



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
The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

May 27, 2015

Update on announcement made by the Company on 7th November, 2014 in the transfer of Animal Health Division

Dear Sirs,

We refer to our letter dated November 7, 2014 informing that the Board of Directors of Novartis India Limited at its meeting held on November 7, 2014 approved the slump sale of the Company's Animal Health Division to Elanco India Private Limited (or another affiliate of Lilly) for a consideration of Rs 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.

As part of its global portfolio transformation, Novartis AG, Basel, Switzerland ("Novartis AG") agreed on 22 April 2014 to divest its global Animal Health business to Eli Lilly and Company ("Lilly"). Closing of this global transaction was subject to receipt of applicable anti-trust and regulatory approvals, as well as the satisfaction or waiver (as applicable) of various other conditions (the "Global Animal Health Transaction").

In connection with the Global Animal Health Transaction, the Board of Directors of Novartis India Limited (the "Company") considered and approved on 7 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 Rs 866.8 million, on or before 22 July 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 the closing of the Global Animal Health Transaction (the "Animal Health Transaction"). This approval of the Company's Board of Directors was disclosed to the Stock Exchange on 7 November 2014. The Global Animal Health Transaction closed globally (but not with respect to India, as explained below) on 1 January 2015.

Closing of the Animal Health Transaction in India is conditional upon the receipt by Elanco India of the written approval of the Foreign Investment and Promotion Board, Government of India (the "FIPB"). Further to the FIPB's response to Elanco India's application that it would not approve the Animal Health Transaction due to the existence of the restrictions on competition explained below, and at Elanco India's request, the Company and Elanco India have executed a letter which records the parties' agreement that the terms of the Global Animal Health Transaction agreed between Novartis AG and Lilly restricting the competition



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by the Novartis AG group of companies in connection with animal health activities, will not apply with respect to the Company *vis-a-vis* Elanco India in India (the "Non-Compete Amendment Letter"). The Non-Compete Amendment Letter will be submitted by Elanco India to the FIPB, together with a representation against the FIPB's non-approval of Elanco India's application for the Animal Health Transaction. The Company will continue to cooperate with Elanco India, to the extent necessary, and monitor the FIPB process in this matter and will provide further updates if and when required.

The Board of Directors in its meeting held on 27th May, 2015 have discussed the above and would like to update BSE on same.

Thanking you.

Yours sincerely,
For **Novartis India Limited**

A blue ink signature of Dinesh Charak, consisting of several vertical strokes and a horizontal line at the bottom.

Dinesh Charak

Whole Time Director

A black ink signature of Girish Tekchandani, featuring a large, stylized 'G' and 'T' followed by a horizontal line.

Girish Tekchandani
Company Secretary &
Compliance Officer