

ANNOUNCEMENT

Board of Directors of Novartis India Limited (the “Company”) approves transfer of OTC Division

As part of its global portfolio transformation, Novartis AG, Basel, Switzerland (“Novartis AG”) agreed with GlaxoSmithKline plc, UK (“GSK”) on 22 April 2014 to create a global consumer healthcare joint venture (the “Joint Venture”). Closing of this global transaction is subject to receipt of all applicable anti-trust and regulatory approvals, as well as the satisfaction or waiver (as applicable) of various other conditions.

In connection with the Joint Venture, the Board of Directors of the Company (the “Board”) considered on 13 January 2015 the transfer by the Company of its OTC Division (the “OTC Division”) to GlaxoSmithKline Consumer Private Limited, a private unlisted company incorporated under the Companies Act, 2013 (“GSK CPL”) (or another affiliate of GSK) (the “OTC Transaction”).

Factors considered by the Board in its consideration of the OTC Transaction included, but were not limited to, the prospects for the Company’s OTC business in India following the divestment of Novartis AG’s global OTC business, including all of Novartis AG’s major OTC patents, trade-marks and R&D assets; the valuation for the transfer of the OTC Division, which has been affirmed in a report provided by an independent valuer and the fairness of which has been confirmed in separate opinions from two leading merchant bankers; and the enhanced ability of the Board, the Company’s management and all retained employees to focus on and drive forward the growth of the Company’s retained businesses.

Based on these factors, as well as various other matters considered by the Board, and taking into account the independent valuation report and the two separate fairness opinions referred to above, and the recommendation of the Audit Committee of the Board, the Board approved on 13 January 2015 the transfer of the OTC Division as a going concern by way of a ‘slump sale’ to GSK CPL (or another affiliate of GSK) for a consideration of INR 1097.3 million, on or before 22 October 2015, subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities, as well as closing of the global Joint Venture transaction between Novartis AG and GSK.

The amount and percentage of the revenue and net worth contributed by the OTC Division during the last financial year, i.e. 2013-2014, is as follows:

Particulars	OTC Division in Rs million
Amount of the Revenue contributed by the OTC Division during the last financial year	1255.1
Company Total Revenue	9573.5
% of Revenue contributed by the OTC Division during the last financial year	13.11%
Amount of net worth contributed by the OTC Division during the last financial year	141.6
Company Net worth	9613.5
% of net worth contributed by the OTC Division during the last financial year	1.47%

Note: The transfer of OTC Division is not classified as a related party transaction under the SEBI Listing Agreement.