

The Board of Directors  
Novartis India Limited  
Sandoz House  
Shivsagar Estate  
Dr. Annie Besant Road  
Worli, Mumbai – 400 018

1. We have reviewed the results of Novartis India Limited (the “Company”) for the quarter ended 30<sup>th</sup> June, 2015 which are included in the accompanying ‘Statement of Standalone Unaudited Results for the quarter ended 30<sup>th</sup> June, 2015’ (the “Statement”), except for the disclosures regarding ‘Public Shareholding’ and ‘Promoter and Promoter Group Shareholding’ which have been traced from disclosures made by the Management but have neither been reviewed nor been audited by us. The Statement has been prepared by the Company pursuant to Clause 41 of the Listing Agreement with a Stock Exchange in India, which has been initialled by us for identification purposes. This Statement is the responsibility of the Company’s management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
4. We have only traced the disclosures regarding ‘Public Shareholding’ and ‘Promoter and Promoter Group Shareholding’ in the Statement from the disclosures made by the Management and are, therefore, not expressing a review opinion thereon.
5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants



Asha Ramanathan  
Partner  
Membership No. 202660

Mumbai, 22<sup>nd</sup> July, 2015

**Novartis India Limited**

Regd. off: Sandoz House, Shivsagar Estate, Dr Annie Besant Road, Worli, Mumbai 400 018.

<b>PART I</b>					
<b>STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER ENDED 30TH JUNE 2015</b>					
in ₹ million					
Sr. No.	Particulars	3 months ended	3 months ended	3 months ended	Year ended
		30.06.2015	31.03.2015	30.06.2014	31.03.2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Income from Operations				
	(a) Net Sales/Income from Operations (Net of Excise Duty)	2,159.9	2,023.8	2,020.6	8,452.9
	(b) Other Operating Income	80.6	52.6	66.9	280.9
	<b>Total Income from Operations (Net)</b>	<b>2,240.5</b>	<b>2,076.4</b>	<b>2,087.5</b>	<b>8,733.8</b>
2.	Expenses				
	(a) Cost of Materials Consumed	27.3	(6.7)	47.4	122.4
	(b) Purchases of Stock-in-Trade	940.1	719.1	896.0	3,376.2
	(c) Changes in Inventories of Finished Goods and Stock-in-Trade				
	(d) Employee Benefits Expense	(17.5)	(1.6)	(58.9)	30.5
	(e) Depreciation and Amortisation Expense	514.1	471.4	483.0	2,000.3
	(f) Other Expenses	8.6	12.4	8.8	40.1
	<b>Total Expenses</b>	<b>2,237.0</b>	<b>1,915.0</b>	<b>2,127.7</b>	<b>8,812.5</b>
3.	Profit/(Loss) from Operations before Other Income and Finance Costs	3.5	161.4	(40.2)	(78.7)
4.	Other Income	202.7	368.2	248.7	1,076.4
5.	Profit from Ordinary Activities before Finance Costs	206.2	529.6	208.5	997.7
6.	Finance Costs	0.5	0.5	0.5	2.1
7.	Profit from Ordinary Activities before Tax	205.7	529.1	208.0	995.6
8.	Tax Expense (Net) (including Deferred Tax)	70.5	8.0	64.9	155.6
9.	Net Profit from Ordinary Activities after Tax	135.2	521.1	143.1	840.0
10.	Extraordinary Items (net of tax effect)*	0.7	1.7	-	48.9
11.	Net Profit for the period	134.5	519.4	143.1	791.1
12.	Paid-up equity share capital (Face Value ₹ 5 each)	159.8	159.8	159.8	159.8
13.	Reserves excluding Revaluation Reserves (as per last audited Balance Sheet)				9,860.1
14.	Earnings Per Share (before extraordinary items)- (of ₹ 5 each) (not annualised)				
	Basic and Diluted (₹)	4.23	16.30	4.48	26.28
15.	Earnings Per Share (after extraordinary items)- (of ₹ 5 each) (not annualised)				
	Basic and Diluted (₹)	4.21	16.25	4.48	24.75

\* Net of tax effect ₹ 0.2 million for the three months ended 30th June 2015, ₹ 0.6 million for the three months ended 31st March 2015 and ₹ 14.4 million for the year ended 31st March 2015.

**PART II**

<b>SELECT INFORMATION FOR THE QUARTER ENDED 30TH JUNE 2015</b>					
	Particulars	3 months ended	3 months ended	3 months ended	Year ended
		30.06.2015	31.03.2015	30.06.2014	31.03.2015
<b>A</b>	<b>PARTICULARS OF SHAREHOLDING</b>				
1.	Public Shareholding				
	- Number of Shares	7,990,200	7,990,200	7,990,200	7,990,200
	- Percentage of Shareholding	25.00	25.00	25.00	25.00
2.	Promoter and Promoter Group Shareholding				
	(a) Pledged / Encumbered				
	- Number of Shares	-	-	-	-
	- Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group)	-	-	-	-
	- Percentage of Shares (as a % of the total Share Capital of the company)	-	-	-	-
	(b) Non-Encumbered				
	- Number of Shares	23,970,597	23,970,597	23,970,597	23,970,597
	- Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group)	100.00	100.00	100.00	100.00
	- Percentage of Shares (as a % of the total Share Capital of the company)	75.00	75.00	75.00	75.00

Particulars	3 months ended
	30.06.2015
<b>B INVESTOR COMPLAINTS</b>	
Pending at the beginning of the quarter	-
Received during the quarter	2
Disposed of during the quarter	2
Remaining unsolved at the end of the quarter	-





**SEGMENT REVENUE, RESULTS AND CAPITAL EMPLOYED**

Sr. No	Particulars	in ₹ million			
		3 months ended 30.06.2015 (Unaudited)	3 months ended 31.03.2015 (Unaudited)	3 months ended 30.06.2014 (Unaudited)	Year ended 31.03.2015 (Audited)
<b>1.</b>	<b>Segment Revenue</b>				
	(a) Pharmaceuticals	1,689.4	1,444.4	1,506.1	5,998.9
	(b) Generics	111.5	99.9	122.9	484.4
	(c) OTC	194.7	286.1	228.3	1,293.8
	(d) Animal Health	244.9	246.0	230.2	956.7
	Total Income from Operations (Net)	2,240.5	2,076.4	2,087.5	8,733.8
<b>2.</b>	<b>Segment Results</b>				
	(a) Pharmaceuticals	113.0	263.4	37.5	150.1
	(b) Generics	9.2	(11.8)	20.2	69.1
	(c) OTC	(49.8)	(10.6)	(40.2)	(32.1)
	(d) Animal Health	(5.6)	30.8	9.3	45.8
	Total	66.8	271.8	26.8	232.9
	Add/(Less):				
	(a) Finance Costs	(0.5)	(0.5)	(0.5)	(2.1)
	(b) Other unallocable expenditure	(62.9)	(84.4)	(59.7)	(266.3)
	(c) Other unallocable income	202.3	342.2	241.4	1,031.1
	Profit from Ordinary Activities before Tax	205.7	529.1	208.0	995.6
<b>3.</b>	<b>Capital Employed (Segment Assets less Segment Liabilities)</b>				
	(a) Pharmaceuticals	(364.7)	444.9	348.0	444.9
	(b) Generics	9.5	61.9	22.5	61.9
	(c) OTC	(56.8)	(108.4)	4.0	(108.4)
	(d) Animal Health	275.9	314.8	376.0	314.8
	Total	(136.1)	713.2	750.5	713.2
	Add: Unallocable Corporate Assets less Unallocable Corporate Liabilities	10,290.5	9,306.7	9,006.1	9,306.7
	Total Capital Employed	10,154.4	10,019.9	9,756.6	10,019.9

**Notes:**

- The above results were reviewed by the Audit Committee at its meeting held on 22nd July 2015 and approved at the meeting of the Board of Directors held on that date.
- Transactions with GSK and Lilly:

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

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

Novartis and GSK have agreed to create a consumer healthcare business through a Joint Venture between Novartis OTC and GSK Consumer Healthcare. The transaction, except in respect of the Company's OTC Division, closed on 2 March 2015.

In connection with the divestment of the Novartis OTC business to GSK, the Board of Directors (Board) of Novartis India Limited (Company) in its meeting held on 13 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 is subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities. The Company had made a separate announcement on 13th January 2015 to BSE Limited in this regard.

- Divestment of Novartis Animal Health business to Lilly

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"). The transaction, except in respect of the Company's Animal Health Division, closed on 1 January 2015.

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 ₹ 866.8 million. Closing of this slump sale is subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities. The Company had made a separate announcement on 7 November 2014 to BSE Limited in this regard. 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 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 was 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.



As per the announcement to BSE Limited on 7 November 2014 and 27 May 2015, closing of the Animal Health transaction is conditional upon, amongst other matters (including the approval of the FIPB), the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities. As announced to BSE Limited on 10 July 2015, the Company has been informed by Elanco India that Elanco India believes it advisable to submit a formal application to the Competition Commission of India (the "CCI"), for its review of the Animal Health transaction. In connection with the submission by Elanco India to the CCI of the Elanco India's CCI application, at Elanco India's request, the Company and Elanco India executed a letter (the "Amendment Letter") which records the parties' agreement that:

- i. Completion of the Animal Health Transaction is subject to Elanco India obtaining written approval from the Competition Commission of India to consummate completion of the Animal Health Transaction, or written confirmation from the Competition Commission of India that it does not have jurisdiction to review the Animal Health Transaction; and
- ii. The date by which closing of the Animal Health Transaction must occur shall be extended from 22 July 2015 (as announced previously) until 1 June 2016.

The Company will co-operate with Elanco India, to the extent necessary, in order to facilitate the approval of the Elanco India's CCI application as soon as possible.

The consideration to be received by the Company in relation to the slump sales of the Animal Health Division to Elanco India Private Limited (or another affiliate of Lilly) and the OTC Division to GSK CPL (or another affiliate of GSK) totaling to ₹1,964.1 million has not been accounted in the quarter ended 30 June 2015 results because the transactions are subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities. Costs incurred by the Company in relation to the transactions have been shown under Extraordinary Items.

For information in respect of discontinuing operations i.e. the Animal Health Division and the OTC Division, refer to disclosures in Segment Revenue, Results and Capital Employed.

3. The results for the quarter ended 30th June 2015 have been subjected to limited review by the statutory auditors of the Company.
4. Figures for the prior periods have been regrouped where necessary.



By Order of the Board



Ranjit Shahani  
Vice Chairman and Managing Director  
DIN: 00103845  
Mumbai, 22nd July 2015

**Novartis India announces results for the quarter ended June 30, 2015**

At a meeting held in Mumbai today, the Board of Novartis India Limited approved results for the quarter ended 30 June 2015. During the period under review, Total Income from Operations was Rs 224.1 crore as compared to Rs 208.8 crore during the corresponding quarter of the previous year.

During the quarter under review, our core business, Pharmaceuticals recorded Total Income from Operations of Rs 168.9 crore as against Rs 150.6 crore in the previous corresponding quarter. The Generics business registered Total Income from Operations of Rs 11.2 crore as against Rs 12.3 crore in the previous corresponding period. The Animal Health business registered Total Income from Operations of Rs 24.5 crore as against Rs 23.0 crore in the previous corresponding period. The OTC business recorded Total Income from Operations of Rs 19.5 crore as against Rs 22.8 crore in the previous corresponding quarter.

During the quarter under review the Company recorded a Profit from Operations of Rs 0.4 crore as compared to Loss from Operations of Rs 4.0 crore during the corresponding quarter of the previous year. The Company registered Net Profit after Other Income of Rs 13.5 crore as against Rs 14.3 crore in the previous corresponding period.

**Issued by Corporate Communications on 22 July 2015**

**Media contacts**

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