company's business.

Age Limit: The candidate should have completed the age of twenty-one (21) years and should not have attained the age of seventy (70) years.

Conflict of Interest: The candidate should not hold Directorship in any competitor company, and should not have any conflict of interest with the Company.

Directorship: The number of companies in which the candidate holds Directorship should not exceed the number prescribed under the Act or under the Listing Agreement requirements.

Independence: The candidate proposed to be appointed as Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under the Act or under the Listing Agreement requirements.

The policy provides that while appointing a Director to the Board, due consideration will be given to:

i. approvals of the Board and/or shareholders of the Company in accordance with the Act; and

ii. the Articles of Association of the Company which mandate that so long as Novartis AG, Basel, holds twenty-six percent or more of the paid-up share capital of the Company, it is entitled to designate two Directors (Chairman and Vice Chairman) and also to withdraw any such nominations made and to designate any others in place of a Director whose nomination is withdrawn or who resigns or otherwise vacates his/her office.

b) Selection Criteria for Senior Management

As per policy, Senior Management for the purpose of this policy shall mean employees hired at the level of Divisional Heads and Corporate Functional Heads or equivalent positions.

The policy provides that the candidate should have appropriate qualifications, skills and experience for discharging the role. The qualifications, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

Remuneration for Directors, KMPs and other Employees

The policy provides that the remuneration of Directors, KMPs and other employees shall be based on the following key principles:

- **Pay for performance:** Remuneration of Executive Directors, KMPs and other employees is a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal. The remuneration of Non-Executive Directors shall be decided by the Board based on the profits of the Company and industry benchmarks.

- **Balanced rewards to create sustainable value:** The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors and employees of the Company and encourage behavior that is aligned to sustainable value creation.

- **Competitive compensation:** Total target compensation and benefits are comparable to peer companies in the healthcare industry and commensurate to the qualifications and experience of the concerned individual.

- **Business Ethics:** Strong governance processes and stringent risk management policies are adhered to, in order to safeguard our stakeholders' interest.

Performance Evaluation

The process approved by the Nomination and Remuneration Committee requires the Chairman to initiate the performance evaluation process in the month of April every year. The performance evaluation is conducted based on approved criteria in the evaluation forms. The process highlights are as under:

a) **Board:** Each Board member completes the self-evaluation form. Independent Directors discuss the self-evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

b) **Committees:** Each Committee member completes the self-evaluation form and shares feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

c) **Chairman and Executive Directors:** Each Board member completes the peer evaluation form. Independent Directors discuss the peer evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

d) **Independent Directors:** Each Board member completes the peer evaluation and shares feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

Remuneration to Directors

Mr C. Snook, Non-Executive Chairman of the Company does not get any remuneration from the Company.

The Vice Chairman and Managing Director gets a monthly salary, perquisites and performance pay as per the policies of the Company. In the event of the Managing Director desiring to leave the services of the Company, he shall give to the Company 6 months' notice. The Company may, at its sole discretion, relieve the Managing Director of his duties any time by giving 6 months' notice.

The Whole Time Director gets a monthly salary, perquisites and performance pay as per the policies of the Company. In the event of the Whole Time Director desiring to leave the services of the Company, s/he shall give to the Company 3 months' notice. The Company may, at its sole discretion, relieve the Whole Time Director of her/his duties any time by giving 3 months' notice.

The criteria for making payments to the Vice Chairman and Managing Director and Whole Time Director are:

1. Salary, as recommended by the Nomination and Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites, retirement benefits and performance pay are also paid/provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.

2. Remuneration paid to the Vice Chairman and Managing Director and Whole Time Director is determined keeping in view industry benchmarks and Novartis Policies.

Remuneration of the Vice Chairman and Managing Director and the Whole Time Director is within the limits approved by the Board and the shareholders at the 67th and 66th AGM of the Company respectively.

The criteria for making payments to Independent Directors are:

1. Directors are not paid any sitting fees for attending the meetings of the Board and Committees.
2. The Independent Directors receive commission on the net profits of the Company. The Board decides on the commission each year based on industry benchmarks and commensurate challenges.

The remuneration paid or payable to the Directors for the financial year 2015-16 is given below:

(in ₹ million)

Name of the Director	Salary	Perquisite(1)	Performance Incentive	Commission	Total
Mr C. Snook	–	–	–	–	–
Mr R. Shahani	14.47	7.80	–	–	22.27
Mr D. Charak	10.30	0.75	2.85	–	13.90
Dr R. Mehrotra	–	–	–	0.80	0.80
Mr J. Hiremath	–	–	–	0.80	0.80

(1) Excludes charge in relation to restricted shares and tradable options to the extent not vested and provision for employee benefits. Also excludes the value of restricted shares and tradable options exercised during the year, granted by Novartis AG, the ultimate holding company. Cost of these restricted shares and tradable options was not compensated by the company to Novartis AG.

5. Stakeholders Relationship Committee

The role of the Stakeholders Relationship Committee is to consider and resolve the grievances of security holders of the Company.

During the period under review, the Stakeholders Relationship Committee met four times on May 27, 2015; July 22, 2015; November 5, 2015 and February 11, 2016.

Details of constitution and attendance details of the Stakeholders Relationship Committee as on March 31, 2016 are given below:

Name of the Director	Category	No. of Meetings held during Directors' tenure	No. of Meetings attended
Dr R. Mehrotra	Chairman of the Committee; Non-Executive and Independent Director	4	4
Mr C. Snook	Member; Non-Executive Director	4	4
Mr R. Shahani	Member, Vice Chairman and Managing Director	4	4
Mr D. Charak	Member, Whole Time Director	4	4

Mr Girish Tekchandani, Company Secretary is the Secretary to the Stakeholders Relationship Committee and the Compliance Officer of the Company.

During the financial year, five (5) complaints were received from shareholders, out of which four (4) have been attended/resolved. There was one (1) complaint from shareholders pending as on March 31, 2016. This complaint was resolved on April 18, 2016.

As on March 31, 2016, no shareholders' grievance has remained unattended/pending for more than thirty days.

6. Corporate Social Responsibility ("CSR") Committee

Pursuant to Section 135 of the Act, the Board constituted the CSR Committee. The CSR Committee provides guidance on various CSR activities to be undertaken by the Company and monitors its progress.

The terms of reference for the CSR Committee include:

- Formulate a CSR Policy which shall indicate activities to be undertaken by the Company.
- Recommend the CSR Policy to the Board.
- Recommend the amount of expenditure to be incurred on the activities.
- Monitor the Policy from time to time as per the CSR Policy.

During the financial year under review the CSR Committee met two times on May 26, 2015 and February 4, 2016.

Details of constitution and attendance details of the CSR Committee as on March 31, 2016 are given below:

Name of the Director	Category	No. of Meetings held in the tenure of the Director	No. of Meetings attended
Mr R. Shahani	Chairman of the Committee; Vice Chairman and Managing Director	2	2
Mr D. Charak	Member; Whole Time Director	2	2
Ms M. Girotra	Member; Non-Executive and Independent Director (Up to February 11, 2016)	2	1

Annual Report on CSR activities is a part of the Directors' Report detailing the CSR projects undertaken by the Company.

7. General Body Meetings

- **Details of AGMs held during the last 3 years:**

AGM for the financial year	Location of holding AGM	Date and Time of AGM
2014-2015	Hall of Culture, Nehru Centre, Worli, Mumbai 400 018	July 23, 2015 at 11.30 am
2013-2014	Hall of Culture, Nehru Centre, Worli, Mumbai 400 018	July 25, 2014 at 11.30 am
2012-2013	Hall of Culture, Nehru Centre, Worli, Mumbai 400 018	July 25, 2013 at 11.30 am

All the resolutions set out in the respective Notices were passed by the requisite majority of the members attending the AGMs.

- **Special Resolutions passed at the last 3 AGMs:**

  At the AGM held on July 23, 2015, the shareholders approved a Special Resolution to enter into agreement(s) and transaction(s) with Novartis Pharma AG, Basel, Switzerland, a related party, for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services or other obligations, if any, for an amount not exceeding in aggregate ₹ 3,000 million (Rupees three thousand million only) in each financial year.

  No Special Resolution was passed through postal ballot in the last year. There is no item on the agenda of the forthcoming AGM that needs approval by postal ballot.

8. Disclosures

- All Related Party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All Related Party transactions were placed before the Audit Committee for approval. The Audit Committee has granted omnibus approval for Related Party transactions as per the provisions and restrictions contained in the erstwhile Listing Agreement and the Listing Regulations. The details of Related Party Transactions are provided in the Financial Statements of the Company.

- During the last 3 years, there were no strictures or penalties imposed on the Company by either SEBI or the Stock Exchange or any statutory authority for non-compliance of any matter related to the capital markets.

- The Company has adopted a vigil mechanism which enables Directors and employees to report their genuine concerns. The mechanism provides for adequate safeguards against the victimization of persons who use this mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. No Director or employee who wanted to report a concern was denied access to the Chairman of the Audit Committee.

- The Company is in full compliance with the mandatory requirements as contained in the erstwhile Clause 49 of the Listing Agreement and the Listing Regulations. The Company has also adopted certain non-mandatory requirements of the Listing Regulations i.e. providing the Chairman of the Company with the resources required by him to discharge his responsibilities as Chairman of the Company while in India for attending the Company's Board meetings and appointment of separate persons to the post of Chairman and Managing Director. The Financial Statements of the Company are unqualified.

9. Means of Communication

Quarterly, Half-Yearly and Annual results of the Company are published in newspapers such as The Indian Express, The Financial Express and Loksatta. These results are promptly submitted to the Bombay Stock Exchange Limited together with a copy of the Company's Press Release thus facilitating them to display the same on their website.

The Company's results and press releases are available on the Company's website www.novartis.in

Management Discussion and Analysis Report forms a part of this Annual Report.

10. General shareholder information

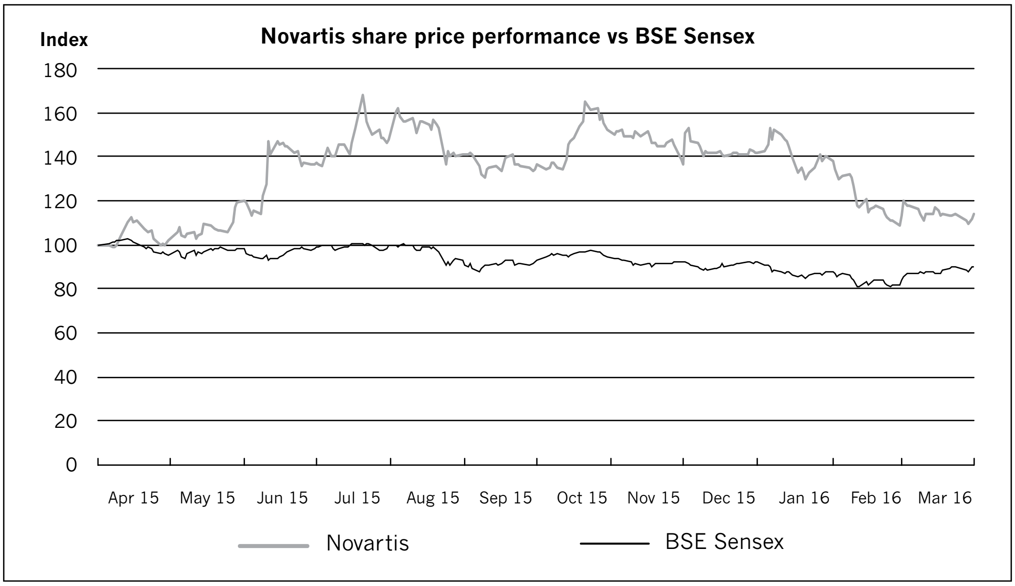
AGM day, date, venue and time	:	Friday, July 29, 2016, at Hall of Culture, Nehru Centre, Worli, Mumbai 400 018 at 11.30 am
Financial Year	:	April 1 to March 31
First quarter results	:	Second fortnight of July 2016
Second quarter results	:	First fortnight of November 2016
Third quarter results	:	Second fortnight of January 2017
Results for the year ending March 2017	:	Second fortnight of May 2017
Dividend payment date	:	On or after August 3, 2016
Listing on Stock Exchange	:	Bombay Stock Exchange Limited ("BSE"), Mumbai
Payment of annual listing fees	:	The annual listing fees for the year 2016-17 have been paid to BSE
Stock Code (BSE)	:	500672
Demat ISIN no. for CDSL and NSDL	:	INE234A01025
Corporate Identity Number (CIN)	:	L24200MH1947PLC006104

Market price data: High/Low during each month in the financial year (₹)

Month	Bombay Stock Exchange Limited, Mumbai	
	High	Low
April 2015	657.80	556.15
May 2015	692.65	582.15
June 2015	869.60	640.00
July 2015	982.00	760.00
August 2015	942.00	755.00
September 2015	820.00	730.00
October 2015	967.75	758.50
November 2015	910.00	785.00
December 2015	886.00	772.50
January 2016	895.00	730.25
February 2016	813.75	600.00
March 2016	692.00	620.00

(Source: Website of Bombay Stock Exchange Limited, Mumbai www.bseindia.com)

Novartis share price performance versus BSE Sensex during April 2015 – March 2016



Note: The monthly closing prices of the Sensex and Novartis' equity shares have been indexed to 100 as on April 1, 2015

Registrar & Transfer Agents	:	The Company has terminated its Registrar & Transfer Agent agreement with Sharepro Services (India) Private Limited with effect from April 30, 2016 and has appointed Link Intime India Private Limited as its new Registrar & Transfer Agents effective May 1, 2016. The contact details of Registrar & Transfer Agents is as under: Link Intime India Private Limited C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai 400 078 Telephone : +91 22 2594 6970 Fax: +91 22 2594 6969 E-mail: rnt.helpdesk@linkintime.co.in
Share Transfer System	:	Share transfers in physical form are processed by the Registrar and Transfer Agent, Link Intime India Private Limited and are approved by the Stakeholders Relationship Committee of the Company or the authorised signatories of the Company. Share transfers are registered and returned within 15 days from the date of lodgment if documents are complete in all respects. The depository system handles share transfers in dematerialised form.

Distribution of shareholding as on March 31, 2016

Sr. No.	No. of equity shares held		Shareholder(s)		Shareholding(s)	
	From	To	Nos.	%	Nos.	%
1	1	500	42,805	96.42	3,606,040	11.28
2	501	1000	886	2.00	667,092	2.09
3	1001	2000	355	0.80	517,525	1.62
4	2001	3000	137	0.31	342,275	1.07
5	3001	4000	51	0.11	178,550	0.56
6	4001	5000	48	0.11	214,065	0.67
7	5001	10000	55	0.12	374,844	1.17
8	10001 and above		58	0.13	26,060,406	81.54
Total			**44,395**	**100.00**	**31,960,797**	**100.00**

Shareholding Pattern as on March 31, 2016

Category	No. of shares held	Percentage of shareholding
A. Promoters' Holding		
1. Promoters		
– Indian Promoters	–	–
– Foreign Promoters	23,970,597	75.00
2. Persons Acting in Concert	–	–
Sub-Total	**23,970,597**	**75.00**
B. Non-Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	148,500	0.46
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/Non-Govt. Institutions)	287,242	0.90
c. FIIs	20,867	0.07
Sub-Total	**456,609**	**1.43**
4. Others		
a. Private Corporate Bodies	1,027,134	3.21
b. Indian Public	6,254,840	19.57
c. NRIs/OCBs	251,347	0.79
d. Directors and their relatives	270	0.00
Sub-Total	**7,533,591**	**23.57**
Grand Total	**31,960,797**	**100.00**

Dematerialisation of shares & liquidity	The Company's shares are traded compulsorily in dematerialised form on the stock exchange. As on March 31, 2016, 97.79 per cent of the paid-up share capital of the Company was in dematerialised form.
Outstanding GDR/ADR/Warrants or any Convertible Instruments, conversion dates and likely impact on equity	Not Applicable
Plant location	The Company does not have any manufacturing facility.
Address for correspondence	Shareholders should address their correspondence to the Company's Registrar & Transfer Agents at the address mentioned earlier. Shareholders may also contact Mr Girish Tekchandani, Company Secretary at the Registered Office of the Company situated at Sandoz House, Shivsagar Estate, Dr Annie Besant Road, Worli, Mumbai 400 018. Telephone No: +91 22 2495 8400/2495 8888 E-mail: india.investors@novartis.com

Declaration on adherence to the Code of Conduct

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board members and senior management personnel of the Company have confirmed adherence with the Code of Conduct of Novartis India Limited for the financial year ended March 31, 2016.

For Novartis India Limited

RANJIT SHAHANI
Vice Chairman and
Managing Director

Mumbai, May 5, 2016

Certificate on Compliance with Clause 49 of the erstwhile Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 by Novartis India Limited

I have examined compliance by Novartis India Limited (the Company) with the requirements under Clause 49 of the erstwhile Listing Agreement entered into by the Company with the Bombay Stock Exchange and under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations) relating to corporate governance requirements for the year ended on 31 March 2016.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance under Clause 49 and under the Listing Regulations. The examination is neither an audit nor an expression of opinion on the financial statements of the Company or the Corporate Governance Report of the Company.

I state that no investor's grievance is pending unresolved by the Company for a period exceeding one month against the Company as per the records maintained by the Stakeholders Relationship Committee.

I further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

DR. K. R. CHANDRATRE
Practising Company Secretary
FCS No. 1370
Certificate of Practice No. 5144

Pune, May 5, 2016

Independent Auditors' Report
To the Members of Novartis India Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Novartis India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the back up of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 10(b) above that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016 on its financial position in its financial statements – Refer Note [19];

        ii. The Company has long-term contracts as at March 31, 2016, for which there were no material foreseeable losses. The Company did not have any derivative contract as at March 31, 2016;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, May 26, 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Novartis India Limited on the financial statements for the year ended March 31, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Novartis India Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, May 26, 2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Novartis India Limited on the financial statements as of and for the year ended March 31, 2016

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 9 on fixed assets to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	**Nature of dues**	**Amount ₹ in Million***	**Period to which the amount relates**	**Forum where the dispute is pending**
The Income-tax Act, 1961	Income-tax including tax deducted at source and interest, as applicable	33.0	Assessment Years 1994-1995, 2008-2009, 2009-2010, 2011-2012 and 2012-2013	Appellate Authority – up to Commissioner's level
		23.0	Assessment Year 2006-2007	Income Tax Appellate Tribunal
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales tax including interest and penalty, as applicable	338.1	2000-2001 to 2013-2014	Appellate Authority – up to Commissioner's level
		48.1	1993-1994, 2001-2002 to 2005-2006, 2007-2008, 2010-2011 and 2012-2013	Tribunal
		0.2	1997-1998	The High Court of Kerala
		15.4	2008-2009 to 2010-2011	West Bengal Sales Tax Appellate and Revisional Board
The Finance Act, 1994	Service tax	4.7	September 2004 to September 2009	Appellate Authority – up to Commissioner's level
The Customs Act, 1962	Customs Duty	0.4	2002-2003	Appellate Authority – up to Commissioner's level
The Central Excise Act, 1944	Excise duty including penalty, as applicable	0.6	1990 and June 1993 to October 1993	Appellate Authority – up to Commissioner's level
		2.4	August 1993 to December 1996	Customs, Excise & Service Tax Appellate Tribunal

* Net of amounts paid including under protest.

viii As the Company neither has any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him within the meaning of Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, May 26, 2016

Balance Sheet as at 31st March 2016

	Note	As at 31st March 2016		As at 31st March 2015	
		in ₹ million	in ₹ million	in ₹ million	in ₹ million
Equity and Liabilities					
Shareholders' Funds					
Share Capital	2	159.8		159.8	
Reserves and Surplus	3	11,461.5		9,860.1	
			11,621.3		**10,019.9**
Non-Current Liabilities					
Other Long-term Liabilities	4	23.8		36.0	
Long-term Provisions	5	321.4		298.4	
			345.2		**334.4**
Current Liabilities					
Trade Payables	6				
Micro and Small enterprises		3.1		3.3	
Others		699.9		941.9	
Other Current Liabilities	7	1,135.6		522.4	
Short-term Provisions	8	594.4		639.4	
			2,433.0		**2,107.0**
Total			**14,399.5**		**12,461.3**
Assets					
Non-Current Assets					
Fixed Assets	9				
Tangible Assets		64.7		85.0	
Intangible Assets		—		—	
Capital Work-in-Progress		4.5		—	
		69.2		**85.0**	
Non-Current Investments	10	0.1		0.1	
Deferred Tax Assets	11	215.8		219.0	
Long-term Loans and Advances	12	1,434.4		1,521.0	
Other Non-Current Assets	13	2.2		2.4	
			1,721.7		**1,827.5**
Current Assets					
Inventories	14	724.0		999.4	
Trade Receivables	15	498.0		829.0	
Cash and Bank Balances	16	11,132.6		8,385.5	
Short-term Loans and Advances	17	200.3		392.2	
Other Current Assets	18	122.9		27.7	
			12,677.8		**10,633.8**
Total			**14,399.5**		**12,461.3**

The Notes are an integral part of the Financial Statements.

In terms of our report
of even date

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 26th May 2016

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

D. CHARAK
Wholetime Director
DIN: 06827519

G. TEKCHANDANI
Company Secretary & Compliance Officer

M. NOBLE
Chief Financial Officer

Mumbai, 26th May 2016

Statement of Profit and Loss for the year ended 31st March 2016

	Note	Year ended 31st March 2016		Year ended 31st March 2015	
		in ₹ million	in ₹ million	in ₹ million	in ₹ million
Revenue					
Revenue from Operations (Gross)	22	8,084.5		8,744.2	
Less: Excise Duty		1.3		10.4	
Revenue from Operations (Net)		8,083.2		8,733.8	
Other Income	23	829.4		1,076.4	
Total Revenue			**8,912.6**		**9,810.2**
Expenses					
Cost of Materials Consumed	24	30.7		122.4	
Purchases of Stock-in-Trade		3,512.6		3,376.2	
Changes in Inventories of Finished Goods and Stock-in-Trade	25	(93.3)		30.5	
Employee Benefits Expense	26	1,801.2		2,000.3	
Finance Costs	27	1.8		2.1	
Depreciation and Amortisation Expense	9	36.7		40.1	
Other Expenses	28	2,597.8		3,243.0	
Total Expenses			**7,887.5**		**8,814.6**
Profit before Extraordinary Items and Tax			**1,025.1**		**995.6**
Profit from continuing operations before Extraordinary Items and Tax		1,118.4		981.9	
Extraordinary Items – Net Income/(Expense)		1,696.3		(63.3)	
Profit from continuing operations before Tax		2,814.7		918.6	
Tax Expense					
For the year					
Current Tax		805.0		322.0	
Deferred Tax		(20.7)		(31.8)	
		784.3		290.2	
For earlier years					
Current Tax (Net)		—		(151.8)	
Fringe Benefits Tax		(16.7)		(13.1)	
		767.6		125.3	
Profit from continuing operations after Tax			2,047.1		793.3
(Loss)/Profit from discontinuing operations before Tax [Refer Note 51(a)(ii) & (b)(ii)]		(93.3)		13.7	
Tax Expense					
For the year					
Current Tax		(56.2)		21.0	
Deferred Tax		23.9		(5.1)	
		(32.3)		15.9	
Loss from discontinuing operations after Tax			(61.0)		(2.2)
Profit for the year			**1,986.1**		**791.1**
Earnings per Share – Basic and Diluted [₹ per Equity Share of ₹ 5 each]					
From total operations –					
Before Extraordinary Items [Refer Note 46 (a)]			20.87		26.28
After Extraordinary items [Refer Note 46 (b)]			62.14		24.75
From continuing operations –					
Before Extraordinary Items [Refer Note 46 (c)]			22.78		26.35
After Extraordinary items [Refer Note 46 (d)]			64.05		24.82

The Notes are an integral part of the Financial Statements.

In terms of our report of even date

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 26th May 2016

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

D. CHARAK
Wholetime Director
DIN: 06827519

G. TEKCHANDANI
Company Secretary & Compliance Officer

M. NOBLE
Chief Financial Officer

Mumbai, 26th May 2016

1. Significant Accounting Policies

(a) Basis of Preparation

These financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 (the 'Act') shall continue to apply. Consequently, these financial statements are prepared to comply in all material aspects with the Accounting Standards notified under sub-section (3C) of Section 211 of the Act [Companies (Accounting Standards) Rules, 2006] and the other relevant provisions of the Companies Act, 2013.

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

(b) Fixed Assets

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss.

Depreciation on tangible assets is calculated on a straight-line basis as per the rates prescribed under Schedule II of the Companies Act, 2013, except in respect of the following assets where the estimated useful lives of the assets based on the technical evaluation, have not undergone a change on account of transition to the Companies Act, 2013.

Description	Estimated Useful Life
Tangible Assets	
Plant and Equipment	
Servers and Networks	3 years
Quality Control Equipment	5 years
Electrical Installations	12.5 years
Others	12.5 years
Vehicles	5 years
Office Equipment – Mobile Handsets	2 years
Intangible Assets	
Trade Marks	5 years

Leasehold Improvements are amortised over the period of lease.

Assessment is carried out at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. Impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

(c) Investments

Long-term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of Long-term Investments. Current Investments are stated at lower of cost and fair value.

(d) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on moving weighted average basis. Cost of work-in-progress and finished goods includes labour and manufacturing overheads, where applicable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

(f) Revenue Recognition

Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the customer and are recognised net of trade discounts, rebates, sales tax and excise duty.

Provision is made for the non-sellable returns of goods from the customers estimated on the basis of historical data of such returns. Such provision for non sellable sales returns is reduced from sales for the year.

Service income is accounted as and when services are rendered and are net of service tax.

Commission income is recognised in respect of sales made on behalf of consignee when the significant risks and rewards of ownership in the goods are transferred to the buyer and is net of service tax.

Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Employee Benefits

(i) Long-term Employee Benefits

(a) Defined Contribution Plans

The company has Defined Contribution Plans for post employment benefits in the form of Superannuation Fund and Employees' Pension Scheme which are recognised by the Income-tax authorities and administered through trustees and/or Life Insurance Corporation of India (LIC). Superannuation Fund which constitutes an insured benefit and Employees' Pension Scheme are classified as Defined Contribution Plans as the Company has no further obligation beyond making the contributions. The company's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as incurred.

(b) Defined Benefit Plans

The company has Defined Benefit Plans for post employment benefits in the form of Provident Fund (treated as a Defined Benefit Plan on account of guaranteed interest benefit), Gratuity, Leave Encashment, Non-Contractual Pension Plan (treated as a Defined Benefit Plan on account of guaranteed pension) and Post

Retirement Medical Benefits. Provident Fund and Gratuity are recognised by the Income-tax authorities and administered through trustees and/or LIC. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by independent actuary.

The obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of plan assets is the Company's expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

(c) Other Long-term Employee Benefit

The employees of the company are entitled to other long-term benefit in the form of Long Service Awards as per the policy of the company. Liability for such benefit is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

(ii) Termination benefits are recognised as an expense as and when incurred.

(iii) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised in the Statement of Profit and Loss in the year in which they arise.

(h) Employee Share based Payments

Restricted Shares and Tradable Options granted under "Select" plan are accounted for as per the accounting treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. Amount incurred is charged to the Statement of Profit and Loss on straight line basis over the vesting period of the Restricted Shares and Tradable Options.

(i) Taxes on Income

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

(j) Provisions and Contingent Liabilities

The company recognises a provision when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

(k) Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the Balance Sheet date and the results of operations during the reporting period. The actual results could differ from these estimates. Any revision to such accounting estimates is recognised in the accounting period in which such revision takes place.

(l) Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities for the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Income net of Unallocated Corporate Expenditure".

(m) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the affects of all dilutive potential equity shares.

(n) Leases

As a lessee:

Lease in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss over the period of the lease.

(o) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash on hand, cheques on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

	As at 31st March 2016	As at 31st March 2015
	in ₹ million	in ₹ million
2. Share Capital		
Authorised		
64,000,000 (Previous year – 64,000,000) Equity Shares of ₹ 5 each	**320.0**	**320.0**
Issued, Subscribed and Paid-up		
31,960,797 (Previous year – 31,960,797) Equity Shares of ₹ 5 each fully paid-up	**159.8**	**159.8**

	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	in ₹ million	No. of Shares	in ₹ million
(a) Reconciliation of the number of shares				
Number of shares outstanding as at the beginning of the year	31,960,797	159.8	31,960,797	159.8
Number of shares outstanding as at the end of the year	**31,960,797**	**159.8**	**31,960,797**	**159.8**

(b) The company has only one class of shares i.e. Equity Shares having a face value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Of the above, 23,970,597 (Previous year – 23,970,597) shares are held by Novartis AG, Basel, Switzerland, the holding company.

(d) Shareholder holding more than 5% shares as at the Balance Sheet date

Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Novartis AG, Basel, Switzerland	23,970,597	75.00%	23,970,597	75.00%

	As at 31st March 2016		As at 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
3. Reserves and Surplus				
Capital Subsidy		1.5		1.5
General Reserve		3,472.9		3,472.9
Securities Premium Account		228.8		228.8
Surplus in Statement of Profit and Loss				
Balance as at the beginning of the year	6,156.9		5,750.5	
Profit for the year as per Statement of Profit and Loss	1,986.1		791.1	
	8,143.0		**6,541.6**	
Less: Appropriations				
Proposed Dividend [Refer Note 21]	319.6		319.6	
Tax on Proposed Dividend	65.1		65.1	
Balance as at the end of the year		7,758.3		6,156.9
		11,461.5		**9,860.1**
4. Other Long-term Liabilities				
Voluntary Retirement Costs [Refer Note 30(b)]		1.5		2.4
Security Deposits		22.3		33.6
		23.8		**36.0**
5. Long-term Provisions				
Provision for Employee Benefits [Refer Note 42]		321.4		298.4
6. Trade Payables				
Micro and Small Enterprises [Refer Note 31]		3.1		3.3
Others		699.9		941.9
		703.0		**945.2**

	As at 31st March 2016	As at 31st March 2015
	in ₹ million	in ₹ million
7. Other Current Liabilities		
Unpaid Dividends@	14.5	13.7
Payable to Related Parties [Refer Note 52]	163.9	81.0
Advances from Customers	11.6	17.8
Employee Benefits Payable	239.1	180.6
Statutory Dues	137.3	153.5
Payable under TDSA Agreement [Refer Note 52]	473.3	—
Payables for Fixed Assets	1.1	0.5
Book Overdraft	56.9	—
Payable towards Tradable Options and Restricted Shares	36.8	73.9
Voluntary Retirement Costs [Refer Note 30(b)]	1.1	1.4
	1,135.6	**522.4**

@ There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Act as at the year end.

	As at 31st March 2016	As at 31st March 2015
8. Short-term Provisions		
Provision for Employee Benefits [Refer Note 42]	65.4	78.3
Provision for Current Taxation [Net of Payments ₹ 1,064.2 million (Previous year ₹ 1,471.7 million)]	43.4	43.1
Provision for Fringe Benefits Tax [Net of Payments of Nil (Previous year ₹ 39.5 million)]	—	11.6
Proposed Dividend [Refer Note 21]	319.6	319.6
Tax on Proposed Dividend	65.1	65.1
Provision for Non-sellable Sales Returns [Refer Note 29]	100.9	121.7
	594.4	**639.4**

9. **Fixed Assets** (in ₹ million)

Description	Gross Block (at cost)					Depreciation/Amortisation					Net Block
	As at 1.4.2015	Additions	Deductions	Adjustments*	As at 31.3.2016	As at 1.4.2015	For the year	On Deductions	Adjustments*	As at 31.3.2016	As at 31.3.2016
Tangible Assets											
Buildings	34.7	—	—	—	34.7	18.9	4.0	—	—	22.9	11.8
Plant and Equipment	123.1	13.0	12.5	11.9	111.7	86.8	23.3	12.5	8.4	89.2	22.5
Furniture and Fixtures	39.8	1.6	1.6	0.1	39.7	22.7	2.5	1.6	0.1	23.5	16.2
Vehicles	4.6	1.0	1.2	4.0	0.4	3.3	0.4	1.2	2.1	0.4	—
Office Equipment	45.1	2.4	7.1	2.0	38.4	30.6	6.0	7.1	1.1	28.4	10.0
Leasehold Improvements	11.3	4.7	—	—	16.0	11.3	0.5	—	—	11.8	4.2
	258.6	22.7	22.4	18.0	240.9	173.6	36.7	22.4	11.7	176.2	64.7
Intangible Assets											
Trade Marks#	2.2	—	—	—	2.2	2.2	—	—	—	2.2	—
	2.2	—	—	—	2.2	2.2	—	—	—	2.2	—
	260.8	**22.7**	**22.4**	**18.0**	**243.1**	**175.8**	**36.7**	**22.4**	**11.7**	**178.4**	**64.7**
Capital Work-in-Progress											4.5
											69.2

9. **Fixed Assets** (Contd.)

(in ₹ million)

Description	Gross Block (at cost)				Depreciation/Amortisation				Net Block
	As at 1.4.2014	Additions	Deductions	As at 31.3.2015	As at 1.4.2014	For the year	On Deductions	As at 31.3.2015	As at 31.3.2015
Tangible Assets									
Buildings	34.7	—	—	34.7	15.1	3.8	—	18.9	15.8
Plant and Equipment	95.4	41.3	13.6	123.1	76.7	23.7	13.6	86.8	36.3
Furniture and Fixtures	45.2	0.3	5.7	39.8	24.7	3.5	5.5	22.7	17.1
Vehicles	4.8	0.7	0.9	4.6	3.9	0.3	0.9	3.3	1.3
Office Equipment	46.2	4.3	5.4	45.1	29.1	6.9	5.4	30.6	14.5
Leasehold Improvements	11.3	—	—	11.3	9.4	1.9	—	11.3	—
	237.6	46.6	25.6	258.6	158.9	40.1	25.4	173.6	85.0
Intangible Assets									
Trade Marks#	2.2	—	—	2.2	2.2	—	—	2.2	—
	2.2	—	—	2.2	2.2	—	—	2.2	—
	239.8	46.6	25.6	260.8	161.1	40.1	25.4	175.8	85.0
Capital Work-in-Progress								·	—
									85.0

\# Other than internally generated.

* Refer Note 51.

	As at 31st March 2016		As at 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
10. Non-Current Investments				
(Non Trade, Unquoted, at cost)				
Investments in fully paid-up Equity Instruments				
120 Shares of ₹ 50 each of The Malabar Hill Co-operative Housing Society Limited	*		*	
68 Shares of ₹ 50 each of The Palacimo Co-operative Housing Society Limited	*		*	
10 Shares of ₹ 50 each of Remi Bizcourt Co-operative Society Limited	*		*	
5 Shares of ₹ 50 each of Jaldarshan Co-operative Housing Society Limited	*		*	
88 Shares of ₹ 50 each of New Gulistan Co-operative Housing Society Limited	*		*	
		*		*
Investment in partly paid-up Equity Instruments				
1 Share 'A' of ₹ 120,000 – ₹ 118,000 paid-up of Hill Properties Limited		0.1		0.1
Investments in fully paid-up 4 1/8% Bonds				
3 Loan Stock Bonds of ₹ 10,000 each of New Gulistan Co-operative Housing Society Limited	*		*	
12 Loan Stock Bonds of ₹ 50 each of New Gulistan Co-operative Housing Society Limited	*		*	
		*		*
		0.1		**0.1**

*Amount is below the rounding off norm adopted by the company.

	As at 31st March 2016		As at 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
11. Deferred Tax Assets				
Deferred Tax Assets				
Depreciation/Amortisation	31.0		32.2	
Provision for Doubtful Debts and Advances	38.2		29.9	
Compensation under Voluntary Retirement Schemes	9.5		11.0	
Provision for Employee Benefits	130.4		125.4	
Others	6.7		20.5	
		215.8		**219.0**
Less: Deferred Tax Liability		—		—
		215.8		**219.0**
12. Long-term Loans and Advances				
(Unsecured, Considered Good unless otherwise stated)				
Security Deposits		67.3		67.3
Advances recoverable in cash or in kind or for value to be received				
Considered Good	87.2		142.7	
Considered Doubtful	58.7		39.8	
	145.9		**182.5**	
Less: Provision for Doubtful Advances	58.7		39.8	
		87.2		**142.7**
Balances with government authorities		180.9		263.0
Current Taxation [Net of Provision of ₹ 7,905.8 million (Previous year ₹ 6,749.8 million)]		1,078.7		1,032.8
Fringe Benefits Tax [Net of Provision of ₹ 135.6 million (Previous year ₹ 101.2 million)]		20.3		15.2
		1,434.4		**1,521.0**
13. Other Non-Current Assets				
Deposits with Banks with more than 12 months maturity		**2.2**		**2.4**
14. Inventories				
(At lower of cost and net realisable value)				
Raw Materials [including in-transit ₹ Nil (Previous year ₹ 5.2 million)]		0.7		95.4
Finished Goods		0.8		26.0
Stock-in-Trade [including in-transit of ₹ 32.7 million (Previous year ₹ 13.3 million)]		722.3		875.1
Packing Materials		0.2		2.9
		724.0		**999.4**

	As at 31st March 2016		As at 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
15. Trade Receivables				
Outstanding for a period exceeding six months from the date they were due for payment				
Considered Good	16.5		22.5	
Considered Doubtful	51.6		48.3	
	68.1		**70.8**	
Less: Provision for Doubtful Debts	51.6		48.3	
		16.5		**22.5**
Others – Considered Good		**481.5**		**806.5**
		498.0		**829.0**
16. Cash and Bank Balances				
Cash and Cash Equivalents				
Balances with Banks				
Current Accounts	165.3		114.6	
Deposit Accounts (less than 3 months maturity)	65.5		6,254.4	
	230.8		**6,369.0**	
Cheques on Hand	15.0		1.3	
Cash on Hand	*		*	
		245.8		**6,370.3**
Other Bank Balances				
Long-term deposits with maturity more than 3 months but less than 12 months	10,872.3		2,001.5	
Unpaid Dividend Accounts	14.5		13.7	
		10,886.8		**2,015.2**
		11,132.6		**8,385.5**

* Amount is below the rounding off norm adopted by the company.

	As at 31st March 2016		As at 31st March 2015	
17. Short-term Loans and Advances				
(Unsecured, Considered Good)				
Loans and Advances to Related Parties				
Other Receivables	69.5		172.1	
Recoverable from Related Parties		**69.5**		**172.1**
Security Deposits		4.2		13.2
Advances recoverable in cash or in kind or for value to be received		114.6		200.6
Balances with government authorities		12.0		6.3
		200.3		**392.2**

	As at 31st March 2016		As at 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
18. Other Current Assets				
Interest accrued but not due on Deposits with Banks		122.9		27.7

	As at 31st March 2016		As at 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
19. Contingent Liabilities				
Claims against the company not acknowledged as debts				
Income-tax matters				
(i) Matters decided in favour of the company but disputed further by the income-tax authorities		76.6		76.6
(ii) Matters decided against the company in respect of which the company has preferred an appeal		120.8		122.8
Sales tax matters		480.7		568.0
Service tax matters		4.8		4.5
Excise matters		3.0		3.0
Drug Price Control Order 2013 [Refer Note 50]		281.8		281.8
Claims from third party manufacturers in respect of Excise matters		40.7		39.0
Claims from Consumers		0.2		0.2
Others		2.1		2.1

Note:

Future cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various authorities/forums and/or final outcome of the matters.

20. Estimated amount of contracts remaining to be executed on capital account and not provided for – ₹ 0.2 million (Previous year ₹ 0.2 million).

	As at 31st March 2016	As at 31st March 2015
21. Proposed Dividend		
Proposed Dividend (in ₹ million)	319.6	319.6
Number of shares outstanding as at the end of the year	31,960,797	31,960,797
Dividend per Share (₹ per Equity Share of ₹ 5 each)	10	10

	Year ended 31st March 2016		Year ended 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
22. Revenue from Operations				
Sale of Products		7,252.9		8,131.9
Sale of Services		432.6		331.4
Other Operating Revenue				
Commission Income	399.0		280.8	
Sale of Scrap	*		0.1	
		399.0		280.9
Revenue from Operations (Gross)		**8,084.5**		**8,744.2**
Less: Excise Duty		1.3		10.4
Revenue from Operations (Net)		**8,083.2**		**8,733.8**
*Amount is below the rounding off norm adopted by the company.				
23. Other Income				
Interest Income		723.3		796.5
Management Fees		36.3		32.5
Dividend on Non-Current Investments – Non Trade		—		1.4
Net Gain on Sale of Non-Current Investments		—		127.9
Rent		48.8		71.6
Insurance Claims		1.8		6.5
Profit on Sale/Disposal of Fixed Assets (Net)		0.2		1.0
Liabilities no longer required written back		14.6		36.2
Miscellaneous Income		4.4		2.8
		829.4		**1,076.4**
24. Cost of Materials Consumed				
Raw Materials Consumed				
Opening Stock	95.4		96.0	
Add: Purchases	20.6		109.2	
Less: Purchases Returns	(32.0)		—	
	84.0		205.2	
Less: Cost of Raw Materials sold	30.1		23.9	
Less: Transferred out on Sale of AH Division [Refer Note 51]	25.9		—	
Less: Closing Stock	0.7		95.4	
		27.3		**85.9**
Packing Materials Consumed				
Opening Stock	2.9		8.3	
Add: Purchases	2.0		31.1	
	4.9		39.4	
Less: Transferred out on Sale of AH Division [Refer Note 51]	1.3		—	
Less: Closing Stock	0.2		2.9	
		3.4		**36.5**
		30.7		**122.4**

	Year ended 31st March 2016		Year ended 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
25. Changes in Inventories of Finished Goods, and Stock-in-Trade				
Opening Stock				
Finished Goods	26.0		62.3	
Stock-in-Trade	875.1		869.3	
		901.1		**931.6**
Transferred out on Sale of OTC and AH Division [Refer Note 51]				
Stock-in-Trade – OTC	115.4		—	
Stock-in-Trade – AH	155.9		—	
		271.3		**—**
Closing Stock				
Finished Goods	0.8		26.0	
Stock-in-Trade	722.3		875.1	
		723.1		**901.1**
		(93.3)		**30.5**
26. Employee Benefits Expense				
Salaries, Wages and Bonus [Refer Note 30]		1,544.6		1,665.9
Contributions to Provident and Other Funds [Refer Note 42]		104.0		107.4
Contributions to Gratuity Fund [Refer Note 42]		23.4		73.9
Restricted Shares and Tradable Options [Refer Note 47]		35.3		25.4
Staff Welfare Expenses		93.9		127.7
		1,801.2		**2,000.3**
27. Finance Costs				
Interest on Security Deposits		1.8		2.1
		1.8		**2.1**
28. Other Expenses*				
Power and Fuel		46.6		47.0
Water Charges		2.8		1.7
Rent		119.3		146.6
Repairs and Maintenance				
Buildings	8.3		8.2	
Others	20.2		16.4	
		28.5		**24.6**
Insurance		11.0		15.7
Rates and Taxes				
Excise Duty	1.9		(2.4)	
Others	79.3		87.8	
		81.2		**85.4**

	Year ended 31st March 2016		Year ended 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Processing Charges		1.6		26.4
Legal and Professional Charges		89.9		85.6
Travelling and Conveyance		236.7		297.6
Other Outside Services		577.2		792.4
Auditors' Remuneration [Refer Note 37]		13.0		11.5
Expenditure towards Corporate Social Responsibility Activities [Refer Note 49]		24.3		33.3
Freight, Forwarding and Distribution		448.6		458.1
Commission on Sales		22.4		37.9
Advertisement and Sales Promotion		451.5		786.3
Cash Discount		30.7		29.1
Royalty		89.6		104.8
Bad Debts and Advances written off	41.8		39.4	
Less: Provision	33.7		39.4	
		8.1		—
Provision for Doubtful Debts and Advances (Net)	55.9		34.5	
Transferred out on account of sale of OTC and AH Divisions	22.3		—	
		78.2		34.5
Net Loss on Foreign Currency Transactions and Translation		5.3		1.6
Miscellaneous Expenses		231.3		222.9
		2,597.8		**3,243.0**

* Net of expenses recharged to other companies - Refer Note 44

29. Provision for Non-sellable Sales Returns

As at 1st April	121.7	110.3
Provision made during the year	94.0	146.4
Amounts used during the year	109.1	135.0
Transferred out on sale of AH Divisions [Refer Note 51]	5.7	—
As at 31st March	100.9	121.7

30. (a) Salaries, Wages and Bonus include ₹ 6.0 million (Previous year ₹ 18.7 million) paid/payable to employees under the Voluntary Retirement Schemes.

(b) Voluntary Retirement Costs represent the actuarial value as at 31st March, 2016 of compensation payable under the Voluntary Retirement Schemes. [Refer Note 4 and 7].

31. Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006. This information and that given in Note 6 – Trade Payables regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company.

	Year ended 31st March 2016	Year ended 31st March 2015
	in ₹ million	in ₹ million
(a) The principal amount and the interest due thereon remaining unpaid to suppliers		
(i) Principal	0.1	0.7
(ii) Interest due thereon	3.0	2.6
	3.1	**3.3**

			Year ended 31st March 2016 in ₹ million	Year ended 31st March 2015 in ₹ million
(b)	(i)	The delayed payments of principal amount paid beyond the appointed date during the entire accounting year	28.7	16.4
	(ii)	Interest actually paid under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	—	—
(c)	(i)	Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms	—	—
	(ii)	Normal Interest payable for the period of delay in making payment, as per the agreed terms	—	—
(d)	(i)	Total Interest accrued during the year	0.4	0.2
	(ii)	Total Interest accrued during the year and remaining unpaid	0.4	0.2

(e) Included in (d) above is – * (Previous year – *) being interest on amounts outstanding as at the beginning of the accounting year (*Amount is below the rounding off norm adopted by the company).

	Year ended 31st March 2016 in ₹ million	Year ended 31st March 2015 in ₹ million
32. Consumption of Raw Materials		
Calcium Gluconate	—	39.8
Magnesium Hypophosphite	—	14.3
Diclofenac Resinate	—	4.6
Tiamutin 80% Granules	24.0	—
Others	3.3	27.2
	27.3	**85.9**

	%	in ₹ million	%	in ₹ million
Imported	87.91	24.0	19.32	16.6
Indigenous	12.09	3.3	80.68	69.3
	100.00	**27.3**	**100.00**	**85.9**

Note:
Consumption of Raw Materials represents consumption by third parties under contract with the company.

	Year ended 31st March 2016 in ₹ million	Year ended 31st March 2015 in ₹ million
33. Sale of Products (Net of Excise Duty)		
Pharmaceuticals		
Formulations		
Tablets	3,298.1	3,243.9
Capsules	202.8	243.1
Liquid Orals	221.3	242.9
Injectables	1,411.9	1,230.8
Creams & Ointments	241.2	232.3
Patches	48.0	51.6
Vials	345.1	304.7
	5,768.4	**5,549.3**
Generics		
Formulations		
Tablets	336.6	360.3
Liquid – Orals	—	0.6
	336.6	**360.9**
OTC		
Tablets	72.0	184.8
Capsules	—	0.4
Liquid – Orals	305.9	1,021.6
Gel/Ointments	2.0	58.7
	379.9	**1,265.5**
Animal Health		
Drug Formulations	390.7	456.1
Feed Supplements	376.0	489.7
	766.7	**945.8**
	7,251.6	**8,121.5**
34. Purchases of Stock-in-Trade		
Pharmaceuticals		
Formulations		
Tablets	1,503.7	1,160.6
Capsules	147.1	148.7
Liquid – Orals	136.7	189.1
Injectables	788.2	719.8
Creams and Ointments	65.0	84.1
Patches	40.7	26.6
Vials	193.9	140.4
	2,875.3	**2,469.3**

	Year ended 31st March 2016	Year ended 31st March 2015
	in ₹ million	in ₹ million
Generics		
Formulations		
Tablets	61.2	103.4
OTC		
Tablets	13.0	38.5
Liquid – Orals	126.4	283.9
Gel/Ointments	1.6	55.3
	141.0	**377.7**
Animal Health		
Drug Formulations	221.0	92.3
Feed Supplements	229.6	355.5
	450.6	**447.8**
	3,528.1	**3,398.2**
Less: Sales tax set off	15.5	22.0
	3,512.6	**3,376.2**

35. Opening Stock

Pharmaceuticals		
Formulations		
Tablets	237.8	355.0
Capsules	35.7	49.9
Liquid – Orals	49.4	22.9
Injectables	211.9	161.9
Creams and Ointments	27.9	18.0
Patches	12.1	23.4
Vials	49.4	78.7
	624.2	**709.8**
Generics		
Formulations		
Tablets	33.8	8.2
Liquid – Orals	—	0.2
	33.8	**8.4**

	Year ended 31st March 2016	Year ended 31st March 2015
	in ₹ million	in ₹ million
OTC		
Tablets	11.5	8.2
Capsules	—	0.3
Liquid – Orals	44.4	43.4
Gel/Ointments	20.0	—
	75.9	**51.9**
Animal Health		
Drug Formulations	60.3	97.1
Feed Supplements	106.9	64.4
	167.2	**161.5**
	901.1	**931.6**

36. Closing Stock*

Pharmaceuticals		
Formulations		
Tablets	362.6	237.8
Capsules	39.6	35.7
Liquid – Orals	33.4	49.4
Injectables	221.9	211.9
Creams and Ointments	14.9	27.9
Patches	19.5	12.1
Vials	28.0	49.4
	719.9	**624.2**
Generics		
Formulations		
Tablets	3.2	33.8
OTC [Refer Note 51]		
Tablets	—	11.5
Liquid – Orals	—	44.4
Gel/Ointments	—	20.0
	—	**75.9**
Animal Health [Refer Note 51]		
Drug Formulations	—	60.3
Feed Supplements	—	106.9
	—	**167.2**
	723.1	**901.1**

* Net of date expired stocks, damages, in-transit breakages, samples, etc.

	Year ended 31st March 2016	Year ended 31st March 2015
	in ₹ million	in ₹ million
37. Auditors' Remuneration		
(including service tax)		
Audit Fees	6.7	5.9
Tax Audit Fees	1.5	1.5
Other Services	4.4	3.7
Reimbursement of Expenses	0.4	0.4
	13.0	**11.5**
38. CIF Value of Imports		
Raw Materials	17.2	59.2
Stock-in-Trade	1,485.5	1,184.5
39. Expenditure in Foreign Currency		
Professional and Consultancy Fees	9.9	6.0
Travelling	1.9	11.4
Other Outside Services	54.8	130.5
Net Loss on Foreign Currency Transactions and Translation	5.3	1.6
Others	6.5	12.3
40. Remittance of Dividend to Non-resident Shareholders		
Number of Shareholders	1	1
Number of Equity Shares held	23,970,597	23,970,597
Amount remitted (in ₹ million)	239.7	239.7
Year to which the dividend related	31st March, 2015	31st March, 2014
41. Earnings in Foreign Exchange		
FOB Value of Exports (excluding exports to Nepal)	60.2	80.4
Purchase Returns – Raw Materials	32.0	—
Sale of Services	88.0	53.8
Freight and Insurance	—	5.7
Expenses recharged to Other Companies	6.1	8.7

	Year ended 31st March 2016	Year ended 31st March 2015
	in ₹ million	in ₹ million

42. Employee Benefits

(A) Defined Contribution Plans

The company has recognised the following amounts in the Statement of Profit and Loss:

	Year ended 31st March 2016	Year ended 31st March 2015
(i) Contribution to Employees' Superannuation Fund	27.0	27.7
(ii) Contribution to Contractual Employees' Pension Scheme	14.4	13.6

(B) Defined Benefit Plans

Valuations in respect of Provident Fund, Gratuity, Leave Encashment, Non-Contractual Pension Plan and Post Retirement Medical Benefits have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

	Year ended 31st March 2016	Year ended 31st March 2015
(a) Discount Rate (per annum)	7.80%	7.80%
(b) Rate of increase in Compensation Levels	First Year – 10.50% Second Year – 11.50% Thereafter – 11.00%	10.50% 11.50% 11.00%
(c) Rate of Return on Plan Assets	8.00%	8.25%
(d) Expected Average remaining working lives of employees in number of years	8	9

(in ₹ million)

			Year ended 31st March, 2016				
			Provident Fund	Gratuity	Leave Encashment	Non - Contractual Pension Plan	Post Retirement Medical Benefits
(i)	**Changes in the Present Value of Obligation**						
	(a)	Opening Present Value of Obligation	1,293.0	303.8	228.2	101.9	60.4
	(b)	Interest Cost	111.7	22.7	16.2	8.5	4.5
	(c)	Past Service Cost	—	—	—	—	—
	(d)	Current Service Cost	159.6	24.5	26.8	6.0	2.0
	(e)	Curtailment Cost/(Credit)	—	—	—	—	—
	(f)	Settlement Cost/(Credit)	—	—	—	—	—
	(g)	Obligations transferred from previous/(to subsequent) employers	(213.6)	(45.4)	(40.0)	—	(1.6)
	(h)	Benefits Paid	(99.4)	(26.9)	(40.9)	(3.9)	(4.4)
	(i)	Actuarial Loss/(Gain)	8.0	(2.2)	42.2	1.1	*
	(j)	Closing Present Value of Obligation	1,259.3	276.5	232.5	113.6	60.9
(ii)	**Changes in the Fair Value of Plan Assets**						
	(a)	Opening Fair Value of Plan Assets	1,293.0	239.9	—	94.1	—
	(b)	Expected Return on Plan Assets	119.7	17.6	—	7.8	—
	(c)	Actuarial (Loss)/Gain	—	4.0	—	—	—
	(d)	Employers' Contributions	57.7	16.8	—	3.0	4.4
	(e)	Employees' Contributions	101.8	—	—	3.0	—
	(f)	Assets transferred from previous/(to subsequent) employers	(213.5)	(44.2)	—	—	—
	(g)	Benefits Paid	(99.4)	(26.9)	—	(3.9)	(4.4)
	(h)	Closing Fair Value of Plan Assets	1,259.3	207.2	—	104.0	—
(iii)	**Percentage of each Category of Plan Assets to total Fair Value of Plan Assets at the year end**						
	(a)	Bank Deposits (Special Deposit Scheme, 1975)	28%	9%	—	—	—
	(b)	Debt Instruments	72%	20%	—	—	—
	(c)	Administered by Life Insurance Corporation of India	—	70%	—	100%	—
	(d)	Others	—	1%	—	—	—

* Amount is below the rounding off norm adopted by the Company.

Notes forming part of the Financial Statements as at and for the year ended 31st March 2016

(in ₹ million)

			Year ended 31st March, 2015				
			Provident Fund	**Gratuity**	**Leave Encashment**	**Non - Contractual Pension Plan**	**Post Retirement Medical Benefits**
(i)	**Changes in the Present Value of Obligation**						
	(a)	Opening Present Value of Obligation	1,172.3	240.9	198.0	93.3	41.0
	(b)	Interest Cost	82.4	20.9	16.5	8.0	3.7
	(c)	Past Service Cost	—	—	—	—	—
	(d)	Current Service Cost	168.6	20.8	32.2	6.2	0.9
	(e)	Curtailment Cost/(Credit)	—	—	—	—	—
	(f)	Settlement Cost/(Credit)	—	—	—	—	—
	(g)	Obligations transferred from previous/(to subsequent) employers	(45.2)	0.6	—	—	—
	(h)	Benefits Paid	(103.6)	(32.8)	(41.1)	(1.8)	(2.7)
	(i)	Actuarial Loss/(Gain)	18.5	53.4	22.6	(3.8)	17.5
	(j)	Closing Present Value of Obligation	1,293.0	303.8	228.2	101.9	60.4
(ii)	**Changes in the Fair Value of Plan Assets**						
	(a)	Opening Fair Value of Plan Assets	1,170.7	187.3	—	86.8	—
	(b)	Expected Return on Plan Assets	82.2	16.7	—	7.3	—
	(c)	Actuarial (Loss)/Gain	22.9	4.5	—	(4.4)	—
	(d)	Employers' Contributions	63.3	63.6	41.1	3.1	2.7
	(e)	Employees' Contributions	102.7	—	—	3.1	—
	(f)	Assets transferred from previous/(to subsequent) employers	(45.2)	0.6	—	—	—
	(g)	Benefits Paid	(103.6)	(32.8)	(41.1)	(1.8)	(2.7)
	(h)	Closing Fair Value of Plan Assets	1,293.0	239.9	—	94.1	—
(iii)	**Percentage of each Category of Plan Assets to total Fair Value of Plan Assets at the year end**						
	(a)	Bank Deposits (Special Deposit Scheme, 1975)	30%	11%	—	—	—
	(b)	Debt Instruments	70%	10%	—	—	—
	(c)	Administered by Life Insurance Corporation of India	—	70%	—	100%	—
	(d)	Others	—	9%	—	—	—

(in ₹ million)

			Provident Fund	Gratuity	Leave Encashment	Non - Contractual Pension Plan	Post Retirement Medical Benefits
			Year ended 31st March, 2016				
(iv)	**Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets**						
	(a)	Present Value of Funded Obligation as at the year end	1,259.3	276.5	—	113.6	60.9
	(b)	Fair Value of Plan Assets as at the year end	1,259.3	207.2	—	104.0	—
	(c)	Funded Liability recognised in the Balance Sheet	—	69.3	—	9.6	60.9
	(d)	Present Value of Unfunded Obligation as at the year end	—	—	232.5	—	60.9
	(e)	Unrecognised Past Service Cost	—	—	—	—	—
	(f)	Unrecognised Actuarial (Gains)/Losses	—	—	—	—	—
	(g)	Unfunded Net Liability recognised in the Balance Sheet	—	—	232.5	—	60.9
(v)	**Amount recognised in the Balance Sheet**						
	(a)	Present Value of Obligation as at the year end	1,259.3	276.5	232.5	113.6	60.9
	(b)	Fair Value of Plan Assets as at the year end	1,259.3	207.2	—	104.0	—
	(c)	Liability recognised in the Balance Sheet	—	69.3	232.5	9.6	60.9
			Year ended 31st March, 2014				
	(a)	Present Value of Obligation as at the year end	1,172.3	240.9	198.0	93.3	40.5
	(b)	Fair Value of Plan Assets as at the year end	1,170.7	187.3	—	86.8	—
	(c)	Liability recognised in the Balance Sheet	1.6	53.6	198.0	6.5	40.5
			Year ended 31st March, 2012				
	(a)	Present Value of Obligation as at the year end	901.9	208.6	155.9	67.8	22.8
	(b)	Fair Value of Plan Assets as at the year end	892.9	166.7	—	64.8	—
	(c)	Liability recognised in the Balance Sheet	9.0	41.9	155.9	3.0	22.8

(in ₹ million)

			Year ended 31st March, 2015				
			Provident Fund	**Gratuity**	**Leave Encashment**	**Non - Contractual Pension Plan**	**Post Retirement Medical Benefits**
(iv)	**Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets**						
	(a)	Present Value of Funded Obligation as at the year end	1,293.0	303.8	—	101.9	—
	(b)	Fair Value of Plan Assets as at the year end	1,293.0	239.9	—	94.1	—
	(c)	Funded Liability recognised in the Balance Sheet	—	63.9	—	7.8	—
	(d)	Present Value of Unfunded Obligation as at the year end	—	—	228.2	—	60.4
	(e)	Unrecognised Past Service Cost	—	—	—	—	(0.4)
	(f)	Unrecognised Actuarial (Gains)/Losses	—	—	—	—	—
	(g)	Unfunded Net Liability recognised in the Balance Sheet	—	—	228.2	—	60.0
(v)	**Amount recognised in the Balance Sheet**						
	(a)	Present Value of Obligation as at the year end	1,293.0	303.8	228.2	101.9	60.0
	(b)	Fair Value of Plan Assets as at the year end	1,293.0	239.9	—	94.1	—
	(c)	Liability recognised in the Balance Sheet	—	63.9	228.2	7.8	60.0
			Year ended 31st March, 2013				
	(a)	Present Value of Obligation as at the year end	1,029.3	239.2	185.5	76.7	22.3
	(b)	Fair Value of Plan Assets as at the year end	1,014.8	203.8	—	73.9	—
	(c)	Liability recognised in the Balance Sheet	14.5	35.4	185.5	2.8	22.3

(in ₹ million)

			Year ended 31st March, 2016				
			Provident Fund	**Gratuity**	**Leave Encashment**	**Non - Contractual Pension Plan**	**Post Retirement Medical Benefits**
(vi)	**Expenses recognised in the Statement of Profit and Loss**						
	(a)	Current Service Cost	159.6	24.5	26.8	6.0	2.0
	(b)	Past Service Cost	—	—	—	—	—
	(c)	Interest Cost	111.7	22.7	16.2	8.5	4.5
	(d)	Expected Return on Plan Assets	(119.7)	(17.6)	—	(7.8)	—
	(e)	Curtailment Cost/ (Credit)	—	—	—	—	—
	(f)	Settlement Cost/(Credit)	—	—	—	—	—
	(g)	Net Actuarial (Gain)/ Loss	8.0	(6.2)	42.2	1.1	*
	(h)	Employees' Contribution	(101.8)	—	—	(3.0)	—
	(i)	Total Expenses recognised in the Statement of Profit and Loss	57.8	23.4	85.2	4.8	6.5

(in ₹ million)

			Year ended 31st March, 2015				
			Provident Fund	Gratuity	Leave Encashment	Non - Contractual Pension Plan	Post Retirement Medical Benefits
(vi)	**Expenses recognised in the Statement of Profit and Loss**						
	(a)	Current Service Cost	168.6	20.8	32.2	6.2	0.9
	(b)	Past Service Cost	—	—	—	—	—
	(c)	Interest Cost	82.4	20.9	16.5	8.0	3.7
	(d)	Expected Return on Plan Assets	(82.2)	(16.7)	—	(7.3)	—
	(e)	Curtailment Cost/ (Credit)	—	—	—	—	—
	(f)	Settlement Cost/(Credit)	—	—	—	—	—
	(g)	Net Actuarial (Gain)/ Loss	(4.4)	48.9	22.6	0.6	17.5
	(h)	Employees' Contribution	(102.7)	—	—	(3.1)	—
	(i)	Total Expenses recognised in the Statement of Profit and Loss	61.7	73.9	71.3	4.4	22.1

(C) Other Long-term Employee Benefit

The liability for Long Service Awards as at the year end ₹ 14.6 million (Previous year ₹ 16.8 million)

*Amount is below the rounding off norm adopted by the company.

43. Segment Information

	Year ended 31st March 2016 in ₹ million	Year ended 31st March 2015 in ₹ million
(A) Information in respect of Primary Segments		
(I) Segment Revenue		
Pharmaceuticals	6,532.4	5,998.9
Generics	388.1	484.4
OTC	388.4	1,293.8
Animal Health	774.3	956.7
	8,083.2	**8,733.8**
(II) Segment Result		
Pharmaceuticals	425.6	150.1
Generics	157.8	69.1
OTC	(119.0)	(32.1)
Animal Health	25.7	45.8
	490.1	232.9
Unallocated Corporate Income net of Unallocated Corporate Expenditure	(186.5)	(33.1)
Operating Profit	303.6	199.8
Finance Costs	(1.8)	(2.1)
Interest and Dividend Income	723.3	797.9
Extraordinary items Net Income/(Expense)	1,696.3	(63.3)
Tax Expense	(735.3)	(141.2)
Profit for the year	**1,986.1**	**791.1**
(III) Other Information		
(a) Segment Assets		
Pharmaceuticals	1,586.8	1,740.5
Generics	59.6	230.0
OTC	—	180.1
Animal Health	—	464.4
	1,646.4	2,615.0
Unallocated Corporate Assets	12,753.1	9,846.3
	14,399.5	**12,461.3**
(b) Segment Liabilities		
Pharmaceuticals	1,577.4	1,295.6
Generics	75.5	168.1
OTC	—	288.5
Animal Health	—	149.6
	1,652.9	1,901.8
Unallocated Corporate Liabilities	1,125.3	539.6
	2,778.2	**2,441.4**
(c) Capital Expenditure		
Pharmaceuticals	13.4	8.3
Generics	—	—
OTC	—	0.8
Animal Health	1.3	1.2
	14.7	10.3
Unallocated Corporate Capital Expenditure	12.5	36.3
	27.2	**46.6**

	Year ended 31st March 2016 in ₹ million	Year ended 31st March 2015 in ₹ million
(d) Depreciation and Amortisation Expense		
Pharmaceuticals	26.6	27.1
Generics	—	—
OTC	1.1	3.5
Animal Health	0.7	1.1
	28.4	31.7
Unallocated Corporate Depreciation and Amortisation Expense	8.3	8.4
	36.7	**40.1**
Note: There are no non-cash expenses other than Depreciation and Amortisation Expense.		
(B) Information in respect of Secondary Segments		
(I) Segment Revenue		
India	7,897.4	8,557.7
Other Countries	185.8	176.1
	8,083.2	**8,733.8**
(II) Carrying amount of Segment Assets		
India	14,399.5	12,461.3
Other Countries	—	—
	14,399.5	**12,461.3**
(III) Capital Expenditure		
India	27.2	46.6
Other Countries	—	—
	27.2	**46.6**

Notes:

(a) **Business Segments**

The businesses comprise Pharmaceuticals, Generics, OTC and Animal Health. The operational performance of the business is reviewed by the management based on such segmentation.

(i) The Pharmaceuticals segment comprises a portfolio of prescription medicines which are provided to patients through healthcare professionals. These are mainly products of original research of the Novartis Group.

(ii) The Generics segment comprises Retail Generics products. The business unit primarily focuses on the therapeutic segments such as Anti-TB, Anti-DUB (Gynaecology), Anti-histamines, Antibiotics, Anti-ulcerants, Anti-diabetes and Cardiovascular.

(iii) The Animal Health segment has a presence primarily in the cattle and poultry market segments. This business unit has been divested on 31 December 2015. [Refer Note 51].

(iv) The OTC segment is mainly in the VMS (vitamins, minerals and nutritional supplements) and CoCoA (cough, cold and allergy) market segments. This business unit has been divested on 30 September 2015. [Refer Note 51].

(b) **Geographical Segments**

Revenue is segregated into two segments namely India (sales to customers within India) and Other Countries (sales to customers outside India) on the basis of geographical location of customers for the purpose of reporting geographical segments.

(c) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for the preparation of financial statements as disclosed in Note 1 above.

44. Related Party Disclosures

(A) Enterprise where control exists

Holding Company — Novartis AG, Basel, Switzerland

(B) Other Related Parties with whom the company had transactions during the year and/or the previous year

(a) Fellow Subsidiaries
- Alcon Laboratories (India) Private Limited, India
- Alcon Pharmaceuticals Limited, Switzerland
- Befico Limited, Bermuda
- Novartis (Bangladesh) Limited, Bangladesh
- Novartis (Singapore) Pte Ltd, Singapore
- Novartis (Thailand) Limited, Thailand
- Novartis Animal Health Inc, Switzerland
- Novartis Asia Pacific Pharmaceuticals Pte. Limited, Singapore
- Novartis Consumer Health Inc., USA
- Novartis Consumer Health SA, Switzerland
- Novartis Corporation (Malaysia) Sdn Bhd, Malaysia
- Novartis Healthcare Private Limited, India
- Novartis International AG, Switzerland
- Novartis Korea Limited, South Korea
- Novartis Pharma AG, Switzerland
- Novartis Pharmaceuticals Corporation Inc., USA
- Novartis South Africa (Pty) Ltd., South Africa
- PT Novartis Indonesia, Indonesia
- Sandoz International GmbH, Germany
- Sandoz Private Limited, India
- Shanghai Novartis Animal Health Co. Limited, China
- Novartis Pharma Services Inc., Kenya
- Novartis Pharmaceuticals East Hanover, USA
- Novartis Singapore Pharmaceutical Manufacturing Pte. Ltd, Singapore
- Novartis Pharma K.K., Japan
- Novartis Healthcare Philippines Inc., Philippines

(b) Entity under common control — Novartis Comprehensive Leprosy Care Association, India

(c) Key Management Personnel
- R. Shahani
- M. Patil
- A. Matai (Up to 31st August, 2014)
- J. Zia (From 1st June, 2014)
- V. Singhal (Up to 30th September, 2015)
- Dr. V. A. Kumar (Up to 31st December, 2015)
- D. Charak
- M. Noble
- G. Tekchandani

(C) Disclosure of transactions between the company and related parties and outstanding balances as at the year end:

	Year ended 31st March 2016		Year ended 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
(a) Holding Company				
Dividend paid		239.7		239.7
Royalty Expense		50.9		61.3
Balance as at the year end – Outstanding Payable		20.8		30.4
(b) Fellow Subsidiaries				
Purchases of Stock-in-Trade				
Alcon Pharmaceuticals Limited	259.6		120.1	
Novartis Pharma AG	1,185.2		984.9	
Sandoz Private Limited	2.3		19.6	
		1,447.1		1,124.6
Purchases of Raw Materials				
Shanghai Novartis Animal Health Co. Limited		8.7		48.0
Purchases Return of Raw Materials				
Novartis Animal Health Inc.		32.0		—

	Year ended 31st March 2016		Year ended 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Sale of Products				
Novartis (Bangladesh) Limited	52.9		59.1	
Sandoz Private Limited	38.9		8.0	
Alcon Laboratories (India) Private Limited	163.3		—	
		255.1		67.1
Sale of Services				
Novartis Healthcare Private Limited	253.9		136.5	
Sandoz Private Limited	74.0		137.1	
Novartis Pharma AG	72.0		14.8	
Others	18.5		43.0	
		418.4		331.4
Income from Management Fees				
Novartis Healthcare Private Limited	14.3		12.8	
Sandoz Private Limited	12.5		11.2	
Alcon Laboratories (India) Private Limited	9.5		8.5	
		36.3		32.5
Commission Income				
Novartis Healthcare Private Limited		366.3		280.8
Rent Income				
Novartis Healthcare Private Limited		—		25.5
Commission on Sales				
Sandoz Private Limited		13.7		14.4
Services Availed				
Novartis Healthcare Private Limited	43.0		73.0	
Novartis Pharma AG	57.5		132.8	
Alcon Laboratories (India) Private Limited	2.1		2.8	
Novartis Asia Pacific Pharmaceuticals Pte. Limited	0.7		—	
Sandoz Private Limited	46.5		97.7	
		149.8		306.3
Purchase of Restricted Shares and Tradable Options				
Befico Limited	39.3		52.1	
Alcon Laboratories (India) Pvt Ltd	—		6.2	
		39.3		58.3
Forfeiture of Restricted Shares				
Befico Limited		4.9		0.7
Expense recharged by Other Companies				
Novartis Healthcare Private Limited	0.6		23.0	
Sandoz Private Limited	3.4		19.2	
Novartis International AG	1.2		1.6	
Novartis Pharma AG	1.0		1.4	
Novartis Pharmaceuticals East Hanover	1.3		—	
Others	1.4		9.6	
		8.9		54.8
Expenses recharged to Other Companies				
Novartis Healthcare Private Limited	13.2		109.6	
Novartis Pharma AG	—		1.0	
Others	6.9		9.2	
		20.1		119.8

	Year ended 31st March 2016		Year ended 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Inter-corporate Deposits Placed				
Alcon Laboratories (India) Private Limited	—		15,454.1	
Novartis Healthcare Private Limited	—		16,824.1	
Sandoz Private Limited	—		33,010.5	
		—		65,288.7
Interest Income on Inter-corporate Deposits Placed				
Alcon Laboratories (India) Private Limited	—		221.5	
Novartis Healthcare Private Limited	—		76.1	
Sandoz Private Limited	—		461.8	
		—		759.4

	As at 31st March 2016		As at 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Balances as at the year end –				
Outstanding Receivables				
Novartis Healthcare Private Limited	55.4		68.9	
Novartis Pharma AG	62.3		180.8	
Sandoz Private Limited	42.0		156.9	
Alcon Laboratories (India) Private Limited	55.4		1.0	
Others	—		16.9	
		215.1		424.5
Outstanding Payables				
Novartis Healthcare Private Limited	168.7		81.0	
Novartis Pharma AG	155.2		104.2	
Alcon Pharmaceuticals Limited	74.1		30.8	
Befico Limited	36.8		73.9	
Sandoz Private Limited	—		79.9	
Others	3.9		38.0	
		438.7		407.8
(c) Entity under common control				
Expenditure on Corporate Social Responsibility Activities				
Novartis Comprehensive Leprosy Care Association		—		3.7
(d) Key Management Personnel				
Remuneration@				
R. Shahani#	22.3		23.8	
M. Patil#	25.7		24.8	
A. Matai#	—		68.0	
J. Zia	37.8		33.9	
V. Singhal#	22.0		19.8	
Dr. V. A. Kumar#	10.4		13.8	
D. Charak	13.9		10.5	
M. Noble	13.9		13.4	
G. Tekchandani	7.0		7.6	
		153.0		215.6

@Excludes charge in relation to Restricted Shares and Tradable Options to the extent not vested and Provision for Employee Benefits.

#Excludes the value of Restricted Shares and Tradable Options exercised during the year, granted by Novartis AG, the ultimate holding company. Cost of these Restricted Shares and Tradable Options was not compensated by the company to Novartis AG.

	Year ended 31st March 2016 in ₹ million	Year ended 31st March 2015 in ₹ million
45. Disclosures for Operating Leases		
(I) Disclosures in respect of residential/office premises (including furniture and fixtures therein, as applicable) and vehicles taken on lease on or after 1st April, 2001		
(a) Lease payments recognised in the Statement of Profit and Loss	132.6	80.0
(b) (i) Sub-lease payments received/receivable recognised in the Statement of Profit and Loss	48.8	37.6
(ii) Future minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date	38.9	88.2
(c) Significant leasing arrangements		
(i) The company has given refundable interest free security deposits under certain agreements.		
(ii) Certain agreements provide for increase in rent.		
(iii) One of the agreements provide for early termination by either party by paying lump sum compensation of ₹ 100,000.		
(iv) Some of the agreements contain a provision for their renewal.		
(d) Future minimum lease payments under non-cancellable agreements		
(i) Not later than one year	99.3	109.7
(ii) Later than one year and not later than five years	59.1	156.9
(iii) Later than five years	—	—
(II) Disclosures in respect of residential premises owned by the company and given on leave and licence basis on or after 1st April, 2001		
(a) Forming part of 'Buildings' in Note 9 – Fixed Assets, in respect of the aforesaid premises –		
(i) Gross carrying amount as at the year end	—	12.1
(ii) Accumulated Depreciation as at the year end	—	3.4
(iii) Depreciation recognised in the Statement of Profit and Loss for the period the premises are given on leave and licence basis	—	0.2
(b) Significant leasing arrangements		
(i) Either party shall be entitled at any time during the term to terminate the agreement by giving six months' prior notice in writing.		
(ii) There is no provision for renewal.		

46. Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The company has not issued any potential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same. Earnings per share has been computed as under:

	Year ended 31st March 2016	Year ended 31st March 2015
(a) Profit for the year from total operations before extraordinary items (in ₹ million)		
Profit for the year	1,986.1	791.1
Less: Extraordinary Items (net of tax effect) — Net Income/ (Expense)	1,319.0	(48.9)
Profit for the year from total operations before extraordinary items (in ₹ million)	667.1	840.0

		Year ended 31st March	
		2016	2015
	Weighted average number of shares	31,960,797	31,960,797
	Earnings per Share – Basic and Diluted from total operations before extraordinary items (₹ per Equity Share of ₹ 5 each)	20.87	26.28
(b)	Profit for the year from total operations after extraordinary items (in ₹ million)	1,986.1	791.1
	Weighted average number of shares	31,960,797	31,960,797
	Earnings per Share – Basic and Diluted from total operations after extraordinary items (₹ per Equity Share of ₹ 5 each)	62.14	24.75
(c)	Profit for the year from continuing operations before extraordinary items (in ₹ million)		
	Profit for the year	2,047.1	793.3
	Less: Extraordinary Items (net of tax effect) – Net Income/ (Expenses)	1,319.0	(48.9)
	Profit for the year from continuing operations before extraordinary items (in ₹ million)	728.1	842.2
	Weighted average number of shares	31,960,797	31,960,797
	Earnings per Share – Basic and Diluted from continuing operations (₹ per Equity Share of ₹ 5 each)	22.78	26.35
(d)	Profit for the year from continuing operations after extraordinary items (in ₹ million)	2,047.1	793.3
	Weighted average number of shares	31,960,797	31,960,797
	Earnings per Share – Basic and Diluted from continuing operations after extraordinary items (₹ per Equity Share of ₹ 5 each)	64.05	24.82

47. Disclosures for Employee Share based Payments

The Institute of Chartered Accountants of India has issued a Guidance Note on "Accounting for Employee Share based Payments" ('the Guidance Note'), which is applicable to employee share based payment plans, the grant date in respect of which falls on or after 1st April, 2005. The company offers its employees, share based payments in the form of a "Select" plan. The Equity Plan "Select" is a global equity incentive plan for eligible employees. This plan allows it participants to choose the form of their equity compensation in 'Restricted Shares' or 'Tradable Options' of the ultimate holding company, Novartis AG, Basel. The "Select" plan of the ultimate holding company is being managed and administered by the group company, Befico Limited, Bermuda and the company is compensating Befico Limited for the grants made to the employees with effect from January 2013 and accordingly, these costs are being reflected in the financial statements. The information given below, in respect of the "Select" plan has been determined and provided by the ultimate holding company.

There are two schemes under which employees are granted stock options:

(A) Tradable Stock Options, as per which the employee can sell the options to market maker once it is vested. Tradable Options have a contractual life of 10 years from the date of grant.

(B) Restricted Shares are the shares of its ultimate holding company. These do not have voting rights until vested to employees. There is no time limit to sell the Restricted Shares once these are vested.

	Tradable Options		Restricted Shares	
	Year ended 31st March		Year ended 31st March	
	2016	2015	2016	2015
Type of Arrangement				
(i) Date of Grant	—	—	@	#
(ii) Numbers Granted	—	—	7,027	14,089
(iii) Contractual Life (in years)	—	—	—	—
(iv) Weighted average remaining contractual life (in years)	—	—	—	—
(v) Vesting Conditions	—	—	3 years	3 years

#1st July, 2014 and 21st January, 2015 and
@5th May 2015, 20th January, 2016

Details of movement of grants under the two stock option plans for the year:

	Tradable Options		Restricted Shares	
	Year ended 31st March		Year ended 31st March	
	2016	2015	2016	2015
(i) Balance at the beginning of the year	22,040	22,040	23,336	9,388
(ii) Granted	—	—	7,027	14,089
(iii) Grants forfeited	—	—	811	141
(iv) Grants exercised/vested	22,040	—	6,303	—
(v) Balance at the end of the year	—	22,040	23,249	23,336

	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Movement of amount recorded in Financial Statements:				
Balance amount to be expensed out over the remaining vesting period brought forward from previous year	1.4	3.2	71.3	31.4
Total amount incurred during the year	—	—	36.9	64.2
Grants forfeited	—	—	4.9	0.7
Expenses arising*	1.4	1.8	33.9	23.6
Balance amount to be expensed out over the remaining vesting period**	—	1.4	69.4	71.3

*Included under Employee Benefits Expense in Note 26

**Included under Advances recoverable in cash or in kind or for value to be received in Notes 12 and 17

48. The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at the Balance Sheet date are as follows:

		Year ended 31st March 2016		Year ended 31st March 2015	
Particulars		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
		million	million	million	million
Receivables	USD	1.0	64.2	3.3	209.1
Payables	USD	4.1	273.6	3.8	235.1
	CHF	—	—	0.3	16.7
	EUR	0.1	3.7	*	0.4
	GBP	—	—	*	0.1
	SGD	—	—	*	0.9

* Amount is below the rounding off norm adopted by the company.

	Year ended 31st March	
	2016	2015
	in ₹ million	in ₹ million
49. Expenditure on Corporate Social Responsibility Activities		
(a) Gross amount required to be spent by the company during the year	23.9	32.4
(b) Amount spent during the year on (in cash):		
	In cash	In cash
(i) Donations*	22.0	19.8
(ii) Expenditure on maintenance of gardens	1.5	3.5
(iii) Expenditure on health awareness camps	0.8	10.0
	24.3	33.3

* Includes “Nil” (Previous year ₹ 3.7 million) paid to Novartis Comprehensive Leprosy Care Association, a related party.

50. The Company has filed a Writ Petition on 8th May 2014 before the Hon'ble Delhi High Court challenging the move of the National Pharmaceuticals Pricing Authority ("NPPA") to include Voveran 50 GE Tablets, marketed by the Company, under price control in terms of the Drug Price Control Order 2013 ("DPCO 2013").

During the pendency of the Writ Petition the NPPA issued a Show Cause Notice dated 24th September 2014 to the Company alleging over charge on sales of Voveran 50 GE Tablets by the Company. The Company responded to the show cause notice vide its letters dated 13th October 2014 and 27th October 2014. The NPPA issued a Demand Notice dated 31st October 2014 directing the company to pay ₹ 281.8 million (including interest) by 15th November 2014. This demand has been challenged before the Hon'ble Delhi High Court which granted a stay on the demand. The matter is posted for further hearing on 13th July 2016.

51. Transactions with GSK and Lilly

On 22nd April 2014, Novartis AG, Basel, Switzerland (Novartis) entered into the following agreements with GlaxoSmithKline plc, UK (GSK) and Eli Lilly and Company, USA (Lilly):

(a) Combination of Novartis OTC with GSK Consumer Healthcare in a Joint Venture

Novartis and GSK agreed to create a consumer healthcare business through a Joint Venture between Novartis OTC and GSK Consumer Healthcare.

In connection with the divestment of the Novartis OTC business to GSK, the Board of Directors of Novartis India Limited (the "Company") in its meeting held on 13th January 2015 approved the slump sale of the Company's OTC Division to GlaxoSmithKline Consumer Private Limited ("GSK CPL"), a private unlisted company incorporated under the Companies Act, 2013 or another affiliate of GSK for a consideration of ₹ 1,097.3 million. Closing of this slump sale was subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities. On the basis of the approval received from the Foreign Investment Promotion Board, Government of India and the Competition Commission of India, the transaction for the transfer of the Company's OTC Division to GSK CPL was completed on 30th September 2015. The Company made separate announcements on 13th January 2015, 28th August 2015 and 1st October 2015 to BSE Limited in this regard.

(i) The carrying amounts of the total assets and the total liabilities attributable to the discontinued operation — OTC Division

	As at 30th September 2015		**As at 31st March 2015**	
	in ₹ million	**in ₹ million**	**in ₹ million**	**in ₹ million**
Non-Current Liabilities				
(a) Other Long-term Liabilities	3.7		3.7	
(b) Long-term Provisions	—		21.5	
Sub-total – Non-Current Liabilities		**3.7**		**25.2**
Current Liabilities				
(a) Trade Payables	159.9		188.8	
(b) Other Current Liabilities	5.1		52.4	
(c) Short-term Provisions	—		22.1	
Sub-total – Current Liabilities		**165.0**		**263.3**
Total – Liabilities		**168.7**		**288.5**
Assets				
Non-Current Assets				
(a) Fixed Assets	3.5		0.9	
(b) Long-term Loans and Advances	—		27.6	
Sub-total – Non-Current Assets		**3.5**		**28.5**
Current Assets				
(a) Inventories	115.4		76.0	
(b) Trade Receivables	38.4		50.7	
(c) Short-term Loans and Advances	16.4		24.9	
Sub-total – Current Assets		**170.2**		**151.6**
Total – Assets		**173.7**		**180.1**
Net Assets/(Liabilities)		**5.0**		**(108.4)**

(ii) The amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation – OTC Division

	Period ended* 30th September 2015		Year ended 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Revenue				
Revenue from Operations (Gross)	388.4		1,293.8	
Less: Excise Duty	—		—	
Revenue from Operations (Net)	388.4		1,293.8	
Other Income	7.1		0.3	
Total Revenue		395.5		1,294.1
Expenses				
Purchases of Stock-in-Trade	139.2		374.5	
Changes in Inventories of Stock-in-Trade	(39.4)		(24.1)	
Employee Benefits Expense	143.9		233.4	
Depreciation and Amortisation Expense	1.1		3.5	
Other Expenses	269.7		738.9	
Total Expenses		514.5		1,326.2
(Loss)/Profit before Tax		(119.0)		(32.1)
Tax Expense		(41.9)		(1.5)
(Loss)/Profit for the year		(77.1)		(30.6)

* 1st April 2015 to 30th September 2015

(iii) The amounts of net cash flows attributable to the operating, investing, and financing activities of the discontinuing operation – OTC Division

	Period ended* 30th September 2015	Year ended 31st March 2015
	in ₹ million	in ₹ million
Net cash used in operating activities	(228.7)	(1.7)
Net cash used in investing activities	(3.7)	(0.4)
Net cash used in financing activities	—	—
	(232.4)	(2.1)

* 1st April, 2015 to 30th September, 2015

(b) Divestment of Novartis Animal Health business to Lilly

As part of its global portfolio transformation, Novartis agreed on 22nd April, 2014 to divest its global Animal Health business to Lilly.

In connection with the Global Animal Health Transaction, the Board of Directors of Novartis India Limited (the "Company") considered and approved on 7th November, 2014, the transfer of the Company's Animal Health Division as a going concern by way of a 'slump sale' to Elanco India Private Limited ("Elanco India"), or another affiliate of Lilly, for a consideration of ₹ 866.8 million. Closing of this slump sale was subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities. On the basis of the approval received from the Foreign Investment Promotion Board, Government of India and the Competition Commission of India, the transaction for the transfer of the Company's Animal Health Division to Elanco India was completed on 31st December, 2015. The Company made separate announcements on 7th November, 2014, 27th May, 2015, 10th July, 2015, 16th September, 2015 and 10th December, 2015 to BSE Limited in this regard.

(i) The carrying amounts of the total assets and the total liabilities attributable to the discontinued operation – Animal Health Division

	As at 31st December, 2015		As at 31st March 2015	
	in ₹ million	**in ₹ million**	**in ₹ million**	**in ₹ million**
Non-Current Liabilities				
(a) Other Long-term Liabilities	6.5		8.0	
(b) Long-term Provisions	—		14.3	
Sub-total – Non-Current Liabilities		**6.5**		**22.3**
Current Liabilities				
(a) Trade Payables	76.3		106.7	
(b) Other Current Liabilities	0.4		11.7	
(c) Short-term Provisions	5.7		8.9	
Sub-total – Current Liabilities		**82.4**		**127.3**
Total – Liabilities		**88.9**		**149.6**
Assets				
Non-Current Assets				
(a) Fixed Assets	2.8		2.6	
(b) Long-term Loans and Advances	—		3.2	
Sub-total – Non-Current Assets		**2.8**		**5.8**
Current Assets				
(a) Inventories	183.1		262.2	
(b) Trade Receivables	161.7		178.0	
(c) Short-term Loans and Advances	3.2		18.4	
Sub-total – Current Assets		**348.0**		**458.6**
Total – Assets		**350.8**		**464.4**
Net Assets		**261.9**		**314.8**

(ii) The amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation – Animal Health Division

	Period ended** 31st December 2015		Year ended 31st March 2015	
	in ₹ million	**in ₹ million**	**in ₹ million**	**in ₹ million**
Revenue				
Revenue from Operations (Gross)	774.3		964.7	
Less: Excise Duty	—		8.0	
Revenue from Operations (Net)	774.3		956.7	
Other Income	3.8		7.6	
Total Revenue		778.1		964.3

	Period ended** 31st December 2015		Year ended 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Expenses				
Cost of Materials Consumed	26.0		111.2	
Purchases of Stock-in-Trade	449.3		447.5	
Changes in Inventories of Finished Goods and Stock-in-Trade	11.3		(5.7)	
Employee Benefits Expense	89.7		95.7	
Depreciation and Amortisation Expense	0.7		1.1	
Other Expenses	175.4		268.7	
Total Expenses		752.4		918.5
Profit before Tax		25.7		45.8
Tax Expense		9.6		17.4
Profit for the year		16.1		28.4

(iii) The amounts of net cash flows attributable to the operating, investing, and financing activities of the discontinuing operation – Animal Health Division

	Period ended** 30th September 2015	Year ended 31st March 2015
	in ₹ million	in ₹ million
Net cash generated from operating activities	79.8	94.0
Net cash used in investing activities	(1.2)	(1.3)
Net cash used in financing activities	—	—
	78.6	92.7

** 1st April, 2015 to 31st December, 2015

The differential between the total consideration and the net assets transferred in relation to slump sale of the OTC and Animal Health divisions net of cost in relation to these transactions have been disclosed as Extraordinary Item.

52. The Company has entered into Consignment Sales Agency Agreements (CSA) and Transitional Distribution Service Agreements (TDSA) with various parties.

Pursuant to the above agreements, amounts collected on behalf of such parties and payable (net of deductibles) as at 31st March, 2016 aggregating ₹ 637.2 million have been included in 'Cash and Bank balances' [Refer Note 16] and 'Other Current Liabilities' [Refer Note 7].

53. Previous year figures have been regrouped/restated where necessary. The figures for the year ended 31st March, 2016 are not comparable to those of the previous year ended 31st March, 2015 on account of the sale of OTC and Animal Health Divisions [Refer Note 51].

Signatures to Notes 1 to 53

In terms of our report of even date

For Lovelock & Lewes

Firm Registration No. 301056E

Chartered Accountants

ASHA RAMANATHAN

Partner

Membership No. 202660

Mumbai, 26th May 2016

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

D. CHARAK
Wholetime Director
DIN: 06827519

G. TEKCHANDANI
Company Secretary & Compliance Officer

M. NOBLE
Chief Financial Officer

Mumbai, 26th May 2016

Cash Flow Statement for the year ended 31st March 2016

		Year ended 31st March 2016		Year ended 31st March 2015	
		in ₹ million	in ₹ million	in ₹ million	in ₹ million
A.	**Cash flow from operating activities**				
	Profit before Extraordinary Items and Tax		**1,025.1**		**995.6**
	Adjustments for –				
	Depreciation and Amortisation Expense	36.7		40.1	
	Interest Income	(723.3)		(796.5)	
	Dividend Income	—		(1.4)	
	Profit on Sale/Disposal of Fixed Assets (Net)	(0.2)		(1.0)	
	Net Gain on Sale of Current Investments	—		(127.9)	
	Provision for Doubtful Debts and Advances (Net)	44.5		(4.9)	
	Bad Debts and Advances written off	41.8		39.4	
	Interest Expense	1.8		2.1	
	Unrealised Net (Gain)/Loss on Foreign Currency Translations	(3.5)		3.8	
			(602.2)		(846.3)
	Operating profit before working capital changes		**422.9**		**149.3**
	Adjustments for –				
	Trade Receivables	97.1		(44.8)	
	Loans and Advances	257.4		(293.2)	
	Inventories	(23.1)		36.5	
	Provisions	(5.0)		72.8	
	Trade Payables	(2.5)		(134.2)	
	Other Liabilities	615.3		44.8	
			939.2		(318.1)
	Cash generated from/(used in) operations before Extraordinary Items		**1,362.1**		**(168.8)**
	Cashflow from/(used in) Extraordinary items (Net)		1,963.2		(63.3)
	Cash generated from/(used in) operations		3,325.3		(232.1)
	of which (used in)/generated from discontinuing operations				
	OTC	(228.7)		(1.7)	
	Animal Health	79.8		94.0	
		(148.9)		92.3	
	Direct Taxes paid (net of refund of taxes)		(794.4)		(363.8)
	Net cash used in operating activities		**2,530.9**		**(595.9)**
B.	**Cash flow from investing activities**				
	Purchase of Fixed Assets	(26.6)		(46.9)	
	Sale of Fixed Assets	0.2		1.2	
	Sale of Non-Current Investments	—		128.1	
	Inter-corporate Deposits placed	—		(65,288.7)	
	Refund of Inter-corporate Deposits placed	—		73,551.0	
	Fixed deposits (placed)	(8,871.4)		(2,001.7)	
	Interest received	628.1		845.0	
	Dividend received	—		1.4	
	Net cash (used in)/from investing activities		**(8,269.7)**		**7,189.4**
	of which used in discontinuing operations				
	OTC	(3.7)		(0.4)	
	Animal Health	(1.2)		(1.3)	
		(4.9)		(1.7)	

Cash Flow Statement for the year ended 31st March 2016

	Year ended 31st March 2016		Year ended 31st March 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
C. Cash flow from financing activities				
Repayment of Long-term Borrowings	—		(1.2)	
Interest paid	(1.8)		(2.1)	
Dividend paid	(318.8)		(319.1)	
Tax paid on Dividend	(65.1)		(54.3)	
Net cash used in financing activities		**(385.7)**		**(376.7)**
of which used in from discontinuing operations				
OTC	—		—	
Animal Health	—		—	
	—		—	
Net (decrease)/increase in cash and cash equivalents		**(6,124.5)**		**6,216.8**
Cash and Cash Equivalents – Opening Balance		6,370.3		153.5
Cash and Cash Equivalents – Closing Balance [Refer Note 16]		245.8		6,370.3

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, notified under sub-section 3(C) of Section 211 of the Companies Act, 1956 [Refer Note 1(a)].
2. Previous year figures have been regrouped where necessary.

In terms of our report of even date

For Lovelock & Lewes

Firm Registration No. 301056E
Chartered Accountants

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 26th May 2016

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

D. CHARAK
Wholetime Director
DIN: 06827519

G. TEKCHANDANI
Company Secretary & Compliance Officer

M. NOBLE
Chief Financial Officer

Mumbai, 26th May 2016

NOTES

NOVARTIS INDIA LIMITED

CIN: L24200MH1947PLC006104

Registered Office: Sandoz House, Shivsagar Estate, Dr Annie Besant Road, Worli, Mumbai 400 018

Tel : +91 22 2495 8400, Fax : +91 22 2495 0221, Website : www.novartis.in

ATTENDANCE SLIP

to be surrendered at the time of entry

Folio No. /Client ID: ____________________ No. of Shares: ____________________

Name of Member/Proxy: ____________________

I hereby record my presence at the 68th Annual General Meeting of the Company on Friday, July 29, 2016 at 11.30 am at Hall of Culture, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018.

____

Member's/Proxy's Signature

Notes:

1. Members are requested to produce the above attendance slip, duly signed in accordance with their specimen signatures registered with the Company, for admission to the Meeting.
2. Members are informed that no duplicate attendance slips will be issued at the hall.

- Cut Here -

NOVARTIS INDIA LIMITED

CIN: L24200MH1947PLC006104

Registered Office: Sandoz House, Shivsagar Estate, Dr Annie Besant Road, Worli, Mumbai 400 018

Tel : +91 22 2495 8400, Fax : +91 22 2495 0221, Website : www.novartis.in

PROXY FORM

Name of the Member(s) :

Registered Address :

Email ID :

Folio No./Client ID :

DP ID :

I/We being a Member(s) of ____________ shares of Novartis India Limited hereby appoint:

1. Name : ____________ Address : ____________
   Email Id : ____________ Signature : ____________
2. Name : ____________ Address : ____________
   Email Id : ____________ Signature : ____________
3. Name : ____________ Address : ____________
   Email Id : ____________ Signature : ____________

as my/our proxy to attend and vote for me/us on my/our behalf at the 68th Annual General Meeting of the Company on Friday, July 29, 2016 at 11.30 am at Hall of Culture, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions		Optional *	
Ordinary Business		**For**	**Against**
1	Adoption of Financial Statement for the year ended March 31, 2016		
2	Approval of dividend for the year ended March 31, 2016		

Resolutions		Optional *	
Ordinary Business		**For**	**Against**
3	Re-appointment of Mr Ranjit Shahani, who retires by rotation		
4	Re-appointment of M/s Lovelock and Lewes, Chartered Accountants, as Auditors of the Company		
Special Business			
5	Appointment of Ms Sandra Martyres as an Independent Director of the Company		
6	Appointment of Ms Monaz Noble as Director of the Company		
7	Appointment and approval of terms of appointment of Ms Monaz Noble as Whole Time Director of the Company		
8	Change of address for keeping the Register of Members of the Company		
9	Approval of remuneration payable to M/s N. I. Mehta and Co., Cost Auditors of the Company		

Signed on the ______________________ day of ______________________ 2016

Signature of shareholder ____

Signature of Proxy holder ____

Affix
required
revenue
stamp

Notes:

1. The Proxy Form in order to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. For Resolutions, Explanatory Statements and Notes, please refer Notice of 68th Annual General Meeting of the Company.

* It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolution(s), your proxy will be entitled to vote in the manner he/she thinks appropriate.

FINANCIAL SUMMARY FOR 10 YEARS

in ₹ million

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
I. INCOME, PROFIT & DIVIDEND										
Sales of Products (Net)	**7252**	8122	8104	8465	7928	7086	6241	5995	5535	5422
Profit Before Tax (PBT)	**2721**	932	899	1694	2247	2189	1798	1729	1543	1353
Profit After Tax (PAT)	**1986**	791	985	1197	1520	1467	1160	1037	972	885
Dividend	**320**	320	320	320	320	320	320	320	320	320
Dividend – ₹ per share	**10.0**	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
II. SHAREHOLDERS' FUND										
Share Capital	**160**	160	160	160	160	160	160	160	160	160
Reserves and Surplus	**11,461**	9860	9454	8842	8019	6870	5775	4987	4324	3726
Net Worth (Shareholders' Fund)	**11,621**	10020	9614	9002	8179	7030	5935	5147	4484	3886
III. RATIOS										
Return on Sales (PAT) % *(Before Extraordinary Items)*	**27.4** **9.2**	9.7 10.3	12.2	14.1	19.2	20.7	18.6	17.3	17.6	16.3
Return on Shareholders' Funds (PAT) % *(Before Extraordinary Items)*	**17.1** **5.7**	7.9 8.4	10.2	13.3	18.6	20.9	19.5	20.1	21.7	22.8
Earning Per Share (calculated on PAT) ₹ *(Before Extraordinary Items)*	**62.14** **20.87**	24.75 26.28	30.83	37.46	47.56	45.89	36.29	32.45	30.42	27.71

Note: FY 2015-16 includes sales from OTC Division for the period April 1, 2015 to September 30, 2015 and from Animal Health Division for the period April 1, 2015 to December 31, 2015. Profit Before Tax and Profit After Tax includes extraordinary income from sale of OTC and Animal Health Divisions.

The Source/Vakils

NOVARTIS