NOVARTIS

NOVARTIS INDIA LIMITED
ANNUAL REPORT 2016-17



CONTENTS

BOARD OF DIRECTORS

Christopher Snook	Chairman
Ranjit Shahani	Vice Chairman & Managing Director
Monaz Noble	Whole Time Director (from June 13, 2016) & Chief Financial Officer
Jai Hiremath	Director
Rajendra Nath Mehrotra	Director
Sandra Martyres	Director (from April 19, 2016)

Trivikram Guda	Company Secretary & Compliance Officer (from February 3, 2017)

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Annual General Meeting

11.30 a.m. Friday, July 28, 2017
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

Standing from left: Ranjit Shahani, Vice Chairman & Managing Director; Jai Hiremath, Director; Christopher Snook, Chairman; Rajendra Nath Mehrotra, Director; Sitting from left: Sandra Martyres, Director; Monaz Noble, Whole Time Director & Chief Financial Officer

Dear Shareholder

In 2016-17, at a global level, Novartis continued to strengthen its business, accelerate innovation and further sharpen its organizational structure. In India, we have replicated these moves in an increasingly challenging environment.

The healthcare system in India continues to pose a challenge to not just industry but to all stakeholders as it strives to cater to a population of 1.3 billion. As one goes further into the hinterland the problem only gets exacerbated. Low public spending on healthcare, increasing price control and regulations are putting greater pressure on the pharmaceutical industry as it looks to maintain return to shareholders.

Implementation of Goods and Services Tax (GST) willl lead to simplification of the tax structure and a positive impact on the Gross Domestic Product (GDP) of the country. In the years to come the use of digital technology in all spheres of life will, we hope, be leveraged for the larger good of healthcare.

As a company, we are acutely aware of our responsibility to provide affordable medicines and improve access to healthcare, particularly to the rural poor. I am pleased to share with you that our social business Arogya Parivar has been working relentlessly in this area. In the past six years, more than 31 million people attended over 700 000 health education meetings. During the same period over 1 800 000 people were diagnosed in health camps held in 11 states across the country.

Our focus on leprosy through our Corporate Social Responsibility initiatives will help the government's efforts in eliminating this disease. It is truly saddening to know that despite the free medication that is provided globally by Novartis through the World Health Organization (WHO) people continue to delay treatment. A fully curable disease, seeing children diagnosed and ending up with deformity is disheartening. We hope that you, our shareholders, will play a role in spreading awareness of the disease so that together we can make a difference.

In August 2015, Novartis signed a new Memorandum with WHO, extending the provision of multidrug therapy (MDT) free of charge to all leprosy patients worldwide until the end of 2020; the Company's collaboration with WHO began in 2000, and was renewed twice, in 2005 and 2010. The year 2016 marked 30 years of Novartis Foundation's commitment to support the leprosy-afflicted.

I thank you for the confidence you continue to repose in your Company and am pleased to be able to propose a dividend of ₹10 per equity share of ₹5 each on behalf of the Board at the forthcoming Annual General Meeting.

Sincerely,

Christopher Snook
Chairman

Dear Shareholder,

Novartis continues with its long-term commitment to ensure access to medicines. The environment in which the pharmaceutical industry operates continues to see unprecedented change, particularly at the policy level.

The National Health Policy 2017 proposes raising public health expenditure to 2.5% of the GDP in a time-bound manner while providing greater assured comprehensive primary healthcare through Health and Wellness Centers. Success of the rollout of GST in Q2 of the current financial year and its impact on industry in general will depend on its smooth implementation.

Efforts of the National Pharmaceutical Pricing Authority to fix the ceiling prices of medicines through NLEM-2015 continues to severely impact the Company's profitability. Consequently, despite the many productivity measures taken by the Company during the year, the profit before tax margin is low at 12.6% of Total Income. The mandate to prescribe medicines by generic names may negatively impact the Company further.

The Company's Total Income from continuing operations for FY 2016-17 is lower by 5.8% compared to the previous year. The profit before tax from continuing operations was ₹917.3 million as against profit of ₹1,113.7 million in the previous corresponding period. Profit was impacted as the Company has had a substantial impact on account of reduction in prices of products covered under NLEM. Total Comprehensive Income for FY 2016-17 was significantly lower at ₹577.2 million as against ₹1,985.8 million in the previous corresponding period, which included profit of ₹1,258 million from discontinued operations of OTC division and Animal Health division. The Company, however, has maintained dividend at 200% for FY 2016-17, subject to your approval, as it believes in a steady dividend policy.

Novartis continues with its efforts to do social good, particularly in the battle against leprosy, where it plays a major role through its partnership with the World Health Organization.

For centuries, leprosy has posed three kinds of problems to mankind: medical, where it continues to defy science – a vaccine would have made it so much easier to achieve success; public health, where it poses a challenge in the developing world and social, due to the stigma associated with the disease that serves to add to the burden of treatment.

Lack of awareness of the disease has created a situation where people find it hard to believe that leprosy continues to be a public health problem. The stigma that continues to be associated with the disease means that people delay seeking medical treatment until deformity sets in. Diagnosing leprosy patients as early as possible will help prevent deformity. More than that, early diagnosis will mean early treatment and this will help interrupt the transmission of this devastating disease.

The government's own figures, through the National Leprosy Eradication Program (NLEP), showed that 5 851 cases with Grade 2, or visible, deformities, were

India has signed and ratified the United Nations Convention on the Rights of Persons with Disabilities, 2007 (‘UNCRPD’), which promotes, protects and ensures the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities

detected between 2014-2016. World Health Organization’s *Global Leprosy Strategy 2016-2020: Accelerating towards a Leprosy-free World* names three countries with large populations that report more than 10 000 new patients annually. India, along with Brazil and Indonesia, is among them. These are only the reported cases; though leprosy has been fully curable since the 1980s, if detected in the early stages, most afflicted people actively seek to hide the illness for fear of the stigma attached. Consistent efforts by leaders such as Mahatma Gandhi, Vinoba Bhave and, in more recent times, Baba Amte and Mother Teresa, have done little to change the mindsets against leprosy that exist even today.

The Indian government’s new National Health Policy document, released in March 2017, aims to achieve and maintain elimination status of leprosy by 2018. The inclusion of leprosy as a disease to be eliminated in the national budget is a sign of the importance accorded by the Union Government. The target is certainly ambitious and will require the full support of the private sector. There have been several successful public-private partnerships over the last many years but a great deal still needs to be done to meet and overcome India’s health challenges.

India has signed and ratified the United Nations Convention on the Rights of Persons with Disabilities, 2007 (‘UNCRPD’), which promotes, protects and ensures the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities. It is also a member of the UN General Assembly that unanimously passed a Resolution on Leprosy.

The Company’s shared commitment to corporate responsibility rests with every Novartis associate. We are proud of what we have accomplished through our efforts, particularly in the area of health, and we look forward to achieving more through our partnerships.

We take this opportunity to extend our heartfelt thanks to you, our shareholders, for your continued loyalty and support over the years.

Sincerely,

Ranjit Shahani
Vice Chairman & Managing Director

Life after leprosy

When Jayashree P.K., a chartered accountant, was a young girl, she was diagnosed with a disease that has been stigmatised since Biblical times – leprosy. Although medical cure was made possible thanks to her being a recipient of the multidrug therapy (MDT) treatment, she lived with self-stigma for several years. Having a very supportive family did little to alleviate her fear - she feared she would never be able to live a normal life, the life that every young girl dreams of. Today, more than 32 years later, Jayashree is happily married, and is the Chief Executive Officer of iBAS, a financial consulting firm. Though reconstructive surgery could have brought her clawed hand back to normal, she has chosen to keep it that way, as a reminder of the work that still needs to be done – even today, delayed diagnosis of the disease due to ignorance and stigma causes several thousands of individuals to end up with disabled limbs. Jayashree has chosen to continue to work for Leprosy, especially in dispelling the myths and stigma surrounding the disease and works for spreading the message - that Leprosy is a simple disease, of no consequence and is easily curable. (*Pg 14: Jayashree's story*).

Since time immemorial, leprosy patients have been ostracized, not only by the larger community, but even by family members. Disfigurement – claw hands, foot drop, eyes that do not close – has often made people believe that the disease is a punishment from God, a sign of heavenly wrath because of some immoral act or a result of karma.

In India, eight-year-old Manjeet from Uttar Pradesh, has tears in his eyes when, in *The UNwanted*, a Novartis-supported film that is available online, he tells his interviewer with more despair than hope that his father will return to take him back home from the Leprosy Mission Trust medical facility near Allahabad. Uma from Unnao, Uttar Pradesh, now in her 50s, has lived with her disfigurement for 18 years; she speaks of how her husband beat her up and threw her out of the house.

In the same film, in a social experiment conducted by the film-makers, seven hidden cameras record the reaction of a waiter in a high-end restaurant in Delhi. The waiter not only refuses to serve Ishrat, a visibly disfigured woman, he also insists she will spread the disease to other guests, snatches the plate away from her, declares that she will "dirty our glasses" and tries to force her out. In a heartening move, however, other guests at the restaurant intervene and tell the waiter that they have no problem with Ishrat being served. In a country where more than 125 000 new cases are reported each year and thousands of others go unreported, such positive responses are still rare. In many cases, leprosy patients, even when cured, are prevented from accessing social resources such as water, excluded from community gatherings and festivals, and denied education and jobs. Sometimes, even health workers, doctors and medical practitioners discriminate against them.

SOME FACTS & FIGURES

Leprosy is a chronic infectious disease caused by Mycobacterium leprae, an acid-fast, rod-shaped bacillus. The disease mainly affects the skin, the peripheral nerves, mucosa of the upper respiratory tract, and the eyes. Untreated, leprosy can cause progressive and permanent damage to the skin, nerves, limbs, and eyes.

- Globally, in 2015, almost 211 000 people were diagnosed with leprosy, equivalent to one every two minutes.
- 81% of new leprosy patients occur in Brazil, India and Indonesia, which are the most highly endemic countries for leprosy.
- It is estimated that 1.2 million people are visibly and irreversibly disabled by leprosy.
- 1 in 11 newly diagnosed leprosy patients are children, indicating

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MDT has made it possible to treat patients, reduce transmission and prevent disability. Early detection and prompt treatment is currently the best approach to control the disease

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continued transmission of the disease.

INTERRUPTING TRANSMISSION

Despite the availability of free MDT drastically reducing the number of leprosy patients over the past 30 years, the number of new patients diagnosed with leprosy has plateaued over the last decade at about 200 000-250 000 per year. In several countries across Asia and Africa, leprosy remains endemic in high-burden pockets. Now, the challenge of covering the last mile to make leprosy history is to interrupt its transmission.

Although there are still uncertainties as to how leprosy is transmitted, one of the high risk factors is close and frequent contact with an infectious patient. Once infected, the average incubation period is about 5 years and it can take as long as 20 years for symptoms to appear.

Disabilities are secondary complications which result from late diagnosis, when the nerve damage caused by leprosy is already present, or from acute inflammatory reactions that can occur at any stage. MDT has made it possible to treat patients, reduce transmission

Despite good control, India’s high case load is still a cause of worry. Approximately 10 million people are affected in the country and there are more than 750 residential colonies where leprosy patients live and prevent disability. Early detection and prompt treatment is currently the best approach to control the disease.

Leprosy as a public health problem had been declared eliminated in December 2005 in India, indicating that at a national level there was less than one per 10 000 cases under treatment. Yet, 58.85% of new leprosy cases in the world are in India, and in 2015-2016, 127 334 new cases were detected with around 9% of these being children. Of these, 162 children had Grade 2 disability, indicating visible deformity or damage in the hands and feet and/or severe visual impairment.

Despite good control, India's high case load is still a cause of worry. Approximately 10 million people are affected in the country and there are more than 750 residential colonies where leprosy patients live, segregated from society.

During the 11th Plan Period (2007 - 2012), the Government of India decided to bring Disability Prevention and Medical Rehabilitation (DPMR) as a major component of the National Leprosy Eradication Programme (NLEP) of the Central Leprosy Division, Ministry of Health and Family Welfare. The Plan was circulated in 2006 and guidelines prepared and circulated the following year. Implementation of these guidelines along with the utilization of funds to facilitate reconstructive surgery has been a massive task.

In 2016, NLEP introduced a three-pronged strategy for early detection of leprosy cases: a leprosy case detection campaign for high endemic districts, a focused leprosy campaign for hotspots of low endemic districts and case detection in difficult-to-access areas. Under the first strategy, in a span of 14 days and as a result of house-to-house screening of a population of 360 million, 550 000+ suspected cases were sent for diagnosis. Of these, 34 000 were confirmed cases of leprosy. The second and third strategies are work in progress.

The Ministry of Health and Family Welfare, Government of India, launched its first Leprosy Case Detection Campaign (LCDC) in March-April 2016, covering 50 districts of seven states – Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh. As many as 65 427 suspected cases were identified during this campaign, out of which 4 120 were later confirmed.

On September 5, 2016, the Ministry launched its LCDC initiative across 149 districts of 19 states / Union Territories (UTs). The fortnight-long campaign covered 1 656 blocks/urban areas of these districts and aimed at screening 320 million people for leprosy. To achieve this, 297 604 teams comprising one lady Accredited Social Health Activist (ASHA) worker and one male volunteer visited each home in their allotted areas, screening all family members. The states and UTs covered in this campaign were Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Maharashtra, Nagaland, Odisha, Tamil Nadu, Uttar Pradesh, Uttarakhand, West Bengal, Chandigarh, Dadra and Nagar Haveli, Delhi and Lakshadweep. Included in the campaign were all districts that had a prevalence rate of more than one case per 10 000 population in any of the previous three years. The objective of the campaign was the early detection of leprosy in affected persons so that they could be saved from physical disability and deformity by providing them timely treatment and thus also halting the transmission of the disease at the community level.

In continuing efforts to eliminate the disease, the Union Budget for 2017-18 lists elimination of leprosy as a goal for 2018. While experts working in the field say this appears very aspirational, it is an essential – and indeed, achievable – goal, considering that medicine and reconstructive surgery can bring patients back to normal very quickly if the disease is detected early.

GOING THE LAST MILE IN LEPROSY

For over 30 years, the Novartis Foundation has been working with partners around the world to make leprosy history, including working with experts to develop complementary approaches to interrupting disease transmission. These include early diagnosis and prompt treatment for index patients, screening and post-exposure prophylaxis for people who have contact with newly diagnosed patients, development of new diagnostic tools and surveillance systems that trigger swift intervention.

The Novartis Foundation is demonstrating the feasibility of contact tracing around newly diagnosed patients and providing preventative treatment for contact persons.

WHO is also developing a new global leprosy strategy for 2016-2020 to detect all cases before disability and achieve zero disability among children

This approach is being implemented in eight countries from India, Indonesia, Nepal, Cambodia, Sri Lanka and Myanmar to Brazil and Tanzania. Guidelines for this approach are now being considered for integration in the WHO Global Leprosy Strategy.

To stop the transmission of leprosy, we will need innovative approaches and tools to accelerate diagnosis. For example, the foundation is using digital health to accelerate the diagnosis of leprosy in the Philippines. Through a public-private partnership, health workers, often in remote areas, send photos of suspected lesions/patches via mobile phone to the leprosy reference center for diagnostic support.

In addition, the foundation is partnering with research institutions, such as EPFL in Switzerland and FIOCRUZ in Brazil to initiate the validation of a molecular diagnostic test for leprosy.

THE LPEP PROGRAM

Novartis Foundation launched the LPEP program in 2014, and it is operational in India, Indonesia, Nepal, Myanmar, Tanzania, Sri Lanka, Brazil and Cambodia. LPEP is designed to evaluate the feasibility of contact tracing and preventative treatment with a single dose of rifampicin (post-exposure prophylaxis or PEP) in pilot areas of these countries, and to determine its impact on leprosy case detection rates. In India, Novartis Foundation and Novartis India partner with Netherlands Leprosy Relief for LPEP.

The program will run until 2018 (except in Cambodia where it will finish in 2019). The ultimate goal of LPEP is to integrate its results and lessons learned into national policy to spearhead widespread implementation. Within this program, we also collaborate with the local authorities to strengthen national leprosy surveillance systems, so that they become more action-oriented and include contact tracing and PEP. By building knowledge on the most effective and feasible approach to operationalize contact tracing and LPEP nationwide, we jointly developed practical guidelines for rolling out these activities, so that countries can ensure sustainability and long-term success.

By 2020, the Novartis Foundation hopes to have demonstrated success of the interventions being tested as part of their new leprosy elimination strategy, and move them into leprosy programs worldwide. While zero transmission is an ambitious goal, it is an achievable one.

WORKING WITH WHO

According to Dr. Poonam Khetrapal Singh, World Health Organization (WHO), Regional Director for South-East Asia, “Enhanced efforts, renewed commitment, and an inclusive approach is needed to end the scourge of leprosy, which continues to afflict thousands of people every year, the majority of them in the WHO South-East Asia Region.” According to WHO estimates, leprosy affected 212 000 more people globally

in 2015 – one every two-and-a-half minutes – of which 60% of the cases were in India. Of the new occurrences, 8.9% were children and 6.7% presented with visible deformities.

"Despite being eliminated globally as a public health problem in 2000, leprosy continues to mar the lives of individuals, and impacts families and communities," Dr. Singh adds. "Though present numbers are a fraction of what was reported a decade ago, they are unacceptable, as an effective treatment for leprosy – multidrug therapy, or MDT – has been available since the 1980s and can fully cure leprosy." Disabilities do not occur overnight, she explains; they happen after a prolonged period of undiagnosed disease, and early detection is key to achieve this target, alongside scaling up interventions to prevent leprosy transmission.

Before the 1960s, the treatment of leprosy consisted of protracted – sometimes even lifelong – use of the drug Dapsone. Patient compliance was an issue; what was worse was that by the late 1960s, M Leprae began developing resistance to Dapsone. It was an Indian scientist – Shantaram Yawalkar – working for Novartis in Switzerland who first thought of taking an MDT approach to treat leprosy, and the search for alternative therapies to Dapsone ended in 1981, when WHO mandated that a combination of three drugs Lamprene® (clofazimine), Rimactane® (rifampicin) and Dapsone be used as an MDT approach to the treatment of leprosy.

WHO introduced MDT in the early 1980s as the main treatment protocol, making it available free of cost in all countries. More than 16 million patients from 125 countries across the globe have been treated with MDT, and this has helped reduce the prevalence of the disease to less than one case per 10 000 population at national levels. According to WHO, the 'robust protocol' of MDT has multiple benefits – an infected person ceases to be infective with just a single dose. The drugs used in WHO-MDT are a combination of rifampicin, clofazimine and Dapsone for MB leprosy patients and rifampicin and Dapsone for PB leprosy patients. After completing an MDT course, the chance of relapse of the disease is barely 0.1%, meaning that of 1 000 individuals treated, only one may get a relapse. Since the year 2000, Novartis has donated more than 56 million MDT blister packs through WHO, helping to treat more than six million leprosy patients worldwide. The current five-year commitment includes donation of treatments worth more than USD 40 million and is expected to reach an estimated 1.3 million patients.

The Novartis program has been widely recognized as a successful model for its research, innovation and holistic approach, offering a humane face to the treatment of this age-old disease, and WHO recognizes both Novartis and the Novartis Foundation as 'major partners' in its fight to eliminate leprosy as a public health problem. As WHO points out, two of the drugs used in MDT, clofazimine and rifampicin, originated in the research laboratories of Novartis. Although they were developed back in the 1960s, they are still being used successfully today in the ongoing battle against leprosy, WHO says.

Novartis India, which has had a commitment to the cause of leprosy elimination for close to three decades with surgical intervention and socio-economic rehabilitation of people affected with leprosy, has made the disease a focus of its Corporate Responsibility (CR) for the next three years, and longer, if necessary.

TOWARD A WORLD WITHOUT LEPROSY

The Novartis Foundation has been active in the fight against leprosy for 30 years. Leprosy Alert and Response Network System (LEARNS) is part of the Novartis Foundation's focus on exploring innovative interventions to bring the world closer to the eventual goal of leprosy elimination. The strategy is based on consensus reached by a group of leading leprosy and disease elimination experts, who agree that a successful program requires:

- Early diagnosis and prompt treatment for all patients
- Tracing (also known as active screening) and post-exposure prophylaxis for contact persons of newly diagnosed patients
- Development of new diagnostic tools
- Action-oriented surveillance systems.

LEGAL DEVELOPMENTS

In 2010, the United Nations General Assembly unanimously adopted a Resolution on the Elimination of Discrimination against Persons affected by Leprosy, accompanied by Principles and Guidelines listing out measures to improve the living conditions of such persons. Additionally, the United Nations Convention on the Rights of Persons with Disabilities, 2007, ('UNCRPD') promotes, protects and ensures the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities. India has signed and ratified the UNCRPD, and is also a member of the UN General Assembly that unanimously passed the Resolution on the Elimination of Leprosy. However, for years, it did not act on the move.

In April 2015, the Law Commission of India submitted its Report No. 256 on 'Eliminating Discrimination Against Persons Affected by Leprosy' (EDPAL) to the Union Minister of Law and Justice. The model draft law listed various measures against discrimination,

> Novartis is doing all that it can to make a difference, but it is time to recognize that there is life after leprosy and that patients can live with inclusion and dignity

including the right to healthcare, public transport, housing, land, employment and much more.

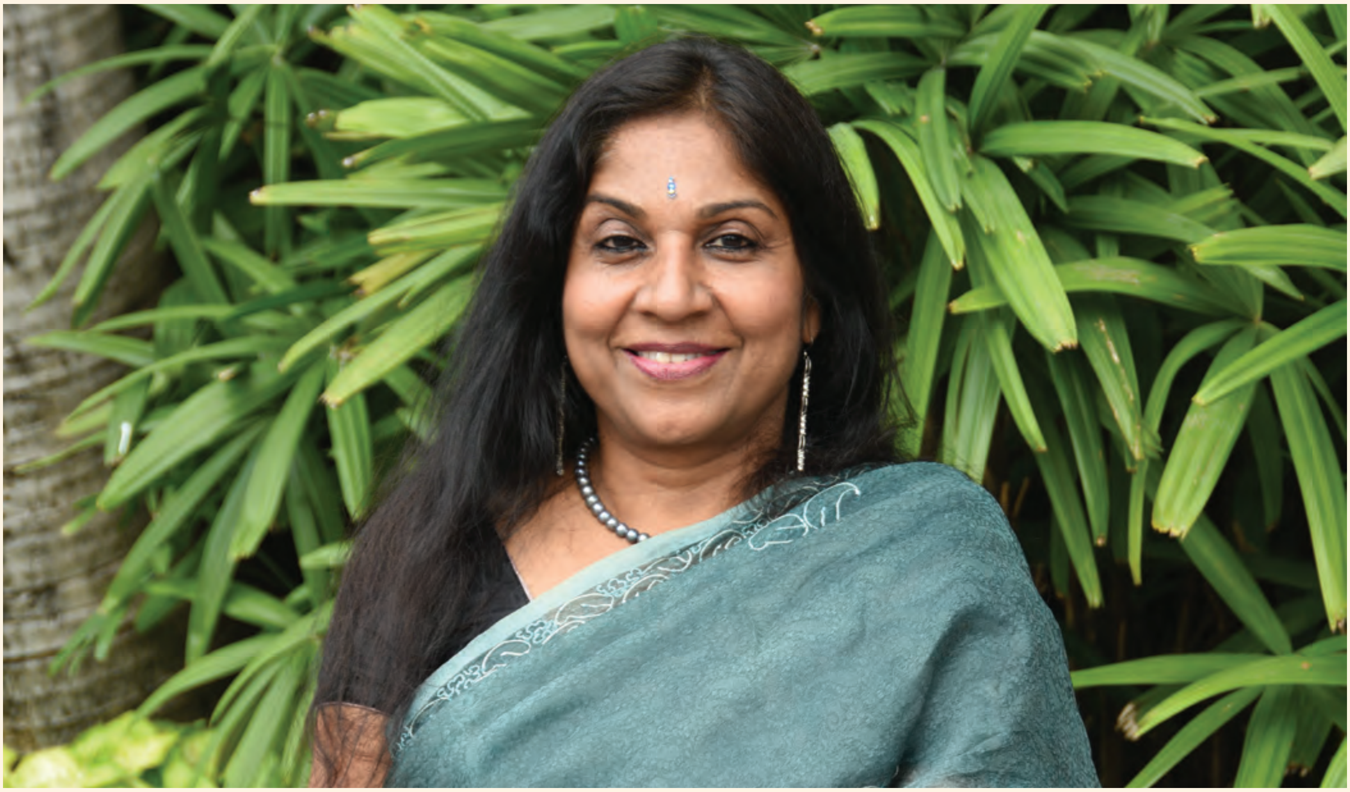
In January 2017, on the eve of Mahatma Gandhi's death anniversary, Prime Minister Modi did refer to the urgency of the situation when he said the government was making efforts to eliminate leprosy as a tribute to the Father of the Nation. The PM recalled that Mahatma Gandhi had a tremendous concern for people afflicted with leprosy; he wanted them to be accepted into the mainstream of society. "As a country, we have to leave no stone unturned to not just reach the last mile but also to work together to eliminate the social stigma attached with this disease," he added.

Dr. Ann Aerts, Head of the Novartis Foundation, agrees. As she said in a recent interview, "The final elimination of leprosy can't be solved by one person or by one organization alone. Only by working together in partnership can we make a real and lasting impact. With our shared expertise and commitment, I believe we can rid the world of this devastating disease."

Novartis is doing all that it can to make a difference, but it is time to recognize that there is life after leprosy and that patients can live with inclusion and dignity. For close to 40 years now, leprosy has been treatable; there is no reason for the stigma to persist.

Jayashree's story

Jayashree P.K.'s personal experience of leprosy convinced her that the stigma surrounding it is misplaced and that the disease can be easily cured.



In 1983, when Jayashree P.K. was studying to be a chartered accountant and visiting her alma mater Kendriya Vidyalaya School in Coimbatore as a volleyball and basketball coach, she noticed a light pink patch on her right arm. She thought nothing of it until one day, she held the ball in her forearm, and experienced a dull and heavy ache. A few months later, when the patch had grown too big to ignore, her parents took her to a skin specialist. Jayashree was stunned to discover that she had been diagnosed with leprosy. At this traumatic moment for both Jayashree and her family, what made it worse was that the doctor did not offer any counselling – a fact that left her constantly looking out for a care-giver who could tell her it would be 'okay'.

Jayashree was barely 21; she had her life planned out. She would settle in the United States, drive a big car, buy a large house, marry the right man. After her diagnosis, she lost all ambition; what was the point, she felt, of striving for financial success if life could turn upside-down in just a moment? She became a recluse, a social misfit, living in what she perceived as merely a make-believe world. Through the decades, she hid her illness, even from her closest friends.

Fortunately for Jayashree, who was one of four siblings, she received tremendous support from her family, especially her older sister Shree, who kept a close eye on her fragile emotional state and rubbished all signs of the stigma attached to leprosy by eating from her plate. Jayashree's parents, although saddened by this situation, stood like rocks guarding her from any possible discrimination. Their instruction to all her siblings was clear – that Jayashree had to be cared for and supported fully so that she could focus on her chartered accountancy course. None of this unfortunately stopped Jayashree from losing weight and developing several medical complications. For a whole year, she stayed in the cocoon of her home, trying to avoid answering questions from concerned friends on why she looked so different.

Meeting Dr. Paul Neelamkavil, a dermatologist in Bengaluru, proved to be a turning point. Dr. Neelamkavil urged her to 'get off the suffering' and encouraged her to help others who had also been affected by leprosy. He introduced her to Sister Mary Mascarenhas of Sumanahalli Leprosy Colony, and around the late 1990s, Jayashree began to talk to others about coping with the disease. She realized that leprosy was a big deal only because people did not speak about it. She also wrote to various organizations worldwide about her experience and realised there was contradictory information about the spread of the illness; that there had been a resurgence even though the authorities claimed it had been eliminated in 2005.

A failed marriage and the loss of her sister in a road accident made Jayashree realise it was time to put her past behind and take charge of her life. Her parents had done all that they could for her, and she still had much to achieve. Jayashree turned inwards, on a spiritual journey; when she emerged, she realised she had left her suffering behind. She also recognised how fortunate she had been that she contracted leprosy at the same time that MDT was invented – that Novartis (then Ciba-Geigy) had put together the drugs for her cure. "I felt a huge sense of gratitude for Novartis and the team that put together my cure, and the cure of millions," Jayashree said.

"I feel it's very important to demystify the disease – especially because it's a simple disease of no consequence if treated on time, and the cure is readily available"

Jayashree, who has remarried, has immense support from her husband Jayant Gandhi. He agrees whole-heartedly with her that it is important to talk about leprosy and demystify it – particularly, as she says, because it is a simple disease of no consequence if it is treated in time, and the cure is so readily available.

Having co-founded iBAS Consulting Pvt. Ltd. in 2006, Jayashree is now its Chief Executive Officer. She is a trustee, board member and on the advisory board of a few large agencies working for leprosy. She is also an advisor to the Government of India and World Health Organization, working towards favourable policies for the leprosy-affected and removal of the stigma and discrimination that they and their families face. On several occasions she has readily faced the camera for documentaries on the subject – a far cry from the days when she hid herself at home.

Jayashree believes that it is important for leprosy patients to realise that they can be cured, and to follow the medication regime. She also urges those with deformities to stand up for their rights, and demand dignity, inclusion and opportunities to earn their livelihood. She feels strongly that government agencies should offer help and guidance to those affected.

It is imperative according to Jayashree for care-givers to be trained in empathy. She believes that an empathetic care-giving system will go a long way in encouraging patients to be open about the disease; this will also ensure that a registry of patients is maintained and that follow-ups are done in time. Systems also need to be built for the long-term support of patients.

"I'd like my message of the real and hidden aspects of leprosy – that it's not to be feared; that it's an easily curable disease – to reach out in a bigger and more effective way," says Jayashree. "It's important for the message to go across, and for ongoing research on the cure to continue.

"Let's not forget," she adds, "that typically leprosy affects the poorest of poor who are also ignorant that it's a curable disease and that it's not a curse to have contracted it." Jayashree has now dedicated her life to the cause.

Notice

NOTICE is hereby given that the 69th 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 28, 2017 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, 2017 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, 2017.

3. To appoint Ms Monaz Noble (holding DIN: 03086192) as Director, who retires by rotation and being eligible, offers herself for re-appointment.

4. To appoint the Auditors and to fix their remuneration and in this regard, pass with or without modification(s) the following 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 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable, M/s. Deloitte Haskins & Sells LLP, (Firm Registration No. 117366W/W-100018), Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company, in place of retiring auditors M/s Lovelock & Lewes, Chartered Accountants (Firm Registration No. 301056E), to hold office from the conclusion of the 69th Annual General Meeting till the conclusion of the 74th Annual General Meeting of the Company, at such remuneration as may 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 a Special Resolution:

   "RESOLVED THAT pursuant to provisions of Section 94(1) and other applicable provisions of the Companies Act, 2013, 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 to the Board of Directors of the Company for keeping the Register of Members of the Company, maintained under Section 88 of the Companies Act, 2013 together with the Index of Members and copies of Annual Returns of the Company filed under Section 92 of the Companies Act, 2013, at the office of the Registrar and Share Transfer Agents of the Company, viz., Link Intime India Private Limited having its registered office located at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083, instead of keeping such Register of Members and copies of Annual Returns 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."

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

   "RESOLVED THAT pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, the Board of Directors of the Company be and is hereby authorized to pay remuneration by way of commission, to the Non-Executive & Independent Directors of the Company, for a period of five years commencing from April 01, 2017 to March 31, 2022, not exceeding 1 percent of the net profits of the Company, per financial year of the Company or proportionate to the period for which such Director holds office in that year."

By Order of the Board of Directors

TRIVIKRAM GUDA
Company Secretary

Registered Office

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

May 23, 2017

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 will also provide voting facility through polling paper at the Meeting. Members attending the Meeting who have not already cast their vote by remote e-voting may 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 sent along with the Annual Report.

4. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books will remain closed on all days from Friday, July 21, 2017 to Friday, July 28, 2017, both days inclusive.

5. Payment of dividend for the year ended March 31, 2017 as recommended by the Board, if approved at the Meeting, will be payable on or after August 2, 2017 in respect of shares held in physical form to those members whose names appear in the Company's Register of Members as on July 21, 2017 and in respect of shares held in electronic form, to those who are "deemed members" whose names appear in the statement of beneficial owners furnished by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") at the close of business hours on July 21, 2017.

6. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and Amendment Rules 2017 ("the Rules") notified by the Ministry of Corporate Affairs, the Company is required to transfer 'all shares' in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more in the name of Investor Education and Protection Fund ("IEPF") Suspense Account.

   Adhering to various requirements set out in the Rules, the Company has communicated individually to the concerned shareholders whose shares are liable to be transferred to IEPF Suspense account for taking appropriate action. The Company has also uploaded full details of such shareholders due for transfer to IEPF Suspense Account on its website at www.novartis.in and had given notice to the shareholders in newspapers on December 22, 2016 and April 17, 2017. It may be noted that, in the case of those shareholders who have not responded or claimed unpaid Dividend for the period from 2009-10 to 2015-16, the Company shall transfer such shares to IEPF suspense account after following the due process as enumerated in the Rules.

   However, the concerned shareholders may note that, upon such transfer, both the unclaimed dividend and the shares transferred to IEPF Suspense Account including all benefits accruing on such shares, if any, can be claimed by them from IEPF Authority, after following the procedure prescribed under the Rules.

7. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, 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. The details of unpaid dividend are placed on the website of the Company at www.novartis.in.

   Members who have not encashed dividend warrant(s) for the financial year ended March 31, 2010 onwards are requested to make their claims directly to the Company or to Link Intime India Private Limited, C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai 400 083, 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
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
2015-16	10	29.07.2016	03.09.2023

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

9. 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.

10. 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.

11. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective Depositories, viz. NSDL and CDSL will be printed on the dividend warrants. Members are requested to inform the concerned Depository Participants of any change in address, dividend mandate, etc.

12. 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.

13. 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.

14. 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.

15. 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 Ms Monaz Noble (Item No. 3)

At the ensuing Annual General Meeting, Ms Monaz Noble, Whole Time Director and Chief Financial Officer of the Company shall retire by rotation and being eligible, offers herself for re-appointment.

Pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the particulars of Ms Monaz Noble are given below:

Ms Monaz Noble 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 Whole Time Director and Chief Financial Officer. She has rich experience in the areas of treasury, accounting, taxation, strategy, commercial finance, M&A, secretarial and corporate governance. In a career spanning over two decades she has worked with Cadbury India Limited and Godrej Soaps Limited.

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 related to in any way with any other Director or Key Managerial Personnel of the Company. She is member of the Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company. The number of Board/Committee meetings attended by Ms Monaz Noble during the financial year is disclosed in the Corporate Governance Report annexed to the Directors' Report.

Appointment of Statutory Auditors (Item No. 4)

Due to the completion of term as per Section 139(1) of the Companies Act, 2013, the Board of Directors recommends the appointment of M/s Deloitte Haskins & Sells LLP, (Firm Registration No. 117366W/W-100018), Chartered Accountants, as Statutory Auditors of the Company in place of retiring auditors M/s Lovelock & Lewes, Chartered Accountants (Firm Registration No. 301056E).

M/s. Deloitte Haskins & Sells LLP, (Firm Registration No. 117366W/W-100018), Chartered Accountants have signified their consent vide their letter dated May 18, 2017 to act as Statutory Auditors of the Company, if appointed, and to hold office as such from the conclusion of the 69th Annual General Meeting to the conclusion of 74th Annual General Meeting of the Company.

The letter received under Section 139(3) of the Companies Act, 2013 from M/s. Deloitte Haskins & Sells LLP, (Firm Registration No. 117366W/W-100018), Chartered Accountants and Certificate under Section 141 of the Companies Act, 2013 is available for inspection by the members at the registered office of the Company on any working day excluding public holidays, Saturdays and Sundays, between 11:00 am to 1:00 pm upto and including the date of the Annual General Meeting.

The Board recommends the Resolution at Item No. 4 of the Notice for the approval by the Members. None of the Directors are concerned or interested in this item of resolution.

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 and 6 of the accompanying Notice dated May 23, 2017 convening the 69th Annual General Meeting of the Company scheduled for July 28, 2017.]

Item No. 5

Pursuant to Section 94(1) of the Companies Act, 2013 ("the Act"), Registers and copies of the returns may be kept at any other place in India other than at the Registered Office of the Company, in which more than one-tenth of the total number of members entered in the Register of Members reside, if approved by a Special Resolution by the members of the Company.

The Register/Index of Members were maintained at the office of the Company's Registrar & Share Transfer Agents (RTA), Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078.

Due to the change in the Registered Office of Link Intime India Private Limited w.e.f. February 27, 2017, the Company's Register of Members and its accompanying documents are shifted to their registered office located at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083.

A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Maharashtra, Mumbai, as required under the said Section 94 (1) of the Companies Act, 2013 and Rule 15 of the Companies (Management and Administration) Rules, 2013.

The Board recommends the Resolution at Item No. 5 of the Notice for approval by the Members.

Item No. 6

Section 197 of the Companies Act, 2013 ("the Act") permits payment of remuneration to Non-Executive & Independent Directors of a Company by way of commission, if the Company authorizes such payment by way of a resolution of members.

The members of the Company at the 64th Annual General Meeting held on July 25, 2012, approved the remuneration payable to Non-Executive Directors of the Company by way of commission not exceeding one per cent of the net profits of the Company for each year for a period of five years commencing from April 1, 2012 to March 31, 2017.

Pursuant to Section 309 (7) of the erstwhile Companies Act, 1956 such approvals obtained from shareholders are valid only for a period of 5 years. Since the validity of the earlier resolution passed by the shareholders expired in the financial year i.e. 2016-17, approval is sought from shareholders for renewal of the resolution for a further period of 5 years commencing from April 1, 2017.

Considering the rich experience and expertise brought to the Board by the Non-Executive & Independent Directors of your Company, as well as keeping in view the enhanced Corporate Governance requirements, particularly Board Governance and Management, requiring greater time commitments, attention and higher level of oversight of the Independent Directors, it is proposed that, remuneration not exceeding one per cent of the net profits of the Company, calculated in accordance with provisions of the Act, be continued to be paid and distributed amongst the Non-Executive & Independent Directors of the Company in accordance with the recommendations of the Nomination and Remuneration Committee of the Board and approval by the Board of Directors of the Company, for a further period of five years commencing from April 1, 2017.

Details of commission paid to Non-Executive & Independent Directors during the Financial Year 2016-17 is provided in the annexure to the Directors' Report and the Corporate Governance Report. The Company has not paid any sitting fees to the Non-Executive & Independent Directors during the Financial Year 2016-17.

None of the Directors, Key Managerial Personnel or their respective relatives, except all of the Non-Executive & Independent Directors of the Company to whom the resolution relates, are concerned or interested in the Resolution mentioned at Item No. 6 of the Notice.

The Board of Directors recommends the resolution set forth in Item No. 6 for the approval of the Members.

By Order of the Board of Directors

TRIVIKRAM GUDA
Company Secretary

Registered Office

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

May 23, 2017

Directors' Report

Your Directors are pleased to present the Annual Report and the Audited Accounts for the financial year ended March 31, 2017.

Summary of the Financial Results

	(₹ in million)	
	2016-17	**2015-16**
Revenue from operations*	**6,562.3**	**8,061.7**
Operating Profits		
Profit before tax*	917.3	2,716.7
Profit after tax*	572.2	1,982.9
Other Comprehensive Income for the year	5.0	2.9
Balance brought forward from previous year	8,143.7	6,542.6
Available for appropriation		
The Directors have made the following appropriations:		
Dividend	319.6	319.6
Tax on distributed profits	65.1	65.1
Carry forward	**8,336.2**	**8,143.7**

* Includes continuing as well as discontinued operations.

Dividend

The Board has recommended payment of dividend at ₹ 10 per equity share of ₹ 5 each for the financial year 2016-17. The dividend, if approved by the members at the Annual General Meeting ("AGM"), will result in a cash outflow of ₹ 338.7 million including dividend tax.

Management Discussion and Analysis

For the year under review, the business operations of the Company comprise of Pharmaceuticals.

a. Industry structure and developments

India's economic growth in terms of GDP, for Financial Year 2016-17, stood at 7.1 percent compared to 7.6 percent during the previous financial year, primarily due to the impact of demonetisation and slowdown in private investments. However, Government's continued commitment towards economic reforms and a slew of measures to support these including the GST Bill and initiatives like 'Make in India', favoured the positioning of India as the fastest growing economy in the world.

India's healthcare system remains grossly inadequate to provide care to a population of 1.3 billion, especially in rural areas. With public spending on healthcare at 1.4 percent of GDP, India is among the lowest in the world. Continuing challenges surrounding drug pricing and low health insurance are factors impacting the research based pharmaceutical industry.

The Indian Pharma Market ("IPM") is valued at ₹ 1,011 billion (AIOCD, MAT FEB 2017) and forecasted to grow at a Compounded Annual Growth Rate (CAGR) of 11-14 percent* 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. Performance

Revenue from continuing operations for the year ended March 31, 2017 was at ₹ 6,562.3 million representing a decrease of 4.9 percent over the previous year.

Profit before tax for the year from continuing operations was at ₹ 917.3 million representing a decrease of 17.6 percent over the previous year.

*source: IMS Market Prognosis 2017-2021

c. Segment-wise operational performance

The Pharmaceuticals business registered Net Revenue from Operations of ₹ 6,562.3 million representing a decrease of 4.9 percent over the previous year. Expansion of National List of Essential Medicines (NLEM) has led to increase in the scope of drugs subject to price control. Additionally there was a 2.71 percent reduction in prices from April 2016 following a reduction in the annual Wholesale Price Index (WPI) as per the Drugs Price Control Order, 2013 ("DPCO"). Both these events continue to have an adverse impact on the operating profits of the Pharmaceutical business. To mitigate the DPCO impact, cost containment measures were undertaken by the Company during the year to protect its operating profit.

Following brands hold key positions in major therapeutic areas such as:

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

d. Concerns

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. Control of prices of certain drugs under the DPCO continues to affect the profitability of the pharmaceutical industry. Any attempt to expand the scope of the DPCO will pose additional challenges. The unpredictability of the Patent environment prevalent in the country adds to concerns of the research-oriented pharmaceutical industry.

e. Outlook

India's economy is well placed to grow at a robust pace over the next five years owing to strong domestic consumption and increase in government spending on infrastructure. Harmonization of the existing, complex tax regime, with proper implementation of Goods & Service Tax (GST) will simplify the supply chain and improve the operating environment and will act as an additional driver of consolidation at all levels of the pharmaceutical market.

A large and growing population, low health care penetration, Government's commitment to increase healthcare spend, emerging digital technologies in the healthcare sector, growing preference towards private care all present a growth opportunity for the pharmaceutical industry.

There are however, headwinds faced by the Indian Pharma Market (IPM) in the form of continuing price controls and the impending impact if the government makes it mandatory for doctors to prescribe medicines using their generic names. Despite the continued effort at driving productivity and various cost control measures, the Company results continue to be impacted by the severe price cuts.

f. Internal control systems and their adequacy

The Company maintains appropriate systems of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorized, recorded and reported correctly.

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 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, evaluated the internal financial control systems with the Audit Committee and discussed relevant issues with internal and statutory auditors. 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 that such internal financial controls are adequate and were operating effectively.

g. 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 the Company in appropriate or exceptional cases. Details of the Vigil Mechanism policy are made available on the Company's website www.novartis.in

h. 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, 2017 was 674.

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 continues to actively support various initiatives in the areas of health, education, sports and environment. The CSR Policy adopted by the Board of Directors is available on the Company's website www.novartis.in.

Health: India has around 60 percent 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) project was launched in the union territory of Dadra & Nagar Haveli in March 2015 and continued during the financial year under review. Refresher training was conducted for 4 research assistants and 1 project supervisor. 13,470 people were screened for leprosy, with a prophylactic dose for prevention of transmission of leprosy being given 9,313 eligible persons. 2 new cases of leprosy were detected while 18 persons were suspected to have contracted TB and were referred to TB referral centres for further investigation and treatment.

To increase awareness of leprosy, a film titled 'The Unwanted', sponsored by the Company, was broadcast on a leading TV channel and screened for private audiences in the metros of Hyderabad, Delhi, and Mumbai with another one planned in Bengaluru.

The Company continued with its rural health initiative called Arogya Parivar, which is now in its tenth year. Focus continues to be on conducting health camps in 11 states in the country on various disease areas while also covering the importance of sanitation and hand washing.

The Company is a strong player in the oncology segment and furthered its commitment to children suffering from cancer by funding preventive healthcare and sanitation at various child care centers in Maharashtra.

Education: The poor in India continue to be heavily impacted by lack of education with children not being sent to school so that they can contribute to the family income or dropping out of school. 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. Around 4,450 children in and around Bengaluru are being covered under this programme. The Company has also recognized the need for increasing engagement in the learning of the underprivileged and has contributed towards this by subscribing to educational magazines. Feedback from the recipients is encouraging with there being a marked improvement in spoken and written English, grammar and vocabulary among the students.

Sports: India is yet to make a significant mark in the area of sports, particularly at the Olympic level. Focus by parents continues to be on academics for their children making sports a neglected area. The Company continues to support the medical, nutritional and training needs of promising Indian athletes who will participate in future Olympics. Notable among those who fared well at the recently held Olympics supported by the program is badminton player P.V. Sindhu.

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 continues to commemorate Community Partnership Week ("CPW") each year encouraging employees to work on causes close to their heart. A pan India activity that has shown rising numbers is the blood donation drive for children suffering from thalassemia, a hereditary blood disorder where the body makes an abnormal form of hemoglobin, the protein in red blood cells that carry oxygen. They need to get blood every two weeks. 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 basis and 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 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 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 details of the material Related Party Transactions in financial year 2016-17, as per the Policy on dealing with Related Parties adopted by the Company are disclosed in **Annexure B.**

The transactions disclosed in the Annexure 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 the 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 Management Committee. 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 Companies Act, 2013 and the rules framed thereunder.

Particulars of Loans, Guarantees or Investments

As on March 31, 2017, 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.

Ms Sandra Martyres was appointed as an Independent Director of the Company at the previous Annual General Meeting of the Company, to hold office for a term up to April 18, 2021.

Mr Dinesh Charak resigned from the Board as Whole Time Director of the Company with effect from May 26, 2016. Ms Monaz Noble was appointed as Whole-Time Director of the Company w.e.f. June 13, 2016. Ms Noble retires at this AGM and has offered herself for re-appointment.

Necessary resolutions for the appointment/re-appointment of Ms Monaz Noble together with details for re-appointment have been included in the Notice convening the ensuing AGM.

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 on issues being faced by the industry, in a proactive manner. Details of various familiarization programs provided to the Directors of the Company are available on the Company's website www.novartis.in.

Auditors

The Board has recommended the appointment of M/s. Deloitte Haskins & Sells LLP, (Firm Registration No. 117366W/W-100018) for a term of five years from the conclusion of the 69th Annual General Meeting to the conclusion of the 74th Annual General Meeting of the Company.

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 has appointed Mr K. G. Saraf from Saraf & Associates, Practicing Company Secretary for conducting secretarial audit of the Company for the financial year 2016-2017.

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, 2017 and of the profit and loss of the Company for the year ended March 31, 2017;

(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 are adequate and operating effectively.

Corporate Governance

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

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 Committee has been set up to redress complaints received regarding sexual harassment. All persons whether employed as permanent, contractual, temporary, trainees are covered under this policy.

During the year 2016-2017, no complaints were received by the Company related to sexual harassment.

Extract of Annual Return

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

Acknowledgement

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

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

May 23, 2017

Annexure A to the Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Novartis India Limited ("the Company") aims to improve the health of all people. 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 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 initiatives:

- 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
Ms Sandra Martyres	Member; Non-Executive and Independent Director (from April 19, 2016)
Ms Monaz Noble	Member; Whole Time Director and Chief Financial Officer (from June 13, 2016)

Average net profit of the Company for the last three financial years : ₹ 987.2 million

Prescribed CSR Expenditure (two per cent of the amount as above) : ₹ 19.7 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, 2017 (₹ million)	Amount spent: Direct or though implementing agency
1.	Leprosy post exposure prophylaxis	Health	Dadra & Nagar Haveli	4.0	4.0	4.0	Netherlands Leprosy Relief Foundation
2.	Leprosy awareness	Health	Hyderabad, Delhi, Mumbai	2.4	2.4	2.4	New Delhi Television Limited
3.	Children with cancer	Health	Mumbai	0.5	0.5	0.5	St. Jude's India Childcare Centres
4.	Health camps/ awareness	Health	Maharashtra, Gujarat, Uttarakhand, Uttar Pradesh, Bihar, Chhattisgarh, Odisha, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu	0.3	0.3	0.3	Direct – Arogya Parivar
5.	Mid-day meal	Education	Bengaluru	4.2	4.2	4.2	Akshaya Patra Foundation
6.	Municipal schools	Education	Mumbai, Pune	2.0	2.0	2.0	Akanksha Foundation, Life Trust
7.	Training, nutrition, medical support	Olympic Sports	Pan India	5.0	5.0	5.0	Foundation for Promotion of Sports (OGQ)
8.	Garden maintenance	Environment	Mumbai	1.4	1.4	1.4	Direct – Nehru Centre and Rajani Patel gardens
Total						**19.8**	

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

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, 2017

   None

2. Details of material contracts or arrangement or transactions at arm's length basis during the financial year ended March 31, 2017 (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 in each financial year 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 ₹ 1,244.7 million.
(e)	Date of approval by the Board	The Board approved these transactions at its meeting held on May 26, 2016.
(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 23, 2017

Annexure C to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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 March 31, 2017 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 March 31, 2017 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-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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, 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;

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

  e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

iv. 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.

ii. Listing Agreement entered into by the company with BSE Limited.

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 the Company has bought back 3,820,000 fully paid-up equity shares of ₹ 5/- each at a price of ₹ 760/- per equity share (Rupees Seven Hundred and Sixty Only) through Tender Offer Route, with the approval of the Shareholders by Special resolution passed through postal ballot.

Saraf and Associates
(Practising Company Secretaries)

K. G. Saraf
Proprietor
FCS 1596 : CP 642

Place : Mumbai
Date : 23rd May, 2017

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.
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 : 23rd May, 2017

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, 2017.

A. CONSERVATION OF ENERGY

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

Disclosure of particulars with respect to Conservation of Energy

	2016-17	**2015-16**
Power & Fuel Consumption	Not applicable	Not applicable
Consumption – per unit of production	Not applicable	Not applicable

The Company does not have manufacturing unit in India

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 foreign exchange earned in terms of actual inflows during the year was ₹ 128.9 million and the foreign exchange outgo during the year was ₹ 1733.9 million in terms of actual outflows.

Annexure E to the Directors' Report

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017

[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**	Link Intime India Private Limited C- 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai – 400 083. Tel: +91 22 4918 6270, Fax: +91 22 4918 6060 Email: 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	73.40	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	75.0000	20,656,042	–	20,656,042	73.4027	(1.5973)
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	23,970,597	–	23,970,597	75.0000	20,656,042	–	20,656,042	73.4027	(1.5973)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**23,970,597**	**–**	**23,970,597**	**75.0000**	**20,656,042**	**–**	**20,656,042**	**73.4027**	**(1.5973)**
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	147,827	673	148,500	0.4647	88,639	673	89,312	0.3174	(0.1473)
b) Banks/FI	2,065	2,091	4,156	0.0130	2,051	2,091	4,142	0.0147	0.0017
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	283,086	–	283,086	0.89	283,086	–	283,086	1.0060	0.1160
g) Foreign Portfolio Investor	20,867	–	20,867	0.0653	2,157	–	2,157	0.0077	(0.0576)
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**453,845**	**2,764**	**456,609**	**1.4287**	**375,933**	**2,764**	**378,697**	**1.3457**	**(0.0830)**
2. Non-Institutions									
a) Bodies Corp.:									
i) Indian	997,601	3,799	1,001,400	3.1332	816,983	–	816,983	2.9032	(0.2300)
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals:									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	5,228,067	695,704	5,923,771	18.5345	4,808,716	675,810	5,484,526	19.4896	0.9551
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	331,336	–	331,336	1.0367	530,753	–	530,753	1.8861	0.8494
c) Others (specify):									
Non Resident Indians	247,831	3,516	251,347	0.7864	267,996	3,336	271,332	0.9642	0.1778
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	54	–	54	0.0002	54	–	54	0.0002	0.0000
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	1,529	–	1,529	0.0048	2,410	–	2,410	0.0086	0.0038
Foreign Bodies	–	–	–	–	–	–	–	–	–
NBFCs	24,154	–	24,154	0.0756	–	–	–	–	–
Sub-total (B)(2)	**6,830,572**	**703,019**	**7,533,591**	**23.5713**	**6,426,912**	**679,146**	**7,106,058**	**25.2518**	**1.6805**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**7,284,417**	**705,783**	**7,990,200**	**25.0000**	**6,802,845**	**681,910**	**7,484,755**	**26.5975**	**1.5975**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A + B + C)	**31,255,014**	**705,783**	**31,960,797**	**100.00**	**27,458,887**	**681910**	**28140797**	**100**	**0.000**

(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	31.8216	–	9,586,877	34.0675	–	2.2459
2	Novartis AG	8,147,365	25.4917	–	8,147,365	28.9521	–	3.4604
3	Novartis AG	2,921,800	9.1418	–	2,921,800	10.3828	–	1.2410
4	Novartis AG	2,730,987	8.5448	–	—	–	–	(8.5448)
	Total	**23,970,597**	**75.0000**	**–**	**20,656,042**	**73.4025**	**–**	**(1.5975)**

(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	75.0000	20,656,042	73.4025
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):	Buy-back of (3,314,555) shares on September 16, 2016			
3	At the end of the year	23,970,597	75.0000	20,656,042	73.4025

(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 (01-04-16 to 31-03-17)	
	For each of the Top Ten Shareholders	No. of Shares at the beginning (01-04-16) / end of the year (31-03-17)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	ATUL LIMITED	384,660	1.2035	01.04.2016				
				09.09.2016	(10,033)	Transfer	374,627	1.1721
				31.03.2017			374,627	1.3313
2	THE ORIENTAL INSURANCE COMPANY LIMITED	280,562	0.8778	01.04.2016	–	–	280,562	0.8778
				31.03.2017	–	–	280,562	0.9970
3	ANIMA B KAPADIA	244,262	0.7643	01.04.2016	–	–	244,262	0.7643
				31.03.2017	–	–	244,262	0.8680
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICRO CAP SERIES I	102,627	0.3211	01.04.2016				
				16.09.2016	(14,188)	Transfer	88,439	0.2767
				31.03.2017			88,439	0.3143

Sr. No	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
	For each of the Top Ten Shareholders	No. of Shares at the beginning (01-04-16) / end of the year (31-03-17)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
5	RAJASTHAN GLOBAL SECURITIES PVT LTD	92,951	0.2908	01.04.2016				
				27.05.2016	(22,951)	Transfer	70,000	0.2190
				03.06.2016	(4,002)	Transfer	65,998	0.2065
				08.07.2016	22,537	Transfer	88,535	0.2770
				22.07.2016	(1,341)	Transfer	87,194	0.2728
				16.09.2016	(30,321)	Transfer	56,873	0.1779
				23.09.2016	18,266	Transfer	75,139	0.2670
				07.10.2016	5,148	Transfer	80,287	0.2853
				25.11.2016	(5,642)	Transfer	74,645	0.2653
				31.03.2017			74,645	0.2653
6	VINOD MOHAN NAIR	60,000	0.1877	01.04.2016			60,000	0.1877
				31.03.2017			60,000	0.2132
7	M. SHANTHA	51,000	0.1596	01.04.2016			51,000	0.1596
				31.03.2017			51,000	0.1812
8	SOHRAB HOMI FRACIS	44,300	0.1386	01.04.2016			44,300	0.1386
				31.03.2017			44,300	0.1574
9	R. RAJKUMAR	41,720	0.1305	01.04.2016			41,720	0.1305
				31.03.2017			41,720	0.1483
10	HARESH BABUBHAI DARUVALA	45,354	0.1419	01.04.2016				
				02.09.2016	(5,091)	Transfer	40,263	0.1260
				31.03.2017			40,263	0.1431
11	L&T MUTUAL FUND TRUSTEE LTD. L&T MID CAP FUND	45,000	0.1408	01.04.2016				
				26.08.2016	(3,699)	Transfer	41,301	0.1292
				16.09.2016	(6,113)	Transfer	35,188	0.1101
				23.09.2016	(9,502)	Transfer	25,686	0.0913
				30.09.2016	(5,686)	Transfer	20,000	0.0711
				21.10.2016	(5,851)	Transfer	14,149	0.0503
				28.10.2016	(14,149)	Transfer	–	0.0000
				31.03.2017			–	0.0000

(v) Shareholding of Directors and Key Managerial Personnel:

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):	—	–	(50)*	–
3	At the end of the year	270	–	220	–

Note: * 50 Shares of Dr. Mehrotra decreased pursuant to Buy Back of shares approved by the shareholders in financial year 2016-17.

As on March 31, 2017, Dr Rajendra Nath Mehrotra, Independent Director of the Company holds 220 equity shares of the Company. Apart from Dr Mehrotra, no other Director/Key Managerial Personnel holds 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	–	–	22.0	22.0
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**–**	**22.0**	**22.0**
Change in Indebtedness during the financial year				
• Addition	–	–	0.7	0.7
• Reduction	–	–	–	–
Net Change	–	–	0.7	0.7
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	22.7	22.7
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**–**	**22.7**	**22.7**

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	Monaz Noble	
		Vice Chairman & Managing Director	Whole Time Director & CFO	
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16.1	11.3	27.4
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961*	8.9	1.0	9.9
	(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	12.5**	2.4	14.9
6	Others Long Term Benefits	0.1	0.6	0.7
7	**Total (A)**	**37.6**	**15.3**	**52.9**
8	Ceiling as per the Act	5% of net profit	5% of net profit	10% of net profit

* Excludes charge in relation to restricted shares and tradeable to the extent not vested.

** Includes Performance Incentive of Financial Year 2015-16

B. Remuneration to other Directors:

1. Independent Director: (₹ in million)

Particulars of Remuneration	Jai Hiremath	Dr Rajendra Nath Mehrotra	Sandra Martyres	Total Amount
Fee for attending Board/Committee meetings	–	–		–
Commission	0.8	0.8	0.8	2.4
Others	–	–	–	–
Total (B)(1)	**0.8**	**0.8**	**0.8**	**2.4**

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)	–	**2.4**
Total Managerial Remuneration	–	2.4
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
		Girish Tekchandani*	Trivikram Guda**	
		Company Secretary	Company Secretary	
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3.21	1.31	4.52
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.0036	0.0061	0.0097
	(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	–	–	–
6	**Total (C)**	**3.2136**	**1.3161**	**4.5297**
7	Ceiling as per the Act	NA	NA	NA

* April 1, 2016 to August 12, 2016

**January 5, 2017 to March 31, 2017

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 the 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. We have established processes to ensure our Board functions effectively, promoting efficient and balanced decision-making, to effectively fulfill its duties in the best interest of our shareholders, employees and all other stakeholders.

The Company is in compliance with the provisions of Corporate Governance specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Company is committed to meeting 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 Board of Directors of the Company has an optimum combination of Executive, Non-executive & Independent Directors, including women Directors. The strength of the Board is six Directors comprising two Executive and four Non-Executive Directors including the Chairman of the Company. Fifty per cent of the Board comprises Independent 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 Non-Executive Directors, has full access to any information related to the Company.

During the financial year 2016-17, Mr Dinesh Charak, Whole Time Director of the Company ceased to be a Director on the Board with effect from May 26, 2016. As per Section 203(4) of the Companies Act, 2013, in case of vacation of the office of any whole-time key managerial personnel, the resulting vacancy shall be filled by the Board at a meeting of the Board within a period of six months from the date of such vacancy. In compliance with this Regulation, the Board of Directors at its Meeting held on June 13, 2016, appointed Ms Monaz Noble as Whole Time Director & Chief Financial Officer effective the date of the Board Meeting. Ms Sandra Martyres was appointed as an Independent Director of the Company at the previous Annual General Meeting of the Company, to hold office for a term up to April 18, 2021.

Except for the Non-executive Chairman and Independent Directors of the Company, all other executive Directors are liable to retire by rotation.

Details of the Board of Directors are given below:

Name	Category	Date of joining the Board	No. of Directorships/Committee Memberships/Chairmanships (Including Novartis India Limited)				
			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	—
Ms M. Noble (appointed w.e.f. June 13, 2016)	Whole Time Director	13.06.2016	1	—	—	1	—
Mr J. Hiremath	Independent Director	28.01.2006	2	1	8	1	1
Dr R. Mehrotra	Independent Director	30.05.2000	1	—	—	2	1
Ms S. Martyres (appointed w.e.f. April 19, 2016)	Independent Director	19.04.2016	1	—	2	1	—

(1) Excluding directorships outside of India.

(2) Membership and Chairmanship in Audit Committee and Stakeholder Relationship Committee of all public limited companies, whether listed or not, including Novartis India Limited.

Except Dr R. Mehrotra, no Directors and their relatives hold shares in the Company. Dr R. Mehrotra holds 220 shares of the Company as on March 31, 2017.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (“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, six Board meetings were held on April 19, 2016; May 26, 2016; June 13, 2016; July 28, 2016; November 11, 2016 and February 3, 2017. The Company held six Board Meetings in the year 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 insights into 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, 2017 and their attendance at the Board Meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2017 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	6	4	Yes
Mr R. Shahani	Vice Chairman and Managing Director, and Chairman of Corporate Social Responsibility Committee	6	6	Yes
Mr D. Charak (Resigned w.e.f. May 26, 2016)	Whole Time Director	2	2	No
Ms M. Noble (Appointed w.e.f. June 13, 2016)	Whole Time Director	4	4	Yes
Mr J. Hiremath	Independent Director and Chairman of the Audit Committee	6	6	Yes
Dr R. Mehrotra	Independent Director and Chairman of the Nomination and Remuneration Committee and Stakeholders Relationship Committee	6	6	Yes
Ms S. Martyres	Independent Director	6	6	Yes

3. Audit Committee

The role of the Audit Committee is in accordance with Regulation 18 of the Listing Regulations and the terms of reference are as 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(s) 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 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 the Company's financial reporting processes and the disclosure of financial information to ensure that the Financial Statements are correct, sufficient and credible

- Look into reasons for substantial defaults in payments to stakeholders
- Approval of appointment of CFO or any other person heading the 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 the nature and scope of audit as well as post audit discussion to ascertain any areas 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 Trivikram Guda, Company Secretary, acts as Secretary to the Committee.

The Vice Chairman and Managing Director, Whole Time Director & Chief Financial Officer, Country Chief Financial Officer, Country General Counsel, 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 26, 2016; July 28, 2016; November 11, 2016 and February 3, 2017.

Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2017 are given below:

Name of the 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
Ms S. Martyres	Member; Non-Executive and Independent 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:

- To formulate a 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 Function 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 queries of shareholders.

During the period under review, the Nomination and Remuneration Committee met three times on April 19, 2016, June 13, 2016 and February 3, 2017.

Constitution of the Nomination and Remuneration Committee and attendance details during the financial year ended March 31, 2017 are given below:

Name of the Director	Category	No. of Meetings held	No. of Meetings attended
Dr R. Mehrotra	Chairman of the Committee; Non-Executive and Independent Director	3	3
Mr C. Snook	Member; Non-Executive Director	3	1
Mr J. Hiremath	Member; Non-Executive and Independent Director	3	3

The Nomination and Remuneration Committee at its meeting held on July 25, 2014 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 is given below:

Nomination and Remuneration Policy

Pursuant to Section 178 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 Regulations.

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 Regulations.

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 shall mean employees hired at the level of Divisional Heads and Corporate Function 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, KMP 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 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. Performance evaluation is conducted based on approved criteria. Highlights of the process 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, he/she shall give to the Company 3 months' notice. The Company may, at its sole discretion, relieve the Whole Time Director of his/her duties at 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 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 shareholders at the 67th and 68th AGMs of the Company respectively.

The criteria for making payments to Independent Directors are:

1. Directors are not paid any sitting fees for attending 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 is given below:

(₹ in million)

Name of the Director	Salary	Perquisite*	Performance Incentive	Commission	Other Long term benefits	Total
Mr C. Snook	–	–	–	–	–	–
Mr R. Shahani	16.1	8.9	12.5**	–	0.1	37.6
Ms M. Noble	11.3	1.0	2.4	–	0.6	15.3
Dr R. Mehrotra	–	–	–	0.8	–	0.8
Mr J. Hiremath	–	–	–	0.8	–	0.8
Ms S. Martyres	–	–	–	0.8	–	0.8

* Excludes charge in relation to restricted shares and tradable options to the extent not vested.

** Includes Performance incentive of Financial Year 2015-16.

5. Stakeholders Relationship Committee

In pursuance to Regulation 20 of the Listing Regulations and Section 178 of the Act, the Stakeholders Relationship Committee considers and resolves the grievances of security holders.

During the period under review, the Stakeholders Relationship Committee met four times on May 26, 2016; July 28, 2016; November 11, 2016 and February 3, 2017.

Details of constitution and attendance details of the Stakeholders Relationship Committee as on March 31, 2017 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	1	1
Ms M. Noble**	Member, Whole Time Director and Chief Financial Officer	3	3

*Resigned w.e.f. May 26, 2016

**Appointed w.e.f. June 13, 2016

Mr Trivikram Guda, Company Secretary is Secretary to the Stakeholders Relationship Committee and the Compliance Officer of the Company.

During the financial year, sixty one (61) complaints were received from shareholders, out of which 60 (sixty) have been attended/resolved. There was 1 (one) complaint from shareholders pending as on March 31, 2017 which was resolved later. All shareholder grievances were attended and resolved within thirty days.

6. Corporate Social Responsibility ("CSR") Committee

Pursuant to Section 135 of the Act the Board constituted the CSR Committee. The 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 three times on May 25, 2016, November 17, 2016 and February 14, 2017.

Details of constitution and attendance details of the CSR Committee as on March 31, 2017 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	3	3
Mr D. Charak*	Member, Whole Time Director	1	–
Ms S. Martyres	Member; Non-Executive & Independent Director	3	3
Ms M. Noble**	Member, Whole Time Director and Chief Financial Officer	2	2

*Resigned w.e.f May 26, 2016

**Appointed w.e.f. June 13, 2016

The CSR Committee was re-constituted and Ms Monaz Noble, Whole Time Director & Chief Financial Officer was appointed as a member of the Committee with effect from June 13, 2016. Annual Report on CSR activities is a part of the Directors' Report which details the various CSR projects undertaken by the Company during FY 2016-17.

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
2015-2016	Hall of Culture, Nehru Centre, Worli, Mumbai 400 018	July 29, 2016 at 11.30 a.m.
2014-2015	Hall of Culture, Nehru Centre, Worli, Mumbai 400 018	July 23, 2015 at 11.30 a.m.
2013-2014	Hall of Culture, Nehru Centre, Worli, Mumbai 400 018	July 25, 2014 at 11.30 a.m.

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:**

  i) At the AGM held on July 29, 2016, shareholders approved a Special Resolution for keeping the Register of members 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 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.

  ii) Vide a postal ballot, shareholders of the Company approved a Special Resolution dated July 12, 2016 for buyback not exceeding 38,20,000 (Thirty Eight Lakh Twenty Thousand only) equity shares of the Company, from all Members holding equity shares of the Company on a proportionate basis through the "Tender Offer" route in accordance with the Companies Act, the Companies (Management and Administration) Rules, 2014 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended from time to time at a price of ₹ 760 (Rupees Seven Hundred Sixty only) per equity share payable in cash for an aggregate amount of ₹ 2903.2 million.

  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 Listing Regulations. 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 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 to attend 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 Financial Express and Navshakti. These results are promptly submitted to the BSE Limited together with a copy of the Company's press release 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

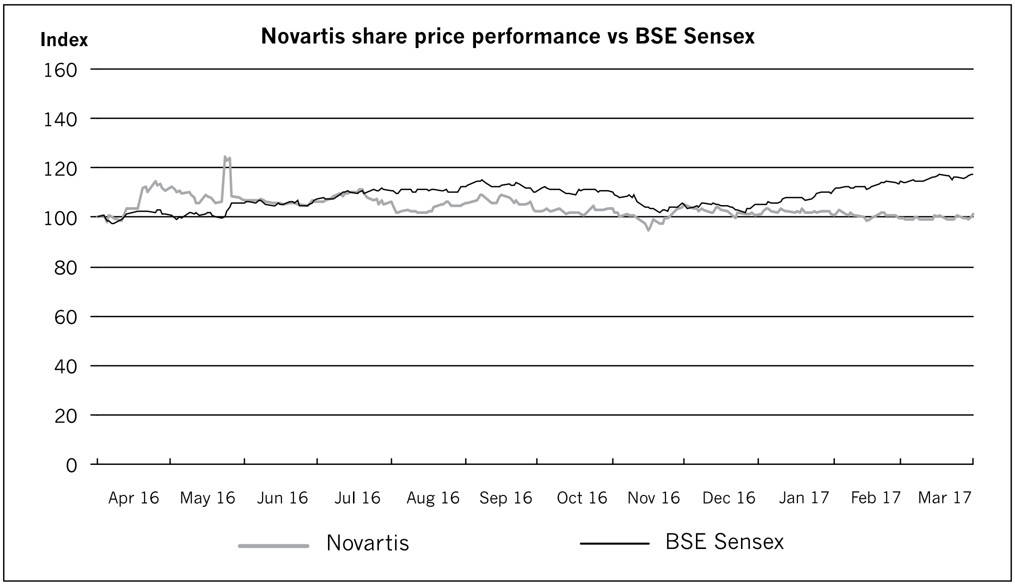
AGM day, date, venue and time	:	July 28, 2017, at Hall of Culture, Nehru Centre Worli, Mumbai 400 018 at 11.30 am
Financial Year	:	April 1 to March 31
First quarter results	:	Second fortnight of July 2017
Second quarter results	:	Second fortnight of October 2017
Third quarter results	:	Second fortnight of January 2018
Results for the year ending March 2018	:	Second fortnight of May 2018
Date of Book closure:		July 21, 2017 till July 28, 2017 (Both days inclusive)
Dividend payment date	:	On or after August 2, 2017
Listing on Stock Exchange	:	BSE Limited, Mumbai
Payment of annual listing fees	:	The annual listing fees for the year 2017-18 have been paid to BSE Limited
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	BSE Limited, Mumbai	
	High	Low
April 2016	776.75	740.50
May 2016	855.00	716.30
June 2016	724.50	709.05
July 2016	747.95	704.05
August 2016	722.00	702.15
September 2016	739.00	684.80
October 2016	712.00	692.95
November 2016	701.00	695.90
December 2016	715.00	673.85
January 2017	703.00	677.35
February 2017	691.00	665.60
March 2017	693.05	676.25

(Source: Website of BSE Limited, Mumbai www.bseindia.com)

Novartis share price performance versus BSE Sensex during April 2016 – March 2017



Note: The monthly closing prices of the Sensex and Novartis equity shares have been indexed to 100 as on April 1, 2016

Registrar & Transfer Agents	: Link Intime India Private Limited C-101, 247 Park L B S Marg, Vikhroli (West) Mumbai 400 083 Telephone No: +91 22 4918 6270 Fax No.: +91 22 4918 6060 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 authorized 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, 2017

Sr. No.	No. of equity shares held		Shareholder(s)		Shareholding(s)	
	From	To	Nos.	%	Nos.	%
1	1	500	42959	96.5392	3579129	12.7186
2	501	1000	883	1.9843	658847	2.3413
3	1001	2000	364	0.8180	534612	1.8998
4	2001	3000	126	0.2832	311892	1.1083
5	3001	4000	40	0.0899	139405	0.4954
6	4001	5000	31	0.0697	136091	0.4836
7	5001	10000	46	0.1034	295314	1.0494
8	10001 and above		50	0.1124	22485507	79.9036
Total			**44499**	**100.0000**	**28140797**	**100.0000**

Shareholding Pattern as on March 31, 2017

Category	No. of shares held	Percentage of shareholding
A. Promoters' Holding		
1. Promoters		
– Indian Promoters	–	–
– Foreign Promoters	20,656,042	73.4025
2. Persons Acting in Concert	–	–
Sub-Total	**20,656,042**	**73.4025**
B. Non-Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	89,312	0.3174
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/Non-Govt. Institutions)	287,228	1.0207
c. FIIs	2,157	0.0077
Sub-Total	**378,697**	**1.3457**
4. Others		
a. Private Corporate Bodies	819,393	2.9118
b. Indian Public	6,015,059	21.3749
c. NRIs/OCBs	271,386	0.9644
d. Directors and their relatives	220	0.0008
Sub-Total	**7,106,058**	**25.2518**
Grand Total	**28,140,797**	**100.0000**

Dematerialisation of shares & liquidity	The Company's shares are traded compulsorily in dematerialised form on the stock exchange. As on March 31, 2017, 97.58 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 Trivikram Guda, Company Secretary and Compliance Officer 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, 2017.

For Novartis India Limited

RANJIT SHAHANI
Vice Chairman and
Managing Director

Mumbai, May 11, 2017

Certificate on Compliance with 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 the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations) relating to corporate governance requirements for the year ended on 31 March 2017.

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 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 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 9, 2017

Business Responsibility Report

At Novartis, we strive to be a trusted healthcare leader and cultivate a corporate culture of high ethical standards. We promote innovation, quality, collaboration, performance, courage and integrity, which we regard as essential values and behaviors in our interactions with patients, healthcare partners and society at large.

Our key focus areas our Business Responsibility include: expanding access to healthcare and doing business responsibly. This combination of responsible business and making medicines accessible is an important element supporting our company mission, vision and strategy. In this endeavor we adopt an array of approaches such as innovative business models, equitable commercial models, zero-profit initiatives, patient assistance programs and strategic philanthropy.

We at Novartis strongly believe that high performance with integrity is fundamental to the way we operate and is critical to maintaining the support of society and governments. Our Code of Conduct sets high ethical standards, and comprehensive training ensures our associates know how to apply these standards in their work.

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	:	L24200MH1947PLC006104
2.	Name of the Company	:	Novartis India Limited
3.	Registered address	:	Sandoz House, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018
4.	Website	:	www.novartis.in
5.	E-mail ID	:	india.investors@novartis.com
6.	Financial Year reported	:	April 1, 2016 – March 31, 2017
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):	:	The Company's principal business activity comprises of wholesale of pharmaceuticals and medical goods (NIC Code 46497)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	:	Pharmaceuticals products
9.	Total number of locations where business activity is undertaken by the Company		
	i. Number of International Locations	:	None
	ii. Number of National Locations	:	Head office at Mumbai
10.	Markets served by the Company – Local/ State/National/International	:	Pan India across all markets in the country

Section B: Financial Details of the Company (₹ in million)

1.	Paid up Capital (INR)	:	140.7
2.	Total Turnover (INR)	:	6562.3
3.	Total profit after taxes (INR)	:	572.2
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	:	2 percent
5.	List of activities in which expenditure in 4 above has been incurred: Focus areas are Health, Education, Sports and Environment. Please refer to the 'Annual Report on Corporate Social Responsibility' which forms part of this Annual Report for details.		

Section C: Other Details

1. **Does the Company have any Subsidiary Company/Companies?**
   – The Company does not have any Subsidiary.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If Yes, then indicate the number of such Subsidiary Company(s).**
   – Not applicable.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If Yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
   – The Company expects all business partners to adhere to the Company's business principles.

Section D: Business Responsibility (BR) Information

1. **Details of Director/Directors responsible for Business Responsibility**

   a) Details of the Director/Directors responsible for implementation of the BR policy/ policies

   DIN Number : 00103845
   Name : Mr Ranjit Shahani
   Designation : Vice Chairman & Managing Director

   b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00103845
2.	Name	Mr Ranjit Shahani
3.	Designation	Vice Chairman & Managing Director
4.	Telephone number	022 – 2495 8400
5.	e-mail ID	india.investors@novartis.com

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the well-being of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect, protect and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sr. No.	Questions	Business Ethics P1	Sustainability P2	Employees' Well-being P3	Stakeholders' Welfare P4	Human Rights P5	Environment P6	Regulatory Policy P7	Equitable Development P8	Customer Responsibility P9
1.	Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/CEO/appropriate Board Director?**	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	#	#	#	#	#	#	#	#	#
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

* All the Company's policies are aligned with Novartis AG is global best practices and in compliance with Indian laws and regulations.

** Standards and Policies adopted by the Company's global parent have been put in place in India.

https://www.novartis.in/about-us/corporate-responsibility

https://www.novartis.com/about-us/corporate-responsibility/resources/codes-policies-guidelines

2a. If answer to S.No. 1 against any principle, is 'No', please explain why:

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	–	–	–	–	–	–	–	–	–
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	–	–	–	–	–	–	–	–	–
3.	The Company does not have financial or manpower resources available for the task	–	–	–	–	–	–	–	–	–
4.	It is planned to be done within the next 6 months	–	–	–	–	–	–	–	–	–
5.	It is planned to be done within the next 1 year	–	–	–	–	–	–	–	–	–
6.	Any other reason (please specify)	–	–	–	–	–	–	–	–	–

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meets to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:**
  - The Business Head of the Company along with the leadership team discusses and assesses the business responsibility performance of the Company at least once in six months. The Board and senior management of the Company affirm compliance with the Code of Conduct.
  - The Corporate Social Responsibility (CSR) Committee of the Company meets at regular intervals to review progress on various CSR initiatives as well as discuss future programs/projects.
- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?**
  - The BR report forms part of the Annual Report for FY 2016-17 and can be accessed on the website of the Company at www.novartis.in

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

We focus our business responsibility (BR) work in two areas: expanding access to healthcare and doing business responsibly. It is our belief that operating ethically is not only the right thing to do, it is also fundamental to our success as a business. We do not tolerate unethical behavior by any of our associates and are committed to taking all necessary steps to ensure compliance with our Code of Conduct and all applicable laws.

Our Code of Conduct is based on five core principles (for details of these principles, please see the Novartis Code of Conduct):

Patients: patient benefit and safety is at the heart of everything we do.

Employees: we treat our employees fairly and respectfully.

Shareholders: we are committed to outstanding and sustainable performance with integrity.

Healthcare partners: we strive to be a trusted healthcare partner.

Society: we aspire to be a good corporate citizen.

Every Novartis associate is required to take part in yearly Code of Conduct trainings, including certification. Compliance with the Code of Conduct is included in the terms of employment of all Novartis employees and is closely monitored. Compliance is a regular item on the agenda of all our leadership meetings. All employees are also required to complete integrity and compliance training via e-training on Data Privacy and Anti-Bribery.

The culture of our Company is anchored in our Values and Behaviours which are embedded in our organisation. We take allegations of any inappropriate behavior very seriously, actively investigate them, and take appropriate disciplinary action. Employees can report suspected misconduct under the Vigil Mechanism or to the Business Practices Office (BPO). Our organizational policies on Ethics, Anti-Bribery and Corruption extend beyond the Company to all Suppliers, Contractors and Third parties with whom the Company deals.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The Company's mission is to discover new ways to improve and extend people's lives. We use science-based innovation to address some of society's most challenging healthcare issues. We discover and develop breakthrough treatments and find new ways to deliver them to as many people as possible.

As a science-based healthcare company, we strive to develop products that can help change the practice of medicine. We work with hospitals, insurance companies and physicians to meet changing customer needs cost effectively.

We touch the lives of millions of patients every day through our products. The Company does not have any manufacturing facility in India.

We ensure that the partners we select adhere to the same high standards of quality as we do including concerns for the environment. At a global level Novartis has established the Practitioners Working Group (PWG) to build a consistent approach to engaging with its key suppliers on responsible procurement. Specific projects, including in India, are being handled to improve diversity in supplier plants and create greater awareness of the Novartis Supplier Code.

The Supplier Code is based on the United Nations Global Compact and other international standards of accepted good practices. The Supplier Code is consistent with the Pharmaceutical Industry Principles for Responsible Supply Chain Management for ethics, labor rights, health and safety, environment and related management systems.

All our suppliers have to adhere to the Novartis Supplier Code that deals with ethics, labor rights, health and safety, environment and related management systems. We expect our suppliers and third parties to operate in compliance with applicable laws, rules and regulations in addition to the standards contained therein.

Our suppliers and third party vendors go through a rigorous approval process based on global guidelines and are open to audit scrutiny by us. Our quality team regularly inspects these business partners to ensure that they meet our quality standards.

Given the nature of our products, it is not possible to recycle them. However, the company strives towards use of recyclable packing materials for its products wherever possible. We ensure that all our partners follow GMP guidelines with respect to all product packaging. As anti-counterfeit measures, Novartis Standard Security Features are adopted for certain products like Voveran SR range and Semi-solid range of products.

Principle 3: Businesses should promote the well-being of all employees

The health and well-being of employees is a top priority for Novartis. With an objective of promoting a positive work-life balance across the company, Novartis has a number of employee and family friendly policies and practices to ensure the well-being of its employees and their immediate families.

Be Healthy is a group-wide health initiative to help employees around the world, including those in India, embrace healthy lifestyles. It provides voluntary opportunities for employees to take control of their personal health, both at work and in their private lives. Special focus is placed on prevention activities because workplace health programs can help address the rapid rise in non-communicable diseases (NCDs), i.e. medical conditions or diseases which are non-infectious and usually thought of as chronic conditions.

Be Healthy is focused on four pillars:

- **Move:** Increase physical activity and decrease sedentary behavior – we believe that including exercise in one's routine is good for overall health – healthy weight, normal blood pressure, cholesterol and blood sugar, resistance against infections and heightened resilience.

- **Choose:** Choose healthy foods and eat appropriately to keep in top shape at work and at home – this contributes to overall well-being and reduces the risk of disease.

- **Know:** Know your numbers so that you can take control of your health – awareness is the first step to prevention. Annual health checks help awareness and prompts employees to take corrective measures if medical intervention is required.

- **Manage:** Provide support for employees with disabilities or illnesses to maintain or regain their ability to perform at home and at work.

Employees are also given access to an online tool that helps our employees assess, maintain and improve their health.

The Health, Safety and Environment committee works on providing a safe and a healthy environment for employees who are also trained on safety procedures and how to tackle emergencies.

The Company is recognized internally and externally for the diversity of its employees and its inclusive culture, driven by a diversity & inclusion (D&I) strategy designed to drive business outcomes. The environment empowers employees to contribute constructively to the achievement of Company goals.

We have a strong focus on talent management and rewards and recognition while building a strong talent pipeline for future growth.

The Company had 674 employees as at March 31, 2017. Of these, there were 81 women employees. In addition, 136 employees were hired on a temporary/contractual/casual basis.

The Company has one recognized employees' union affiliated to Bhartiya Kamgar Karmachari Mahasangh (BKKM) which is operating in pharma sales division/field force. About 415 employees i.e. 62.4 percent forms part of the union recognized by the management.

The Company has 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 and has set up an Internal Committee to redress any complaints that fall under the purview of this Act. All employees, including contractual, temporary and trainees are covered under this policy. There were no complaints relating to sexual harassment or child/forced/involuntary labour received during FY 2016-2017.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

Novartis is committed to all its stakeholders, be they internal or external, particularly stakeholders who are disadvantaged, vulnerable and marginalized.

Arogya Parivar is an innovative business model that aims to reach patients in rural India, who have limited reach to healthcare and very low health awareness. In the past six years Arogya Parivar has reached over 31 million rural Indians across 12000 villages in 11 states. Through this program, we endeavour to inculcate positive health seeking behavior in the community and enable access to quality medicines.

In addition to the above, the Company through its various Corporate Social Responsibility (CSR) activities undertakes programs that benefit the disadvantaged, vulnerable and marginalized people. Such initiatives are elaborated in the CSR section which forms part of this Annual Report.

Principle 5: Businesses should respect and promote human rights

Our Policies and Guidelines are a key element of our corporate responsibility. They define how we want to conduct business, what we expect of ourselves and our business partners.

Novartis supports the United Nations Universal Declaration of Human Rights, the core conventions of the International Labor Organization and is committed to the United Nations Global Compact. The Company is committed to conducting all business activities in compliance with existing labor, environmental, tax and other laws and regulations, and – where these are not consistent with our values – at a higher standard. The Policy for Human Rights forms part of the Code of Conduct of the Company which extends to all our business partners and suppliers.

The Company has received no stakeholder complaints in the financial year 2016-17.

Principle 6: Business should respect, protect and make efforts to restore the environment

The Company does not have own manufacturing. However, Novartis promotes the societal and environmental values of the United Nations Global Compact to its suppliers and third parties and uses its influence where possible to encourage their adoption. The Novartis Supplier Code (the “Supplier Code”) is based on the United Nations Global Compact and other international standards of accepted good practices. The Supplier Code is aligned with the Novartis Code of Conduct. We expect our suppliers to aspire to the standards defined in the Supplier Code.

At a global level the Company has strategies and initiatives to address global environmental issues. For details of our Corporate Responsibility performance visit web link https://www.novartis.in/about-us/corporate-responsibility

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Novartis is a member of various industrial and trade associations such as the Organisation of Pharmaceutical Producers of India (OPPI), Swiss-Indian Chamber of Commerce (SICC), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and the Bombay Chamber of Commerce and Industry (BCCI). The Company advocates with the government through these associations, particularly OPPI, on matters that impact the pharmaceutical industry in general. Broad areas where it engages with the government include areas of public interest such as improving access to affordable healthcare, health awareness, predictable pricing policy, development of an ecosystem that encourages and fosters innovation, a robust and transparent drug regulatory process, improvement in surveillance and infection control measures.

Principle 8: Businesses should support inclusive growth and equitable development

Novartis has a history of supporting inclusive growth and equitable development over the years. Giving to the community comes naturally to the Company. It endeavours to make a long term impact on the communities in which it operates. Arogya Parivar, its social business initiative, is a step in taking health care to the marginalized and the disadvantaged in rural India. Arogya Parivar has helped improve health education and access to affordable medicines for millions of people in rural India.

Health is a focus area of our Corporate Social Responsibility (‘CSR’) initiatives, the details of which form part of the CSR Report. Among its many projects, leprosy elimination has greater focus. India is home to around 60 percent of the world’s case load of the parent Company has been providing multidrug therapy free of cost via a donation to the World Health Organisation. In India the Company has been funding a prophylaxis program in coordination with Netherlands Leprosy Relief Foundation.

Employee volunteering forms an important part of its CSR and Community Partnership Week offers employees many opportunities. Over the past many years, our employees have contributed significantly to a variety of causes including spending time with children suffering from cancer, partnering with slum children to brighten up a home for people suffering from cancer who come to the city of Mumbai for treatment, spending time with the elderly, donating blood for children suffering from thalassemia and contributing towards free cataract surgery for the disadvantaged. Our contributions to the mid-day meal program, has helped bring and keep children in school and provided less privileged children with a nutritious meal.

Quarterly reports from our partner NGOs helps ensure that our various CSR projects and programs are delivering on impact. The Company's direct contribution towards its CSR activities is approximately ₹ 1.8 million and through NGOs/Implementing Agency is ₹ 18 million.

More details and information on CSR activities of the Company are disclosed in the CSR Annual Report which forms part of this Annual Report.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

At Novartis, we aspire to be the world's most respected and successful healthcare company. We can only realize this aspiration if we earn and maintain the trust and support of our key stakeholder groups: our patients, our associates, our shareholders, our healthcare partners, and society at large.

Our Code of Conduct reflects our commitments to meet the expectations of our stakeholders as a responsible corporate citizen and contains the fundamental principles and rules concerning ethical business conduct.

We at Novartis are open and transparent with respect to our business principles and practices and comply with all applicable laws and regulations. The Company provides all information as required under the Drugs & Cosmetics Acts & Rules on its product packaging. As of March 31, 2017 there was no case filed against the Company for product complaints and there are no cases filed against the Company in consumer courts.

Independent Auditors' Report
To the Members of Novartis India Limited

Report on the Indian Accounting Standards (Ind AS) 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, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 Ind AS 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 Ind AS 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 and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us and on which we expressed an unmodified opinion dated May 26, 2016 and May 27, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

   Our opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

10. 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 ("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.

11. 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.

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

    (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) 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.

    (g) 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, 2017 on its financial position in its Ind AS financial statements – Refer Note 29;

ii) The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2017;

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, 2017;

iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 35.

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

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, May 23, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Novartis India Limited on the Ind AS financial statements as of and for the year ended March 31, 2017.

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, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management 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 were 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 controls 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 controls 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 controls 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, 2017, based on the internal controls 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 23, 2017

Annexure B 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 Ind AS financial statements as of and for the year ended March 31, 2017

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 3 on fixed assets to the Ind AS financial statements, are held in the name of the Company.

ii. The physical verification of inventory (excluding stocks with third parties) has 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 have been delays in a few cases for service tax payable based on reverse charge mechanism 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, the particulars of dues of income tax, sales tax, value added tax, service tax, duty of customs and duty of excise as at March 31, 2017 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	274.1	Assessment Years 1994-1995, 2008-2009 to 2016-2017	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	374.1	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	4.8	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 money by way of initial public offer, further public offer (including debt instruments) and term loans during the year under review. 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 Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 (as amended).

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 23, 2017

Balance Sheet as at 31st March 2017

	Notes	As at 31st March 2017 in ₹ million	As at 31st March 2016 in ₹ million	As at 1st April 2015 in ₹ million
Assets				
Non-Current Assets				
Property, Plant and Equipment	3	57.1	64.8	81.6
Capital Work-in-Progress	3	0.1	4.5	—
Financial Assets	4	16.8	69.8	60.4
Deferred Tax Assets	5	232.2	215.8	219.0
Income Tax Assets (Net)	6	1,189.3	1,078.7	1,032.8
Other Non-Current Assets	7	262.1	255.1	354.0
		1,757.6	**1,688.7**	**1,747.8**
Current Assets				
Inventories	8	875.2	724.0	661.2
Financial Assets				
(i) Trade Receivables	9	452.3	501.7	505.2
(ii) Cash and Cash Equivalents	10(a)	755.9	245.8	6,370.3
(iii) Bank Balances other than (ii) above	10(b)	7,401.3	11,009.7	2,042.9
(iv) Other Financial Assets	4	187.1	87.9	279.0
Other Current Assets	11	59.6	67.8	144.2
		9,731.4	**12,636.9**	**10,002.8**
Assets classified as held for sale	12	10.4	—	637.5
Total		**11,499.4**	**14,325.6**	**12,388.1**
Equity and Liabilities				
Equity Share Capital	13(a)	140.7	159.8	159.8
Other Equity	13(b)	9,055.7	11,776.0	10,171.6
Total Equity		**9,196.4**	**11,935.8**	**10,331.4**
Non-Current Liabilities				
Financial Liabilities	14(a)	22.7	22.0	21.3
Employee Benefit Obligations	15(a)	380.9	322.9	265.0
Other Non-Current Liabilities	16	40.2	—	0.3
		443.8	**344.9**	**286.6**
Current Liabilities				
Financial Liabilities				
(i) Trade Payables	14(b)	735.9	696.6	649.7
(ii) Other Financial Liabilities	14(a)	467.4	692.3	169.1
Provisions	17	112.3	109.9	120.7
Employee Benefit Obligations	15(a)	291.7	305.6	214.3
Liabilities for Current Tax (Net)	18	76.5	43.4	43.1
Other Current Liabilities	19	146.6	197.1	135.1
		1,830.4	**2,044.9**	**1,332.0**
Liabilities directly associated with assets classified as held for sale	20	28.8	—	438.1
Total		**11,499.4**	**14,325.6**	**12,388.1**

The above balance sheet should be read in conjunction with the accompanying notes.

In terms of our report of even date

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

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 23rd May 2017

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

TRIVIKRAM GUDA
Company Secretary & Compliance Officer

M. NOBLE
Whole Time Director & Chief Financial Officer
DIN: 03086192

Mumbai, 23rd May 2017

Statement of Profit and Loss for the year ended 31st March 2017

	Notes	Year ended 31st March 2017 in ₹ million	Year ended 31st March 2016 in ₹ million
Income			
Continuing Operations			
Revenue from Operations	21	6,562.3	6,899.0
Other Income	22	701.5	808.8
Total Income		**7,263.8**	**7,707.8**
Expenses			
Cost of Materials Consumed	23(a)	1.2	4.7
Purchases of Stock-in-Trade		3,212.1	2,924.1
Changes in Inventories of Finished Goods and Stock-in-Trade	23(b)	(152.1)	(65.2)
Excise Duty		0.1	1.3
Employee Benefits Expense	24	1,393.0	1,566.6
Finance Costs	25	7.2	2.1
Depreciation and Amortisation Expense	26	35.9	34.9
Other Expenses	27(a)	1,849.1	2,125.6
Total Expenses		**6,346.5**	**6,594.1**
Profit before Tax		**917.3**	**1,113.7**
Profit from Continuing Operations before Tax		917.3	1,113.7
Tax Expense	32		
Current Tax		364.1	427.7
Deferred Tax		(19.0)	(22.2)
Fringe Benefit Tax		—	(16.7)
Total Tax Expense		**345.1**	**388.8**
Profit from Continuing Operations after Tax		572.2	724.9
Discontinued Operations:			
Profit from Discontinued Operations before Tax [Refer Note 41]		—	1,603.0
Tax Expense			
Current Tax		—	321.1
Deferred Tax		—	23.9
		—	345.0
Profit from Discontinued Operations after Tax		—	1,258.0
Profit for the year		**572.2**	**1,982.9**
Other Comprehensive Income			
Items that will not be reclassified to Statement of Profit and Loss			
Actuarial Gain on Remeasurements of post-employments obligation		7.6	4.4
Income tax relating to these items		(2.6)	(1.5)
Other Comprehensive Income for the year, net of tax		5.0	2.9
Total Comprehensive Income for the year		**577.2**	**1,985.8**
Earnings per Share – Basic and Diluted [per Equity Share of ₹ 5 each] [Refer Note 38]			
From continuing operations		19.10	22.68
From discontinued operations		—	39.36
From total operations		19.10	62.04

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

In terms of our report of even date

For Lovelock & Lewes

Firm Registration No. 301056E

Chartered Accountants

ASHA RAMANATHAN

Partner

Membership No. 202660

Mumbai, 23rd May 2017

For and on behalf of the Board

R. SHAHANI

Vice Chairman & Managing Director

DIN: 00103845

TRIVIKRAM GUDA

Company Secretary & Compliance Officer

M. NOBLE

Whole Time Director & Chief Financial Officer

DIN: 03086192

Mumbai, 23rd May 2017

Statement of Changes in Equity for the year ended 31st March 2017

A. Equity Share Capital

	Note	Amount
	13(a)	in ₹ million
As at 1st April 2015		159.8
Changes in Equity Share Capital		—
As at 31st March 2016		159.8
Change in Equity Share Capital (pursuant to buy back) [Refer Note 47]		(19.1)
As at 31st March 2017		140.7

B. Other Equity

		Attributable to the equity holders of the Company					
		Reserves and Surplus					in ₹ million
	Note 13(b)	General Reserve	Securities Premium Reserve	Retained Earnings	Share Options Outstanding Account	Capital Redemption Reserve	Total Equity
Balance as at 1st April 2015		**3,472.9**	**228.8**	**6,542.6**	**(72.7)**	**—**	**10,171.6**
Profit for the year		—	—	1,982.9	—	—	1,982.9
Other Comprehensive Income for the year		—	—	2.9	—	—	2.9
Total Comprehensive Income for the year		**—**	**—**	**1,985.8**	**—**	**—**	**1,985.8**
Dividends (including Dividend Distribution Tax of ₹ 65.1 million)		—	—	(384.7)	—	—	(384.7)
Employee Stock Option Expense [Refer Note 13(b)]		—	—	—	3.3	—	3.3
Balance as at 31st March 2016		**3,472.9**	**228.8**	**8,143.7**	**(69.4)**	**—**	**11,776.0**
Profit for the year		—	—	572.2	—	—	572.2
Other Comprehensive Income for the year		—	—	5.0	—	—	5.0
Total Comprehensive Income for the year		**—**	**—**	**577.2**	**—**	**—**	**577.2**
Dividends (including dividend distribution tax of ₹ 65.1 million)		—	—	(384.7)	—	—	(384.7)
Utilisation of reserves towards Buy-back of Shares [Refer Note 47]		(2,679.1)	(228.8)	—	—	—	(2,907.9)
Amount of reserves transferred to Capital Redemption Reserve (pursuant to buy back) [Refer Note 47]		(19.1)	—	—	—	19.1	—
Employee Stock Option Expense [Refer Note 13(b)]		—	—	—	(4.9)	—	(4.9)
Balance as at 31st March 2017		**774.7**	**—**	**8,336.2**	**(74.3)**	**19.1**	**9,055.7**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

In terms of our report of even date

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

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 23rd May 2017

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

TRIVIKRAM GUDA
Company Secretary & Compliance Officer

M. NOBLE
Whole Time Director & Chief Financial Officer
DIN: 03086192

Mumbai, 23rd May 2017

Corporate Information

Novartis India Limited ("the Company") is a public limited company listed on the Bombay Stock Exchange, incorporated and domiciled in India and has its registered office at Sandoz House, Dr. Annie Besant Road, Worli, Mumbai-400018, India. It is primarily engaged in the business of trading of Drugs and Pharmaceuticals.

These financial statements were authorised for issue by the Board of Directors on May 23, 2017.

1. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of Preparation

(i) Compliance with Ind AS

These financial statements have been prepared in accordance with the notification issued by the Ministry of Corporate Affairs, the company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("previous GAAP") to Ind AS of shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive income for the year ended March 31, 2016 (refer note 42 for information on how the Company has adopted Ind AS).

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and financial liabilities measured at fair value;
- Share-based payments; and
- Defined benefit plans – plan assets that are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Level 1 hierarchy includes financial instruments measured using quoted prices.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(iii) Current and Non-Current Classification

The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and corresponding liabilities. Current assets, which include cash and cash equivalents are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company. 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. Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The financial statements are presented in ‘Indian Rupees’ (₹), which is Company’s functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

C. Property, Plant and Equipment

Items of property, plant and equipment acquired or constructed are initially recognized at historical cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. The historical cost of property, plant and equipment comprises of its purchase price, borrowing costs and adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use.

Capital Work-in-Progress represents property, plant and equipment that are not ready for their intended use as at the balance sheet date.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the year in which they are incurred.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation:

Depreciation is calculated over its estimated useful life based on useful life of the assets on Straight Line Method (SLM) as prescribed under Part C of Schedule II to the Companies Act, 2013 except in case of following assets, wherein based on internal assessment and independent technical evaluation, a different useful life has been determined.

Description	Estimated Useful Life Years
Property, Plant and Equipment	
Plant and Equipment	
Servers and Networks	3
Quality Control Equipment	5
Electrical Installations	12.5
Others	12.5
Vehicles	5

Mobile Handsets and Mobile Devices are fully depreciated in the year of purchase.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate. Leasehold Improvements are amortised over the period of lease.

Losses arising from retirement and gains or losses arising from disposal of Property, Plant and Equipment are determined by comparing sale proceeds with carrying amount and are included in Statement of Profit and Loss within “Other Income”/“Other Expenses”.

D. Intangible Assets

(i) Amortisation Method and Period

The Company amortises intangible assets with a finite useful life using the straight-line method over the following period:

Trade Marks — 5 years

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

Losses arising from retirement and gains or losses arising from disposal of Intangible assets are determined by comparing sale proceeds with carrying amount and are included in Statement of Profit and Loss within “Other Income” / “Other Expenses”.

E. Impairment of Non-Financial Assets

Assets that are subject to depreciation or amortisation are tested at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s or cash generating unit’s carrying amount exceeds its recoverable amount and is recognised in the Statement of Profit and Loss. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use.

F. 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.

G. Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

H. Trade Receivable

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

I. Cash and Cash Equivalents

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

J. Financial Instruments

Investments and Other Financial Assets

(i) Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Other Comprehensive Income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

Equity Investments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of Financial Assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For Trade Receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of Financial Assets:

A financial asset is derecognised only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial Liabilities

Trade Payables:

These amounts represents obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These payables are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and payables are subsequently measured at amortised cost using the effective interest method.

K. Revenue Recognition

Sale of Goods

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of discounts, allowances, returns, value added taxes/sales tax and amounts collected on behalf of third parties. The company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company’s activities, as described below.

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.

Sale of Services

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

Interest Income

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

Commission Income

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

L. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

M. Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

N. Employee Benefits

(i) Short-Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other Long-term Employee Benefit Obligations

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 and Leave encashment. Liability for such benefit is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit method.

(iii) Post-Employment Obligations

The Company has the following post-employment schemes:

a) Defined benefit plans such as Provident Fund, Gratuity, Non-Contractual Pension Plan and Post Retirement Medical Benefits.

b) Defined contribution plans such as Superannuation Fund and Employees' Pension Scheme.

Defined Benefit Plan

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, Non-Contractual Pension Plan (treated as a Defined Benefit Plan on account of guaranteed pension) and Post Retirement Medical Benefits.

Provident Fund and Gratuity fund 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 an independent actuary.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bond that have terms to maturity approximating to the terms of the related gratuity, Non-contractual Pension Plan, Post Retirement Medical Benefits and Provident Fund liabilities.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Defined Contribution Plan

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.

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

(v) Share-Based Payments

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 its participants to choose the form of their equity compensation in "Restricted Shares" or "Tradable Shares" of the ultimate holding company, Novartis AG, Basel.

Unvested restricted shares are only conditional on the provision of services by the plan participant during the vesting period. They are valued using their fair value on the grant date. The fair value of these grants are expensed on a straight-line basis over the respective vesting period.

The total expense (adjusted for estimated forfeitures) is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the Statement of Profit and Loss with a corresponding adjustment to equity.

Group Company recharges to the Company for the share based payments made/to be made by them to the company's employees and the payment is adjusted against the Share Options Outstanding Account by the Company.

(vi) Bonus Plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

O. Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

(iii) Contingent Assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.

P. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions. Refer Note 35 for segment information presented.

Q. Earnings Per Share

Basic earnings per share are computed by dividing the net profit or loss by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year. The weighted average number of equity shares outstanding during the year and for all years 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, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

R. Leases

As a lessee:

Leases 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 (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

S. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

T. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

U. Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million with one decimal thereof as per the requirement of Schedule III, unless otherwise stated.

V. Recent Accounting Pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment', respectively. The amendments are applicable to the company from 1st April, 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that includes a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

2. Critical Accounting Estimates and Judgements

Preparing the financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Company make estimates and assumptions based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates and judgements are:

Impairment of Trade Receivables [Refer Note 44]

Estimation of Defined Benefit Obligation [Refer Note 15(a)]

Estimation of Provision and Contingent Liabilities [Refer Note 28]

Estimation of Non-sellable Returns [Refer Note 29]

Estimation of useful life of Property, Plant and Equipment [Refer Note 1-C]

3. Property, Plant and Equipment

(in ₹ million)

	Tangible Assets							Intangible Assets	
Particulars	**Buildings**	**Plant and Equipments**	**Furniture Fixtures**	**Vehicles**	**Office Equipments**	**Leasehold Improvements**	**Total**	**Trade Marks#**	**Capital Work-in-Progress**
Year ended 31 March 2016									
Gross carrying amount									
Deemed cost as at 1 April 2015***	15.9	34.8	17.1	0.2	13.6	—	81.6	—	—
Additions	—	13.0	1.6	—	2.4	4.7	21.7	—	4.5
Assets Included in a Disposal Group Classified as Held for Sale*	—	(3.0)	—	—	(0.6)	—	(3.6)	—	—
Disposals	—	(0.8)	(0.1)	—	(0.1)	—	(1.0)	—	—
At 31 March 2016	**15.9**	**44.0**	**18.6**	**0.2**	**15.3**	**4.7**	**98.7**	**—**	**4.5**
Accumulated depreciation									
Depreciation charge during the year	4.0	22.3	2.5	0.2	5.4	0.5	34.9	—	—
Disposals	—	(0.8)	(0.1)	—	(0.1)	—	(1.0)	—	—
At 31 March 2016	**4.0**	**21.5**	**2.4**	**0.2**	**5.3**	**0.5**	**33.9**	**—**	**—**
Net carrying amount									
At 31 March 2016	**11.9**	**22.5**	**16.2**	**—**	**10.0**	**4.2**	**64.8**	**—**	**4.5**
Year ended 31 March 2017									
Gross carrying amount									
Opening gross carrying amount	15.9	44.0	18.6	0.2	15.3	4.7	98.7	—	4.5
Additions	—	31.4	—	—	7.2	—	38.6	—	0.1
Capitalised during the year	—	—	—	—	—	—	—	—	(4.5)
Assets Classified as Held for Sale**	(14.2)	—	—	—	—	—	(14.2)	—	—
Disposals	—	(8.9)	—	—	(6.0)	—	(14.9)	—	—
At 31 March 2017	**1.7**	**66.5**	**18.6**	**0.2**	**16.5**	**4.7**	**108.2**	**—**	**0.1**
Accumulated depreciation									
Opening accumulated depreciation	4.0	21.5	2.4	0.2	5.3	0.5	33.9	—	—
Depreciation charge during the year	—	24.5	2.3	—	8.2	0.9	35.9	—	—
Assets Classified as Held for Sale**	(3.8)	—	—	—	—	—	(3.8)	—	—
Disposals	—	(8.9)	—	—	(6.0)	—	(14.9)	—	—
At 31 March 2017	**0.2**	**37.1**	**4.7**	**0.2**	**7.5**	**1.4**	**51.1**	**—**	**—**
Net carrying amount									
At 31 March 2017	**1.5**	**29.4**	**13.9**	**—**	**9.0**	**3.3**	**57.1**	**—**	**0.1**
#Other than internally generated. *Refer Note 41 **Refer Note 12 and Note 20 ***At 1 April 2015									
Gross block	34.8	120.8	37.2	0.4	42.9	11.3	247.4	2.2	—
Accumulated depreciation	18.9	86.0	20.1	0.2	29.3	11.3	165.8	2.2	—
Net block	**15.9**	**34.8**	**17.1**	**0.2**	**13.6**	**—**	**81.6**	**—**	**—**

During the current year the Company decided to fully depreciate the mobile handsets and mobile devices in the year of purchase. Consequently, depreciation charge for the current year includes an amount of ₹ 7.2 million which is the impact on account of change in the accounting policy.

4. Financial Assets

	31st March 2017		31st March 2016		1st April 2015	
	in ₹ million Current	in ₹ million Non-current	in ₹ million Current	in ₹ million Non-current	in ₹ million Current	in ₹ million Non-current
Deposits with banks with maturity of more than twelve months	—	3.8	—	2.2	—	2.4
Security Deposits	54.8	8.4	4.1	54.5	2.2	49.9
Recoverable from Related Parties	114.4	—	69.5	—	267.0	—
Receivable under TDSA Agreement [Refer Note 46]	9.1	—	—	—	—	—
Others	8.8	4.6	14.3	13.1	9.8	8.1
Total Financial Assets	**187.1**	**16.8**	**87.9**	**69.8**	**279.0**	**60.4**

5. Deferred Tax Assets

The balance comprises temporary differences attributable to:

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Depreciation/Amortisation	28.5	31.0	32.2
Provision for Doubtful Debts and Advances	35.2	38.2	29.9
Compensation under Voluntary retirement scheme	6.4	9.5	11.0
Provision for Employee Benefits	149.9	130.4	125.4
Others	12.2	6.7	20.5
Total Deferred Tax Assets	**232.2**	**215.8**	**219.0**

Movement in deferred tax assets

	Provision for Employee Benefits	Depreciation	Provision for Doubtful Debts and Advances	Compensation under Voluntary retirement scheme	Others	Total
At 1st April 2015	125.4	32.2	29.9	11.0	20.5	219.0
(Charged)/Credited						
— To Profit or Loss	6.5	(1.2)	8.3	(1.5)	(13.8)	(1.7)
— To other comprehensive Income	(1.5)	—	—	—	—	(1.5)
At 31st March 2016	130.4	31.0	38.2	9.5	6.7	215.8
— To Profit or Loss	22.1	(2.5)	(3.0)	(3.1)	5.5	19.0
— To other comprehensive Income	(2.6)	—	—	—	—	(2.6)
At 31st March 2017	149.9	28.5	35.2	6.4	12.2	232.2

6. Income Tax Assets (Net)

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Opening balance	1,078.7	1,032.8	815.6
Tax paid/(refund) during the year	132.9	1,201.9	(1,106.4)
(Tax provision)/write back of provision during the year	(22.3)	(1,156.0)	1,323.6
Total Income Tax Assets (Net)	**1,189.3**	**1,078.7**	**1,032.8**

7. Other Non-Current Assets

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Balance with Government authorities	167.0	161.3	232.2
Advances recoverable			
Considered Good	73.5	69.4	97.6
Considered Doubtful	53.2	58.7	30.8
	126.7	**128.1**	**128.4**
Less: Provision for Doubtful Advances	(53.2)	(58.7)	(30.8)
	73.5	**69.4**	**97.6**
Fringe Benefits Tax [Net of Provision of ₹ 135.6 million (FY 2015-16 ₹ 135.6 million, FY 2014-15 ₹ 101.2 million)]	20.3	20.3	15.2
Prepaid Rent	1.3	4.1	9.0
Total Other Non-Current Assets	**262.1**	**255.1**	**354.0**

8. Inventories

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Raw Materials [including in transit ₹ Nil (as at 31st March, 2016 Nil, as at 31st March, 2015 Nil)]	—	0.7	3.2
Finished Goods	—	0.8	26.0
Stock-in-Trade [including in transit of ₹ 73.3 million (as at 31st March, 2016 ₹ 32.7 million, as at 31st March, 2015 ₹ 13.3 million)]	875.2	722.3	631.9
Packing Materials	—	0.2	0.1
Total Inventories	**875.2**	**724.0**	**661.2**

9. Trade Receivables

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Trade Receivables	419.2	403.6	399.8
Receivables from Related Parties [Refer Note 36]	81.7	149.9	140.4
Less: Allowance for Doubtful Debts	(48.6)	(51.8)	(35.0)
Total Receivables	**452.3**	**501.7**	**505.2**
Current Portion	**452.3**	**501.7**	**505.2**
Break-up of security details			
Unsecured, Considered Good	452.9	501.9	505.4
Doubtful	48.0	51.6	34.8
Total	**500.9**	**553.5**	**540.2**
Allowance for Doubtful Debts	(48.6)	(51.8)	(35.0)
Total Trade Receivables	**452.3**	**501.7**	**505.2**

10(a). Cash and Cash Equivalents

	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
Cheques on Hand	—	15.0	1.3
Deposits with maturity of less than three months	646.0	65.5	6,254.4
Balances with Banks			
— in Current Accounts	109.9	165.3	114.6
Cash on Hand	*	*	*
Total Cash and Cash Equivalents	**755.9**	**245.8**	**6,370.3**

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

10(b). Bank Balances Other than (a) above

	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
Long-term deposits with maturity more than 3 months but less than 12 months	7,386.6	10,995.2	2,029.2
Unpaid Dividend Accounts	14.7	14.5	13.7
Total Other Bank Balances	**7,401.3**	**11,009.7**	**2,042.9**

11. Other Current Assets

	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
Balances with Government Authorities	16.6	12.0	6.3
Prepaid Rent	3.4	5.3	5.3
Others	39.6	50.5	132.6
Total Other Current Assets	**59.6**	**67.8**	**144.2**

12. Assets classified as held for sale

	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
Building [Refer Note 3 and Note 20]#	10.4	—	—
Disposal Group [Refer Note 41]	—	—	637.5
Total Assets classified as held for sale	**10.4**	**—**	**637.5**

In the Board Meeting dated 19th April, 2016, the company decided to sell all the residential flats (except 1 flat) and initiated an active plan to locate a buyer for these flats. Accordingly, all the residential flats (except 1 flat) have been disclosed under "Assets held for Sale" as on 31st March 2017.

13. Equity Share Capital and Other Equity

13(a). Equity Share Capital

	Number of shares	Amount in ₹ million
Authorised Equity Share Capital		
As at 1 April 2015 (Equity Shares of ₹ 5 each)	64,000,000	320.0
Increase/(decrease) during the year	—	—
As at 31 March 2016 (Equity Shares of ₹ 5 each)	64,000,000	320.0
Increase/(decrease) during the year	—	—
As at 31 March 2017 (Equity Shares of ₹ 5 each)	64,000,000	320.0

(i) Movements in Equity Share Capital

	Number of shares	Amount in ₹ million
As at 1 April 2015 (Equity Shares of ₹ 5 each fully paid-up)	31,960,797	159.8
Movement	—	—
As at 31 March 2016 (Equity Shares of ₹ 5 each fully paid-up)	31,960,797	159.8
Less: Buy back of shares [Refer Note 47]	(3,820,000)	(19.1)
As at 31 March 2017 (Equity Shares of ₹ 5 each fully paid-up)	28,140,797	140.7

(ii) 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.

(iii) Shares of the Company Held by Holding Company

	31st March 2017	31st March 2016	1st April 2015
	No. of Shares	No. of Shares	No. of Shares
Novartis AG	20,656,042	23,970,598	23,970,598

(iv) Details of Shareholders Holding more than 5% Shares in the Company

	31st March 2017		31st March 2016		1st April 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Novartis AG, Basel, Switzerland (Holding Company)	20,656,042	73.40%	23,970,598	75.00%	23,970,598	75.00%

13(b). Other Equity

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
General Reserve	774.7	3,472.9	3,472.9
Securities Premium Account	—	228.8	228.8
Retained Earnings	8,336.2	8,143.7	6,542.6
Capital Redemption Reserve	19.1	—	—
Share Options Outstanding Account	(74.3)	(69.4)	(72.7)
Total Other Equity	**9,055.7**	**11,776.0**	**10,171.6**

Nature and Purpose of Other Equity

General Reserve

General Reserve is created out of profits of the Company. The reserve is created in accordance with the provisions of the Companies Act, 2013.

Securities Premium Account

Securities Premium Reserve is created when shares are issued at premium. During the year the Company has utilised the entire Securities Premium Reserve towards buy back of shares. The reserve is utilised in accordance with the provisions of the Act.

Capital Redemption Reserve

Capital Redemption reserve was created for buy back of shares. As per Section 69 of the Companies Act, 2013, the Company has transferred a sum equal to nominal value of the shares bought back to Capital Redemption Reserve. The Reserve may be applied by the Company in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Share Options Outstanding Account

The Share Options Outstanding Account is used to recognise the grant date fair value of tradeable options / Restricted shares issued to employees under group global equity incentive plan.

		31st March 2017 in ₹ million	31st March 2016 in ₹ million
(i)	**General Reserve**		
	Opening Balance	3,472.9	3,472.9
	Movement [Refer Note 47]	(2,698.2)	—
	Closing Balance	**774.7**	**3,472.9**
(ii)	**Securities Premium Account**		
	Opening Balance	228.8	228.8
	Movement [Refer Note 47]	(228.8)	—
	Closing Balance	**—**	**228.8**
(iii)	**Retained Earnings**		
	Opening Balance	8,143.7	6,542.6
	Net profit for the year	572.2	1,982.9
	Dividend payout for the period 2014-15 (including Dividend distribution tax of ₹ 65.1 million)	—	(384.7)
	Dividend payout for the period 2015-16 (including Dividend distribution tax of ₹ 65.1 million)	(384.7)	-—
	Items of other comprehensive income recognised directly in retained earnings		
	— Remeasurements of post-employment benefit obligation, net of tax ₹ 2.6 million (FY 2015-16 ₹ 1.5 million)	5.0	2.9
	Closing Balance	**8,336.2**	**8,143.7**
(iv)	**Capital Redemption Reserve**		
	Opening Balance	—	—
	Movement (Transfer from General Reserve pursuant to Buy back) [Refer Note 47]	19.1	—
	Closing Balance	**19.1**	**—**
(v)	**Share Options Outstanding Account**		
	Opening Balance [Refer Note 39]	(69.4)	(72.7)
	Add: Expenses Charged to Statement of Profit and Loss	35.1	35.3
	Less: Amount Recharged by Group Company	(40.0)	(32.0)
	Closing Balance	**(74.3)**	**(69.4)**

14. Financial Liabilities

14(a). Other Financial Liabilities

	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
Non-Current			
Security Deposits	22.7	22.0	21.3
Total Other Non-Current Financial Liabilities	**22.7**	**22.0**	**21.3**
Current			
Unpaid Dividends@	14.7	14.5	13.7
Payable to Related Parties [Refer Note 36]	423.1	374.9	154.9
Payable under TDSA Agreement [Refer Note 46]	22.3	301.8	—
Payables for Fixed Assets	7.3	1.1	0.5
Total Other Current Financial Liabilities	**467.4**	**692.3**	**169.1**

@ There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

14(b). Trade Payables

	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
Current			
Trade Payables — Micro and Small Enterprises [Refer Note 31]	7.5	3.1	3.3
Trade Payables — Others	528.6	458.2	430.3
Trade Payables to Related Parties [Refer Note 36]	199.8	235.3	216.1
Total Trade Payables	**735.9**	**696.6**	**649.7**

15(a). Employee Benefit Obligations [Refer Note 15(b)]

	31st March 2017		31st March 2016		1st April 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million	in ₹ million	in ₹ million
	Current	Non-current	Current	Non-current	Current	Non-current
Gratuity	17.3	71.7	26.7	42.6	15.8	40.4
Leave Obligations	41.9	227.3	24.3	208.1	41.3	159.4
Non-Contractual Pension Plan	9.9	0.5	9.0	0.6	6.4	0.6
Post Retirement Medical Benefits	3.9	55.6	4.2	56.7	3.7	49.1
Long Term Service Awards	1.7	13.8	1.2	13.4	1.7	13.1
Voluntary Retirement Costs [Refer Note 30(b)]	2.0	—	1.1	1.5	1.4	2.4
Others	215.0	12.0	239.1	—	144.0	—
Total Employee Benefit Obligations	**291.7**	**380.9**	**305.6**	**322.9**	**214.3**	**265.0**

Change of Estimate in Leave Policy

The Company has changed the Leave policy effective 1st April 2017. The changes are with respect to maximum carry forward of leave balance, the changes in salary base and the formula to calculate per day salary. Consequently maximum carry forward of leave balances have been calculated as per new policy as at 31st March 2017.

This has resulted in an additional charge to the Statement of Profit and Loss amounting to ₹ 31.2 million (Previous year Nil).

15(b). Employee Benefit Obligations

	31st March 2017		31st March 2016		1st April 2015*	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million	in ₹ million	in ₹ million
	Current	Non-current	Current	Non-current	Current	Non-current
Leave Obligations	41.9	227.3	24.3	208.1	40.6	156.2
Gratuity	17.3	71.7	26.7	42.6	16.0	40.9
Non- Contractual Pension Plan	9.9	0.5	8.9	0.6	7.2	0.6
Post Retirement Medical Benefits	3.9	55.6	4.2	56.7	3.9	51.9
Total Employee Benefit Obligations	**73.0**	**355.1**	**64.1**	**308.0**	**67.7**	**249.6**
Pertaining to Divested Divisions - OTC and Animal Health	—	—	—	—	8.8	33.8
Total Employee Benefit Obligations	**73.0**	**355.1**	**64.1**	**308.0**	**76.5**	**283.4**

(i) Defined Contribution:

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.

Amount of ₹ 33.0 million (FY 2015-16 ₹ 41.4 million, FY 2014-15 ₹ 41.3 million) is recognised as expense and included in the Note 16(a).

(ii) Other Long Term Benefit Plans:

(a) Leave obligations

The leave obligations cover the Company's liability for earned leave.

The amount of the provision of ₹ 41.9 million (31 March 2016 – ₹ 24.3 million, 1 April 2015 – ₹ 41.3 million), is presented as current which is settled by the Company based on the past trend in next 12 months. This is settled on resignation or retirement of the employee. Liability for Leave Obligation is provided basis of Valuations, as at Balance Sheet date, carried out by independent an actuary.

(b) 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 an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

(iii) Post Employment Obligations:

(a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and it is recognised by the Income-tax authorities and administered through trustees and/or LIC. Liability for Gratuity is provided basis of Valuations, as at Balance Sheet date, carried out by an independent actuary.

(b) Provident Fund

Provident fund is Defined Benefit Plan that provides for lump sum amount at separation from the Company. The benefits are accumulated value of contributions made by the employee and the Company at the minimum interest rate guarantee as declared by the EPFO for respective years.

(c) Non-Contractual Pension Plan

The Pension Scheme is a Defined Benefit Plan with a minimum pension guarantee that provides for an annuity in the form of pension amount at retirement. The benefits are defined on the basis of fixed monetary amount and final accumulation of Defined Contribution Fund.

(d) Post Retirement Medical Benefits (PRMB)

The PRMB scheme is a fixed monetary amount Defined Benefit Plan that provides for a lumpsum payment made after retirement when a retiree claims medical benefits. The benefits are defined on the basis of amount claimed under medical expenses (valued as premium paid by the Company to the Insurance Company) upto a maximum limit after retirement.

in ₹ million

Balance sheet amount	Gratuity			Provident Fund			Pension			Post Retirement Medical Benefits		
Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**	**Present value of obligation**	**Fair value of plan assets**	**Net amount**	**Present value of obligation**	**Fair value of plan assets**	**Net amount**	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
1st April 2015	269.7	212.8	56.9	1,163.1	1,163.1	—	101.9	94.1	7.8	56.3	—	56.3
Current service cost	24.2	—	24.2	51.6	—	51.6	3.0	—	3.0	1.8	—	1.8
Interest expense/(income)	22.4	18.3	4.1	100.5	100.5	—	8.1	7.4	0.7	4.3	—	4.3
Total amount recognised in profit and loss	**46.6**	**18.3**	**28.3**	**152.1**	**100.5**	**51.6**	**11.1**	**7.4**	**3.7**	**6.1**	**—**	**6.1**
Remeasurements												
Return on plan assets, excluding amount included in interest expense/(income)	—	3.3	(3.3)	—	8.0	(8.0)	—	0.4	(0.4)	—	—	—
(Gain)/loss from change in experience assumptions	(1.3)	—	(1.3)	8.0	—	8.0	1.5	—	1.5	(7.2)	—	(7.2)
(Gain)/loss from change in demographic assumptions	—	—	—	—	—	—	—	—	—	—	—	—
(Gain)/loss from change in financial assumptions	(0.9)	—	(0.9)	—	—	—	—	—	—	7.2	—	7.2
Interest income on plan asset	—	—	—	—	—	—	—	—	—	—	—	—
Experience (gains)/losses	—	—	—	—	—	—	—	—	—	—	—	—
Total amount recognised in Other Comprehensive Income	**(2.2)**	**3.3**	**(5.5)**	**8.0**	**8.0**	**—**	**1.5**	**0.4**	**1.1**	**—**	**—**	**—**
Employer contributions	—	16.8	(16.8)	—	51.6	(51.6)	—	3.0	(3.0)	—	—	—
Employee contributions	—	—	—	101.8	101.8	—	3.0	3.0	—	—	—	—
Acquisition Cost/ (Credit)	(10.7)	(18.4)	7.7	(66.3)	(66.3)	—	—	—	—	2.9	—	2.9
Benefit payments	(26.9)	(25.6)	(1.3)	(99.4)	(99.4)	—	(3.9)	(3.9)	—	(4.4)	—	(4.4)
31st March 2016	**276.5**	**207.2**	**69.3**	**1,259.3**	**1,259.3**	**—**	**113.6**	**104.0**	**9.6**	**60.9**	**—**	**60.9**

in ₹ million

Balance sheet amount	Gratuity			Provident Fund			Pension			Post Retirement Medical Benefits		
Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**	**Present value of obligation**	**Fair value of plan assets**	**Net amount**	**Present value of obligation**	**Fair value of plan assets**	**Net amount**	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
1st April 2016	276.5	207.2	69.3	1,259.3	1,259.3	—	113.6	104.0	9.6	60.9	—	60.9
Current service cost	22.3	—	22.3	63.7	—	63.7	3.1	—	3.1	1.7	—	1.7
Interest expense/(income)	20.8	16.2	4.6	—	—	—	9.1	8.4	0.7	4.6	—	4.6
Total amount recognised in profit and loss	**43.1**	**16.2**	**26.9**	**63.7**	**—**	**63.7**	**12.2**	**8.4**	**3.8**	**6.3**	**—**	**6.3**
Remeasurements												
Return on plan assets, excluding amount included in interest expense/(income)	—	(1.2)	1.2	—	119.3	(119.3)	—	1.4	(1.4)	—	—	—
Settlement (Credit)/ Cost	—	—	—	—	—	—	—	—	—	—	—	—
Interest income on plan asset	—	—	—	93.6	93.6	—	—	—	—	—	—	—
Past Service cost- plan amendments	—	—	—	—	—	—	—	—	—	—	—	—
(Gain)/loss from change in experience assumptions	(5.4)	—	(5.4)	104.1	—	104.1	0.3	—	0.3	(8.5)	—	(8.5)
(Gain)/loss from change in demographic assumptions	—	—	—	—	—	—	—	—	—	—	—	—
(Gain)/loss from change in financial assumptions	17.0	—	17.0	—	—	—	1.1	—	1.1	3.3	—	3.3
Total amount recognised in other comprehensive income	**11.6**	**(1.2)**	**12.8**	**197.7**	**212.9**	**(15.2)**	**1.4**	**1.4**	**—**	**(5.2)**	**—**	**(5.2)**
Employer contributions	—	17.9	(17.9)	—	48.5	(48.5)	—	3.1	(3.1)	—	—	—
Employee contributions	—	—	—	85.6	85.6	—	3.1	3.0	0.1	—	—	—
Acquisition Adjustment	(13.7)	(11.6)	(2.1)	36.6	36.6	—	—	—	—	—	—	—
Benefit payments	(11.8)	(11.8)	—	(252.1)	(252.1)	—	(2.1)	(2.1)	—	(2.5)	—	(2.5)
31st March 2017	**305.7**	**216.7**	**89.0**	**1,390.8**	**1,390.8**	**—**	**128.2**	**117.8**	**10.4**	**59.5**	**—**	**59.5**

The net liability disclosed above relates to funded and unfunded plans are as follows: **in ₹ million**

Particulars	Gratuity	Provident Fund	Pension	Post Retirement Medical Benefits
1st April 2015				
Present value of funded obligations	269.7	1,163.1	101.9	56.3
Fair value of plan assets	212.8	1,163.1	94.1	—
Deficit of funded plan	56.9	—	7.8	56.3
Unfunded plans	—	—	—	—
Deficit of Gratuity Plan	56.9	—	7.8	56.3
31st March 2016				
Present value of funded obligations	276.5	1,259.3	113.6	60.9
Fair value of plan assets	207.2	1,259.3	104.0	—
Deficit of funded plan	69.3	—	9.6	60.9
Unfunded plans	—	—	—	—
Deficit of Gratuity Plan	69.3	—	9.6	60.9
31st March 2017				
Present value of funded obligations	305.7	1,390.8	128.2	59.5
Fair value of plan assets	216.7	1,390.8	117.8	—
Deficit of funded plan	89.0	—	10.4	59.5
Unfunded plans	—	—	—	—
Deficit of Gratuity Plan	89.0	—	10.4	59.5

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	31st March 2017	31st March 2016	1st April 2015
Discount rate	7.2%	7.8%	7.8%
Salary growth rate	11.0%	1st year 10.5% 2nd year 11.5% Thereafter 11%	1st year 10.5% 2nd year 11.5% Thereafter 10%
Rate of Investment	8.0%	8.0%	7.8%
Long-term increase in health care cost (medical)	8.0%	8.0%	6.0%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is: **in ₹ million**

Particulars	Gratuity Scheme (LIC)		Gratuity Scheme (In house Fund)		Post Retirement Medical Benefits		Pension	
	Change in assumptions		Change in assumptions		Change in assumptions		Change in assumptions	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Discount rate								
Increase by 0.5%	(6.7)	—	(1.0)	—	(1.4)	(1.4)	—	—
Decrease by 0.5%	7.0	—	1.0	—	1.5	1.5	—	—
Increase by 0.25%	—	(5.9)	—	(0.9)	—	—	(0.0)	(0.0)
Decrease by 0.25%	—	6.1	—	0.9	—	—	0.0	0.0
Salary growth rate								
Increase by 0.5%	6.0	—	0.6	—	—	—	—	—
Decrease by 0.5%	(5.8)	—	(0.6)	—	—	—	—	—
Increase by 0.25%	—	5.1	—	0.5	—	—	—	—
Decrease by 0.25%	—	(4.9)	—	(0.5)	—	—	—	—
Mortality Rate								
Increase by 20.00%	—	—	—	—	(2.3)	(1.7)	(0.0)	(0.0)
Decrease by 20.00%	—	—	—	—	2.7	2.0	0.0	0.0
Withdrawal Rate								
Increase by 5%	(22.5)	(15.2)	1.5	(3.3)	(8.2)	(8.6)	(0.0)	(0.0)
Decrease by 5%	48.9	33.2	(2.1)	2.3	15.7	17.2	0.1	0.0
Medical Inflation								
Increase by 1%	—	—	—	—	4.5	4.5	—	—
Decrease by 1%	—	—	—	—	(3.9)	(3.9)	—	—

The above sensitivity analyses is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected contributions to post employment benefit plans for the year ending 31 March 2018 are ₹ 75.8 million.

The weighted average duration of the Benefit Obligation is 9 years (2016 — 8 years, 2015 — 10 years).

Defined Benefit Liability and Employer Contributions

	Less than a Year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	in ₹ million	in ₹ million	in ₹ million	in ₹ million	in ₹ million
1st April 2015					
Gratuity	28.9	21.7	89.7	186.8	327.2
Pension	7.5	—	0.4	0.1	8.0
Post Retirement Medical Benefits	4.4	4.4	14.0	28.3	51.1
Total	**40.8**	**26.1**	**104.1**	**215.2**	**386.3**
31st March 2016					
Gratuity	18.8	19.9	78.8	161.6	279.2
Pension	—	—	0.4	—	0.4
Post Retirement Medical Benefits	4.4	4.5	14.4	34.6	57.8
Total	**23.2**	**24.4**	**93.6**	**196.2**	**337.4**
31st March 2017					
Gratuity	18.8	24.7	78.5	160.8	282.7
Pension	—	0.2	0.4	—	0.6
Post Retirement Medical Benefits	4.0	4.2	13.4	26.0	47.6
Total	**22.8**	**29.1**	**92.3**	**186.7**	**330.9**

Risk exposure

Through its defined benefit plans the Company is exposed to number of risks the most significant of which are detailed below:

Inherent rate risk — The defined benefit obligation calculated uses a discount rate based on Government bonds. If bond yields fall, the defined benefit plan will tend to increase.

Salary inflation risk — Higher than expected increased in salary will increase the defined benefit obligation.

Demographic risk — This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligations is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in financial analysis the retirement benefit of the short career employee typically costs less per year as compared to a long service employee.

Change in leave balances — This is the risk of variability if the results due to significant variations form expected accumulations from leave balance. All other aspects remaining same, higher than expected increase in leave balances will increase the defined benefit obligations.

Medical inflation risk — Higher than increase in premium will lead to increase in defined benefit obligations. Although the risk is mitigated by capping the benefit paid by insurance Company (limiting the premium amount for the Company).

Investment return risk — Lower the expected investment return, higher will be the defined benefit obligation.

	31st March 2017				31st March 2016				1st April 2015			
	in ₹ million				in ₹ million				in ₹ million			
Major category of plan assets are as follows	Unquoted	Quoted	Total	in %	Unquoted	Quoted	Total	in %	Unquoted	Quoted	Total	in %
Government Bonds	—	461.1	461.1	32%	—	442.0	442.0	32%	—	427.8	427.8	32%
Investment funds	—	—	—	—	—	—	—	—	—	—	—	—
Mutual Fund	—	17.3	17.3	1%	—	10.7	10.7	1%	—	0.2	0.2	0%
Others	—	—	—	—	—	—	—	—	—	—	—	—
Public Sector Units Bonds	—	395.1	395.1	28%	—	400.1	400.1	29%	—	412.7	412.7	31%
Private Sector Bonds	—	166.1	166.1	12%	—	140.2	140.2	10%	—	97.2	97.2	8%
Fixed Deposit	—	2.6	2.6	0%	—	3.2	3.2	0%	—	1.7	1.7	0%
Special Deposit scheme	378.2	—	378.2	27%	378.2	—	378.2	28%	378.2	—	378.2	29%
	378.2	**1,042.2**	**1,420.4**	**100%**	**378.2**	**996.2**	**1,374.4**	**100%**	**378.2**	**939.6**	**1,317.8**	**100%**

16. Other Non-Current Liabilities

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Advance Rent Received	—	—	0.3
Income Received in Advance	40.2	—	—
Total Other Non-Current Liabilities	**40.2**	**—**	**0.3**

17. Provisions

	31st March 2017		31st March 2016		1st April 2015	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million	in ₹ million	in ₹ million
	Current	Non-current	Current	Non-current	Current	Non-current
Provision for Fringe Benefits Tax [Net of payments as on 1st April 2015 ₹ 39.5 million]	—	—	—	—	11.6	—
Provision for Non-sellable Sales Returns [Refer Note 29]	87.3	—	100.9	—	100.1	—
Provision for Contingencies – Sales Tax matters	9.0	—	9.0	—	9.0	—
Provision for Contingencies – Legal Case	16.0	—	—	—	—	—
Total Provisions	**112.3**	**—**	**109.9**	**—**	**120.7**	**—**

18. Liabilities for Current Tax (Net)

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Opening Balance	43.4	43.1	—
Provision/(write back of provision) during the year	341.8	(407.2)	1,514.8
Taxes paid/(Refund) during the year	(308.7)	407.5	(1,471.7)
Closing Balance	**76.5**	**43.4**	**43.1**

19. Other Current Liabilities

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Advances from Customers	7.5	11.6	12.7
Statutory Dues	122.8	128.3	122.1
Book Overdraft	—	56.9	—
Income Received in Advance	13.4	0.3	0.3
Others	2.9	—	—
Total Other Current Liabilities	**146.6**	**197.1**	**135.1**

20. Liabilities Directly Associated with Assets Classified as Held for Sale

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Advance received against Flats classified as held for sale [Refer Note 12]	28.8	—	—
Disposal group [Refer Note 41]	—	—	438.1
Total Liabilities Directly Associated with Assets Classified as Held for Sale	**28.8**	**—**	**438.1**

21. Revenue from Operations

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
Sale of Products	5,835.6	6,083.5
Sale of Services	260.2	416.5
Other Operating Revenue		
Commission Income	453.1	399.0
Co-Marketing Fees	13.4	—
Sale of Scrap	*	*
Total Revenue from Operations	6,562.3	6,899.0

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

22. Other Income

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
Interest Income	627.2	723.3
Unwinding of Discount on Security Deposits	5.3	4.6
Management Fees	—	32.5
Rent	53.4	46.6
Insurance Claims	0.8	1.8
Provision for Doubtful Debts and Advances (Net)	3.5	—
Recovery for Doubtful Debts	3.0	—
Net Gain on Foreign Currency Transactions and Translation	5.3	—
Miscellaneous Income	3.0	—
	701.5	**808.8**

23(a) Cost of Materials Consumed

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
Raw materials at the beginning of the year	0.7	3.2
Total opening balance	**0.7**	**3.2**
Add: Purchases	0.3	0.6
Less: Closing Stock	—	(0.7)
Total Cost of Raw Materials Consumed	**1.0**	**3.1**
Packing Materials at the beginning of the year	0.2	0.1
Total	**0.2**	**0.1**
Add: Purchases	—	1.7
Less: Closing Stock	—	(0.2)
Total Cost of Packing Materials Consumed	**0.2**	**1.6**
Total Cost of Materials Consumed	**1.2**	**4.7**

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
23(b) Changes in Inventories of Work-in-progress, Stock-in-trade and Finished goods		
Opening balance*		
Finished Goods	0.8	26.0
Stock-in-Trade	722.3	631.9
Total	**723.1**	**657.9**
Stock-in-Trade – OTC	—	—
Stock-in-Trade – AH	—	—
Total opening balance	**723.1**	**657.9**
Closing Stock		
Finished Goods	—	(0.8)
Stock-in-Trade	(875.2)	(722.3)
Total closing balance	(875.2)	**(723.1)**
Total Changes in Inventories of Work-in-Progress, Stock-in-Trade and Finished Goods	**(152.1)**	**(65.2)**

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
24. Employee Benefits Expense		
Salaries, Wages and Bonus [Refer Note 30]	1,163.7	1,325.7
Contributions to Provident and Other Funds [Refer Note 15(b)]	100.5	90.8
Contributions to Gratuity Fund [Refer Note 15(b)]	26.9	28.3
Restricted Shares and Tradable Options [Refer Notes 39]	35.1	35.3
Staff Welfare Expenses	66.8	86.5
Total Employee Benefits Expense	**1,393.0**	**1,566.6**

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
25. Finance Costs		
Interest on Income-tax	5.3	—
Interest on Security Deposits	1.9	2.1
Total Finance Cost	**7.2**	**2.1**

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
26. Depreciation and Amortisation Expense		
Depreciation of Property, Plant and Equipment	35.9	34.9
Total Depreciation and Amortisation Expense	**35.9**	**34.9**

	31st March 2017		31st March 2016	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
27(a) Other Expenses*				
Power and Fuel		46.9		41.6
Water Charges		1.7		2.7
Rent		130.3		117.7
Repairs and Maintenance				
Buildings	5.4		7.9	
Others	18.2		19.8	
		23.6		27.7
Insurance		4.0		7.3
Rates and Taxes				
Excise Duty	—		1.1	
Others	66.8		70.9	
		66.8		72.0
Processing Charges		1.9		1.9
Legal and Professional Charges		60.5		81.9
Travelling and Conveyance		145.5		185.7
Other Outside Services		413.3		541.1
Auditors' Remuneration [Refer Note 27(b)]		14.3		13.0
Expenditure towards Corporate Social Responsibility Activities [Refer Note 27(c)]		19.8		24.3
Freight, Forwarding and Distribution		438.1		370.5
Commission on Sales		0.5		15.3
Advertisement and Sales Promotion		291.0		321.6
Royalty		53.2		51.2
Bad Debts and Advances Written Off	5.2		38.0	
Less: Provision	(5.2)		(33.7)	
		—		4.3
Provision for Doubtful Debts and Advances (Net)		—		77.7
Provisions for Contingencies [Refer Note 29]		16.0		—
Net Loss on Foreign Currency Transactions and Translation		—		5.3
Miscellaneous Expenses		121.7		162.8
Total Other Expenses		**1,849.1**		**2,125.6**

* Net of expenses recharged to other companies [Refer Note 36]

	31st March 2017	31st March 2016
	in ₹ million	in ₹ million
27(b) Auditors' Remuneration		
Payment to Auditors		
As auditor:		
Audit Fees	8.3	7.3
Tax Audit Fees	1.5	1.5
In other capacities:		
Other Services	4.1	3.8
Reimbursement of Expenses	0.4	0.4
Total Payments to Auditors	**14.3**	**13.0**

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
27(c) Expenditure towards Corporate Social Responsibility Activities		
Amount spent during the year on (in cash):		
(i) Donations	15.8	22.0
(ii) Expenditure on maintenance of gardens	1.4	1.5
(iii) Expenditure on health awareness	2.6	0.8
Total	**19.8**	**24.3**
Amount required to be spent as per Section 135 of the Act	19.7	23.9
Amount spent during the year on		
(i) Construction/acquisition of an asset	—	—
(ii) On purposes other than (i) above	19.8	24.3

	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
28. Contingent Liabilities			
A Claims against the Company not acknowledged as debts			
Income-Tax matters			
(i) Matters decided in favor of the Company but disputed further by the income-tax authorities	27.7	76.6	76.6
(ii) Matters decided against the Company in respect of which the Company has preferred an appeal	334.8	120.8	122.8
Sales Tax matters	518.2	480.7	568.0
Service Tax matters	4.8	4.8	4.5
Excise matters	3.0	3.0	3.0
Drug Price Control Order 2013 [Refer Note 40]	281.8	281.8	281.8
Claims from third party manufacturer in respect of Excise matters	42.4	40.7	39.0
Claims from Consumers	0.2	0.2	0.2
Others	2.1	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.

B Estimated amount of contracts remaining to be executed on capital account and not provided for Nil (As at 31st March 2016 ₹ 0.2 million, As at 1st April 2015 ₹ 0.2 million).

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
29. Provisions		
Provision for Non-sellable Sales Returns		
As at 1st April	100.9	100.1
Provision made during the year	103.7	87.7
Amounts used during the year	(117.3)	(86.9)
As at 31st March	87.3	100.9
Provision for Contingencies		
As at 1st April	9.0	9.0
Provision made during the year	16.0	—
Amounts used during the year	—	—
As at 31st March	25.0	9.0

30. **(a)** Salaries, Wages and Bonus include ₹ 2.8 million (Previous year ₹ 6.0 million) paid/payable to employees under the Voluntary Retirement Schemes.

(b) Voluntary Retirement Costs represent the actuarial value as at 31st March 2017 of compensation payable under the Voluntary Retirement Schemes. [Refer Note 15(a)]

31. Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006. This information and that given in Note 14(b) – 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.

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
(a) The principal amount and the interest due thereon remaining unpaid to suppliers		
(i) Principal	2.9	0.1
(ii) Interest due thereon	4.6	3.0
	7.5	**3.1**
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the entire accounting year	167.4	28.7
(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	1.6	0.4
(ii) Total Interest accrued during the year and remaining unpaid	1.6	0.4

(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).

32. Tax expense

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
(a) Tax expense		
Current tax		
Current tax on profits for the year	352.0	748.8
Adjustments for current tax of prior periods	12.1	—
Total current tax expense	364.1	748.8
Deferred tax		
(Increase)/Decrease in deferred tax assets	(19.0)	1.7
Total deferred tax (benefit)/charge	(19.0)	1.7
Fringe Benefit tax		
Adjustments for current tax of prior periods	—	(16.7)
	—	(16.7)
	345.1	**733.8**
Tax expense		
Income tax expense is attributable to:		
Profit from continuing operations	345.1	388.8
Profit from discontinued operations	—	345.0
	345.1	**733.8**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit from continuing operations before income tax expense	917.3	1,113.7
Profit from discontinued operation before income tax expense	—	1,603.0
	917.3	2,716.7
Tax at the Indian tax rate of 34.608% [Previous year 34.608%]	317.5	374.4
Tax at the Indian tax rate of 23.072%	—	377.2
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Corporate social responsibility expenditure	6.9	8.1
Other items	8.6	(9.2)
Adjustments for current tax of prior periods	12.1	(16.7)
Income tax expense	**345.1**	**733.8**

33. Remittance of Dividend to Non-resident Shareholders

	31st March 2017	31st March 2016
Number of Shareholders	1	1
Number of Equity Shares held	23,970,598	23,970,598
Amount remitted (in ₹ million)	239.7	239.7
Year to which the dividend related	31st March 2016	31st March 2015

34. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30 2017. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016, as per the notification are given below:

Particulars	SBN's*	Other Denomination Notes	Total in ₹
Closing cash in hand as on 8th November 2016	85,500	48,221	133,721
(+) Permitted receipts	—	315,000	315,000
(-) Permitted payments	—	349,110	349,110
(-) Amount deposited in Banks	85,500	2,520	88,020
Closing cash in hand as on 30th December 2016	**—**	**11,591**	**11,591**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November 2016.

35. Segment Information

Description of segments and principal activities

Post divestment of OTC and Animal Healthcare businesses, the Chief Operating Decision Maker views erstwhile Pharmaceuticals and Generics divisions as a single operating segment, i.e. Pharmaceuticals Segment for the purpose of making decisions about allocating resources and assessing its performance.

(a) Pharmaceuticals:

The Pharmaceuticals segment comprises a portfolio of prescription medicines which are provided to patients through healthcare professionals and mainly products of original research of the Novartis Group and Generics products which primarily focuses on the therapeutic segments such as Anti-TB, Anti-DUB (Gynecology), Antihistamines, Antibiotics, Anti-ulcerants, Anti-diabetes and Cardiovascular.

(b) OTC:

The OTC segment was 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 41].

(c) Animal Health:

The Animal Health segment had a presence primarily in the cattle and poultry market segments. This business unit has been divested on 31 December 2015. [Refer Note 41].

	31st March 2017	31st March 2016
	in ₹ million	**in ₹ million**
(I) Segment Revenue from external customers		
Pharmaceuticals		
Sale of Goods	5,835.6	6,083.5
Sales of Services	260.2	416.5
Other Operating Revenue	466.5	399.0
	6,562.3	**6,899.0**

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
Segment Revenue (by the location of the customers)		
India	6,484.0	6,713.2
Other Countries	78.3	185.8
	6,562.3	**6,899.0**

Significant customers

Revenues of approximately ₹ 1,049.3 million (Previous year ₹ 1,039.8 million) are derived from a single external customer (from entities under common control).

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
(II) Segment Result		
Pharmaceuticals	435.8	574.4
Unallocated Corporate Income net of Unallocated Corporate Expenditure	(143.8)	(186.5)
Operating Profit	292.0	387.9
Finance Costs	(7.2)	(2.1)
Interest Income	632.5	727.9
Tax Expense	(345.1)	(388.8)
Profit from Continuing Operations	572.2	724.9
Profit from Discontinued Operations	—	1,258.0
Profit for the year	**572.2**	**1,982.9**

	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
(III) Other Information			
(a) Segment Assets			
Pharmaceuticals	1,706.0	1,576.1	1,914.8
OTC	—	—	174.4
Animal Health	—	—	463.1
	1,706.0	1,576.1	2,552.3
Unallocated Corporate Assets	9,793.4	12,749.5	9,835.8
	11,499.4	**14,325.6**	**12,388.1**
(b) Segment Liabilities			
Pharmaceuticals	1,920.2	1,653.1	1,463.7
OTC	—	—	288.5
Animal Health	—	—	149.6
	1,920.2	1,653.1	1,901.8
Unallocated Corporate Liabilities	382.8	736.7	154.9
	2,303.0	**2,389.8**	**2,056.7**

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
(c) Capital Expenditure		
Pharmaceuticals	9.8	13.4
Animal Health	—	—
	9.8	13.4
Unallocated Corporate Capital Expenditure	24.4	12.8
	34.2	**26.2**
(d) Depreciation and Amortisation Expense		
Pharmaceuticals	32.3	26.6
Unallocated Corporate Depreciation and Amortisation Expense	3.6	8.3
	35.9	**34.9**

Note: There are no non-cash expenses other than Depreciation and Amortisation Expense.

36. 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

(i) 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 Animal Health Inc, Switzerland
- Novartis Asia Pacific Pharmaceuticals Pte. Limited, Singapore
- Novartis Consumer Health SA, Switzerland
- Novartis Healthcare Private Limited, India
- Novartis International AG, Switzerland
- Novartis Pharma AG, Switzerland
- Novartis Pharma Services Inc., Kenya
- Novartis Pharmaceuticals Australia Pty Ltd
- Novartis Pharmaceuticals Corporation Inc., USA
- Novartis Pharmaceuticals East Hanover, USA
- Sandoz Private Limited, India
- Shanghai Novartis Animal Health Co. Limited, China

(ii) Subsidiary of Joint Venture in which the holding Company is a venturer
- GlaxoSmithKline Consumer Private Limited, India

(iii) List of other related parties (Post-employment benefit plan of Novartis India Limited)
- Novartis India Limited Contractual Employees Pension Scheme
- Novartis India Limited Employees' Provident Fund

(C) Key Management Personnel

R. Shahani
J. Zia
M. Noble
T. Guda (w.e.f. 5th January 2017)
D. Charak (up to 26th May 2016)
G. Tekchandani (Up to 12th August 2016)
M. Patil (up to 31st March 2016)
V. Singhal (up to 30th September 2015)
Dr. V. A. Kumar (up to 31st December 2015)
Dr. R. Mehrotra
J. Hiremath
M. Girotra (up to 11th February 2016)
S. Martyres (w.e.f. 19th April 2016)
C. Snook

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

	31st March 2017	**31st March 2016**
	in ₹ million	**in ₹ million**
(a) Holding Company		
Dividend paid	239.7	239.7
Royalty Expense	41.6	50.9
Payment towards Buy back of Shares	2,519.1	—

	31st March 2017	**31st March 2016**	**1st April 2015**
	in ₹ million	**in ₹ million**	**in ₹ million**
Holding Company			
Balance as at the year end –			
Outstanding Payable	40.9	20.8	30.4

	31st March 2017	**31st March 2016**
	in ₹ million	**in ₹ million**
(b) Fellow Subsidiaries		
Purchases of Stock-in-Trade		
Alcon Pharmaceuticals Limited	208.1	259.6
Novartis Pharma AG	1,184.2	1,185.2
Sandoz Private Limited	18.3	2.3
	1,410.6	1,447.1
Purchases of Raw Materials		
Shanghai Novartis Animal Health Co. Limited #	—	8.7
Purchase Return of Raw Material		
Novartis Animal Health Inc. #	—	32.0

	31st March 2017	31st March 2016
	in ₹ million	in ₹ million
Sale of Products		
Alcon Laboratories (India) Private Limited	250.0	163.3
Novartis (Bangladesh) Limited #	—	52.9
Sandoz Private Limited	164.0	38.9
	414.0	255.1
Sale of Services		
Novartis Healthcare Private Limited	169.4	253.9
Novartis Pharma AG	50.3	72.0
Sandoz Private Limited	4.9	74.0
Others (Previous year amount includes ₹ 16.1 million towards discontinued operations)	0.5	18.5
	225.1	418.4
Income from Management Fees		
Alcon Laboratories (India) Private Limited	—	9.5
Novartis Healthcare Private Limited	—	14.3
Sandoz Private Limited	—	12.5
	—	36.3
Commission Income		
Novartis Healthcare Private Limited	410.2	366.3
Commission on Sales		
Sandoz Private Limited	—	13.7
Services Availed		
Novartis Healthcare Private Limited	44.0	43.0
Novartis Pharma AG	3.5	57.5
Sandoz Private Limited	—	46.5
Others (Previous year amount includes ₹ 0.7 million towards discontinued operations)	—	2.8
	47.5	149.8
Purchase of Restricted Shares		
Befico Limited	43.2	36.9
Forfeiture of Restricted Shares		
Befico Limited	3.2	4.9
Expenses recharged by Other Companies		
Novartis Healthcare Private Limited	10.3	0.6
Sandoz Private Limited	7.8	3.4
Others	1.2	4.9
	19.3	8.9

represents amount pertaining to discontinued operations.

	31st March 2017	31st March 2016
	in ₹ million	in ₹ million
Expenses recharged to Other Companies		
Novartis Healthcare Private Limited	18.5	13.2
Novartis Pharma AG	6.1	—
Novartis Pharmaceuticals Corporation Inc.	12.2	—
Sandoz Private Limited	4.9	0.8
Others (Previous year amount includes ₹ 4.9 million towards discontinued operations)	1.0	6.1
	42.7	20.1

	31st March 2017	31st March 2016	1st April 2015
	in ₹ million	in ₹ million	in ₹ million
Balances as at the year end -			
Outstanding Receivables			
Alcon Laboratories (India) Private Limited	13.6	55.4	1.0
Novartis Healthcare Private Limited	70.1	55.4	68.9
Novartis Pharma AG	106.9	62.3	180.8
Sandoz Private Limited	5.5	42.0	156.9
Others	—	—	16.9
	196.1	215.1	424.5
Outstanding Payables			
Alcon Pharmaceuticals Limited	14.5	74.1	30.8
Befico Limited	77.2	36.8	73.9
Novartis Healthcare Private Limited	285.0	168.7	81.0
Novartis Pharma AG	127.3	155.2	104.2
Sandoz Private Limited	9.3	–	79.9
Others	1.1	3.9	38.0
	514.4	438.7	407.8

(c) Subsidiary of Joint venture in which the holding Company is a joint venturer

	31st March 2017	31st March 2016
	in ₹ million	in ₹ million
Sale of Services	1.8	3.7
Commission Income	3.8	12.2
Expenses recharged to Other Companies	11.8	68.2

	31st March 2017	31st March 2016	31st March 2015
	in ₹ million	in ₹ million	in ₹ million
Outstanding Payables	68.9	171.5	—
Outstanding Receivables	—	3.9	—

(d) Post Employment Benefit Plans of Novartis India Limited

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
Contribution to In-house Trust for Post Employment Benefits		
Novartis India Limited Employees' Provident Fund	48.5	57.7
(Previous year amount includes ₹ 6.1 million towards discontinued operations)		
Contribution to In-house Trust for Superannuation fund		
Novartis India Limited Non-Contractual Employees Pension Scheme	1.4	1.3

(e) Key Management Personnel Compensation

	31st March 2017 in ₹ million	31st March 2016# in ₹ million
Short-term employee benefits	101.3	143.1
Post-employment benefits	0.2	0.4
Other long-term benefits	2.4	3.5
Employee share-based payment*	9.3	9.9
Commission to Independent Directors	2.4	1.6
Total compensation	**115.6**	**158.5**

(Previous year amount includes ₹ 32.4 million towards discontinued operations)

* Excludes charge in relation to Restricted Shares and Tradable Options to the extent not vested

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
37. Disclosures for Operating Leases		
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 (Previous year amount includes ₹ 7.4 million towards discontinued operations)	134.0	132.6
(b) (i) Sub-lease payments received/receivable recognised in the Statement of Profit and Loss	52.8	48.8
(ii) Future minimum sub-lease payments expected to be received under non-cancellable sub leases at the Balance Sheet date	—	38.9
(c) Future minimum lease payments under non-cancellable agreements		
(i) Not later than one year	58.8	99.3
(ii) Later than one year and not later than five years	7.4	59.1
(iii) Later than five years	—	—

38 Earnings Per Share

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:

		31st March 2017	31st March 2016
		in ₹ million	in ₹ million
(a)	Basic and diluted earnings per share:-		
	From continuing operations attributable to the equity holders of the Company	19.10	22.68
	From discontinued operations attributable to the equity holders of the Company	—	39.36
	From total operations attributable to the equity holders of the Company	19.10	62.04
(b)	Reconciliation of earnings used in calculating earnings per share		
	Basic and diluted earnings per share:-		
	Profit attributable to the equity holders of the Company used in calculating basic earnings per share from:		
	Continuing operations	572.2	724.9
	Discontinued operations	—	1,258.0
	Total operations	572.2	1,982.9
(c)	Weighted average number of shares used as the denominator		
	Weighted average number of equity shares used as the denominator in calculating basic earnings per share	29,961,838	31,960,797

39. Disclosures for Employee Share Based Payments

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 its 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.

Tradable Options*

Type of Arrangement

(i)	Date of Grant	17-Jan-13
(ii)	Numbers Granted	22,040
(iii)	Vesting Conditions	3 years
(iv)	Exercise price	Nil

	31st March 2017	31st March 2016	1st April 2015
(i) Balance at the beginning of the year	—	22,040	22,040
(ii) Granted	—	—	—
(iii) Grants forfeited	—	—	—
(iv) Grants expired	—	—	—
(v) Grants exercised	—	—	—
(vi) Grants exercisable /vested	—	22,040	—
(vii) Balance at the end of the year	—	—	22,040
(viii) Weighted average remaining contractual life of Options outstanding at end of period	5.8 years	6.8 years	7.8 years

* The Fair value at the grant date is determined using Option Pricing Valuation Model which takes into account exercise price, the term of the options, the price at the grant date and expected price volatility of the underlying shares, the expected dividend yield and the risk free interest rate for the term of the options.

(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.

Restricted Shares	31st March 2017	31st March 2016	1st April 2015
Type of Arrangement			
(i) Date of Grant	$	@	#
(ii) Numbers Granted	11,748	7,027	14,089
(iii) Vesting Conditions	3 to 5 years	3 years	3 years

\# 1st July, 2014 and 21st January, 2015

@ 5th May 2015, 20th January, 2016

$ 1st March, 2016, 1st November, 2016 and 17th January, 2017

	31st March 2017	31st March 2016	1st April 2015
(i) Balance at the beginning of the year	23,249	23,336	9,388
(ii) Granted	11,748	7,027	14,089
(iii) Grants forfeited	557	811	141
(iv) Grants exercisable/vested	5,824	6,303	—
(v) Balance at the end of the year	28,616	23,249	23,336
(vi) Weighted average remaining contractual life of Restricted Shares outstanding at end of period	2.3 years	2.3 years	3.3 years

Fair Value of the Restricted Stock Units

The Fair Value of Restricted Stock Unit is equivalent to the market price of traded stock of Novartis AG as on date of grant.

Expenses Arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	31st March 2017	31st March 2016
	in ₹ million	in ₹ million
Employee option Plans	—	1.4
Restricted Stock Units	35.1	33.9
Total employee share based payment expense	**35.1**	**35.3**

40. 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 15th September 2017.

41. Note on Discontinued Operations and Assets held for sale

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

Description

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 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 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 30 September 2015. The Company made separate announcements on 13 January 2015, 28 August 2015 and 1 October 2015 to BSE Limited in this regard.

Financial performance and cash flow information

(i) The amount of revenue and expenses in respect of the ordinary activities attributable to the discontinued operation – OTC Division

Particulars	**Period Ended* 30th September 2015**
	in ₹ million
Income	
Revenue from Operations	388.4
Other Income	7.1
Total Income	395.5
Expenses	
Purchases of Stock-in-Trade	139.2
Changes in Inventories of Stock-in-Trade	(39.4)
Employee Benefits Expense	143.9
Depreciation and Amortisation Expense	1.1
Other Expenses	269.7
Total Expenses	514.5
(Loss) before Tax	(119.0)
Profit on sale of the OTC division	1,091.4
Total Profit before Tax	972.4
Tax Expense	203.2
Profit from OTC division during the year ended 31st March 2016	**769.2**

* 1st April 2015 to 30th September 2015

(ii) The carrying amount of Assets and liabilities of disposal group classified as held for sale as at the date of sale

Particulars	As on 30th September 2015
	in ₹ million
Property, Plant and Equipment	3.5
Inventories	115.4
Trade Receivables	38.4
Other Current Assets	16.4
Total Assets	173.7
Other Non Current Liabilities	3.7
Trade Payables	159.9
Other Current Liabilities	5.1
Total Liabilities	168.7
Net Assets	**5.0**

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

Particulars	Period Ended* 30th September 2015
	in ₹ million
Net cash used in operating activities	(228.7)
Net cash used in investing activities	(3.7)
Net cash used in financing activities	—
	(232.4)

* 1st April 2015 to 30th September 2015

(iv) Assets and liabilities of disposal group classified as held for sale

Particulars	As on 1st April 2015
	in ₹ million
Assets classified as held for sale	
Assets	
Non-Current Assets	
Property, Plant and Equipment	0.9
Other Non-Current Assets	27.6
Total Non-Current Assets	**28.5**
Current Assets	
Inventories	76.0
Financial Assets	
(i) Trade Receivables	50.7
Other Current Assets	19.2
Total Current Assets	**145.9**
Total Assets	**174.4**
Liabilities	
Non-Current Liabilities	
Financial Liabilities	
Other Financial Liabilities	3.7
Employee benefit obligations	21.5
Total Non-Current Liabilities	**25.2**

Particulars	As on 1st April 2015 in ₹ million
Current Liabilities	
Financial Liabilities	
(i) Trade Payables	188.8
(ii) Other Financial Liabilities	25.1
Other Current Liabilities	49.4
Total Current Liabilities	**263.3**
Total Liabilities	**288.5**
Net Liabilities	**(114.1)**

(b) Divestment of Novartis Animal Health business to Lilly

Description

As part of its global portfolio transformation, Novartis agreed on 22 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 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 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 7 November 2014, 27 May 2015, 10 July 2015, 16 September 2015 and 10 December 2015 to BSE Limited in this regard.

(i) Financial performance and cash flow information

The amount of revenue and expenses in respect of the ordinary activities attributable to the discontinued operation – Animal Health Division

Particulars	Period Ended** 31st December 2015 in ₹ million
Income	
Revenue from Operations	774.3
Other Income	3.8
Total Income	**778.1**
Expenses	
Cost of Materials Consumed	26.0
Purchases of Stock-in-Trade	449.3
Changes in Inventories of Finished Goods and Stock-in-Trade	11.3
Employee Benefits Expense	89.7
Depreciation and Amortisation Expense	0.7
Other Expenses	175.4
Total Expenses	752.4
Profit before Tax	25.7
Profit on sale of the Animal Health division	604.9
Total Profit before Tax	630.6
Tax Expense	141.8
Profit from Animal Health division during the year ended 31st March 2016	488.8

** 1st April 2015 to 31st December 2015

(ii) The carrying amount of Assets and liabilities of disposal group classified as held for sale as at the date of sale

Particulars	**As on 31st December 2015**
	in ₹ million
Property, Plant and Equipment	2.8
Inventories	183.1
Trade Receivables	161.7
Other Current Assets	3.2
Total Assets	350.8
Other Non Current Liabilities	6.5
Trade Payables	76.3
Other Current Liabilities	0.4
Current Provisions	5.7
Total Liabilities	88.9
Net Assets	**261.9**

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

Particulars	**Period Ended** 31st December 2015**
	in ₹ million
Net cash generated in operating activities	79.8
Net cash used in investing activities	(1.2)
Net cash used in financing activities	—
	78.6

** 1st April 2015 to 31st December 2015

(iv) Assets and liabilities of disposal group classified as held for sale

Particulars	**As on 1st April 2015**
	in ₹ million
Assets classified as held for sale	
Assets	
Non-Current Assets	
Property, Plant and Equipment	2.6
Other Non-Current Assets	6.1
Total Non-Current Assets	8.7
Current Assets	
Inventories	262.2
Financial Assets	
Trade Receivables	178.0
Other Current Assets	14.2
Total Current Assets	454.4
Total Assets	**463.1**

Particulars	As on 1st April 2015 in ₹ million
Liabilities	
Non-Current Liabilities	
Financial Liabilities	
(i) Other Financial Liabilities	8.0
Employee benefit obligations	14.3
Total Non-Current Liabilities	22.3
Current Liabilities	
Financial Liabilities	
(i) Trade Payables	106.7
(ii) Other Financial Liabilities	2.2
Other Current Liabilities	18.4
Total Current Liabilities	**127.3**
Total Liabilities	**149.6**
Net Asset	**313.5**

42. First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April 2016, with a transition date of 1st April 2015. These financial statements for the year ended 31st March 2017 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the previously applicable Indian GAAP (previous GAAP).

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31st March 2017, together with the comparative information as at and for the year ended 31st March 2016. The Company's opening Ind AS Balance Sheet has been prepared as at 1st April 2015, the date of transition to Ind AS.

In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity. This note explains the adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

A.1 Ind AS optional exemptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(a) Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(b) Share based payment transactions

Ind AS 101 provides an exemption that a first-time adopter is not required to apply Ind AS 102 Share-based Payment to equity instruments that were vested on or before the date of transition to Ind AS. Accordingly, the Company has elected to apply this exemption.

A.2 Ind AS mandatory exceptions

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Company has made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

(b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the Company has applied the above assessment based on facts and circumstances existing at the transition date.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of Equity as at date of transition (1st April 2015)

in ₹ million

	Notes to first time adoption	Reclassified (previous GAAP)*	Ind AS adjustments	Ind AS
Assets				
Non-Current Assets				
Property, Plant and Equipment		81.6	—	81.6
Financial Assets	1	74.9	(14.5)	60.4
Deferred Tax Assets		219.0	—	219.0
Income Tax Assets (Net)		1,032.8	—	1,032.8
Other Non-Current Assets	1,3	384.9	(30.9)	354.0
		1,793.2	(45.4)	1,747.8
Current Assets				
Inventories		661.2	—	661.2
Financial assets				
(i) Trade Receivables	2,6	505.4	(0.2)	505.2
(ii) Cash and Cash Equivalents		6,370.3	—	6,370.3
(iii) Bank balances other than (ii) above		2,042.9	—	2,042.9
(iv) Other Financial Assets	1	279.1	(0.1)	279.0
Other Current Assets	1,3	171.7	(27.5)	144.2
		10,030.6	(27.8)	10,002.8
Assets classified as held for sale	7	637.5	—	637.5
		12,461.3	**(73.2)**	**12,388.1**
Equity and Liabilities				
Equity Share Capital		159.8	—	159.8
Other Equity	10	9,860.1	311.5	10,171.6
Total Equity		10,019.9	311.5	10,331.4
Non-Current Liabilities				
Financial Liabilities				
Other Financial Liabilities	1	21.9	(0.6)	21.3
Employee Benefit Obligations		265.0	—	265.0
Other Non Current Liabilities	1	—	0.3	0.3
		286.9	(0.3)	286.6

in ₹ million

	Notes to first time adoption	Reclassified (previous GAAP)*	Ind AS adjustments	Ind AS
Current Liabilities				
Financial Liabilities				
(i) Trade Payables		649.7	—	649.7
(ii) Other Financial Liabilities		169.1	—	169.1
Provisions	8	505.4	(384.7)	120.7
Employee Benefit Obligations		214.3	—	214.3
Liabilities for Current Tax (Net)		43.1	—	43.1
Other Current Liabilities	1	134.8	0.3	135.1
		1,716.4	(384.4)	1,332.0
Liabilities directly associated with assets classified as held for sale	7	438.1	—	438.1
		12,461.3	**(73.2)**	**12,388.1**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of Equity as at 31st March, 2016

in ₹ million

	Notes to first time adoption	Reclassified (previous GAAP)*	Ind AS adjustments	Ind AS
Assets				
Non-Current Assets				
Property, Plant and Equipment		64.8	—	64.8
Capital work-in-progress		4.5	—	4.5
Financial Assets	1	79.7	(9.9)	69.8
Deferred Tax Assets		215.8	—	215.8
Income Tax Assets (Net)		1,078.7	—	1,078.7
Other Non-Current Assets	1,3	294.6	(39.5)	255.1
		1,738.1	(49.4)	1,688.7
Current Assets				
Inventories		724.0	—	724.0
Financial assets				
(i) Trade Receivables	2,6	501.9	(0.2)	501.7
(ii) Cash and Cash Equivalents		245.8	—	245.8
(iii) Bank balances other than (ii) above		11,009.7	—	11,009.7
(iv) Other Financial Assets	1	88.0	(0.1)	87.9
Other Current Assets	1,3	92.0	(24.2)	67.8
		12,661.4	(24.5)	12,636.9
		14,399.5	**(73.9)**	**14,325.6**
Equity and Liabilities				
Equity Share Capital		159.8	—	159.8
Other Equity	10	11,461.5	314.5	11,776.0
Total Equity		11,621.3	314.5	11,935.8
Non-Current Liabilities				
Financial Liabilities				
Other Financial Liabilities	1	22.3	(0.3)	22.0
Employee Benefit Obligations		322.9	—	322.9
Other Non Current Liabilities		—	—	—
		345.2	(0.3)	344.9

in ₹ million

	Notes to first time adoption	Reclassified (previous GAAP)*	Ind AS adjustments	Ind AS
Current Liabilities				
Financial Liabilities				
(i) Trade Payables	3	700.3	(3.7)	696.6
(ii) Other Financial Liabilities		692.3	—	692.3
Provisions	8	494.6	(384.7)	109.9
Employee Benefit Obligations		305.6	—	305.6
Liabilities for Current Tax (Net)		43.4	—	43.4
Other Current Liabilities	1	196.8	0.3	197.1
		2,433.0	(388.1)	2,044.9
		14,399.5	**(73.9)**	**14,325.6**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total comprehensive income for the year ended 31st March, 2016

in ₹ million

	Notes to first time adoption	Reclassified (previous GAAP)*	Ind AS adjustments	Ind AS
Revenue				
Revenue from Operations	4,6	**6,928.2**	**(29.2)**	**6,899.0**
Other Income	1	803.9	4.9	808.8
Total Revenue		7,732.1	(24.3)	7,707.8
Expenses				
Cost of Materials Consumed		4.7	—	4.7
Purchases of Stock-in-Trade		2,924.1	—	2,924.1
Changes in Inventories of Finished Goods and Stock-in-Trade		(65.2)	—	(65.2)
Excise duty	4	—	1.3	1.3
Employee Benefits Expense	3,9	1,562.2	4.4	1,566.6
Finance Costs	1	1.8	0.3	2.1
Depreciation and Amortisation Expense		34.9	—	34.9
Other Expenses	1,6	2,151.2	(25.6)	2,125.6
Total Expenses		6,613.7	(19.6)	6,594.1
Profit before Tax		1,118.4	(4.7)	1,113.7
Profit before tax from continuing operations		1,118.4	(4.7)	1,113.7
Tax Expense				
For the year				
Current Tax		427.7	—	427.7
Deferred Tax	9	(20.7)	(1.5)	(22.2)
For earlier years				
Fringe Benefit Tax		(16.7)	—	(16.7)
Total Tax Expense		390.3	(1.5)	388.8
Profit from continuing operations		**728.1**	**(3.2)**	**724.9**
Discontinued operations				
Profit from discontinued operations before Tax		1,603.0	—	1,603.0
Tax Expense				
For the year				
Current Tax		321.1	—	321.1
Deferred Tax		23.9	—	23.9
Total Tax Expense		345.0	—	345.0
Profit from discontinued operations after Tax		**1,258.0**	**—**	**1,258.0**
Profit for the year		**1,986.1**	**(3.2)**	**1,982.9**

in ₹ million

	Notes to first time adoption	Reclassified (previous GAAP)*	Ind AS adjustments	Ind AS
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Actuarial Gain on Remeasurements of post-employments obligation	5,9	—	4.4	4.4
Income tax relating to these items	5,9	—	(1.5)	(1.5)
Other comprehensive income for the year, net of tax		—	2.9	2.9
Total comprehensive income for the year		**1,986.1**	**(0.3)**	**1,985.8**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Cash flow statement

There were no reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

Reconciliation of total equity as at 31st March 2016 and 1st April 2015

in ₹ million

	Notes to first time adoption	31st March 2016	1st April 2015
Total equity (shareholder's funds) as per previous GAAP		11,621.3	10,019.9
Adjustments:			
Fair valuation of security deposits (net)	1	(0.6)	(0.3)
Impact of expected credit loss on trade receivables	2	(0.3)	(0.1)
Impact of provision of cash discount	6	0.1	(0.1)
ESOP reclassification	3	(69.4)	(72.7)
Impact of Proposed dividend	8	384.7	384.7
Total adjustments		314.5	311.5
Total equity as per Ind AS		**11,935.8**	**10,331.4**

Reconciliation of total comprehensive income for the year ended 31st March 2016

in ₹ million

	Notes to first time adoption	31st March 2016
Profit after tax as per previous GAAP		1,986.1
Adjustments:		
Fair valuation of security deposits (net)	1	(0.3)
Impact of expected credit loss on trade receivables	2	(0.2)
Impact of provision of cash discount	6	0.2
Remeasurements of post-employment benefit obligations	5	(4.4)
Tax effects of adjustments		1.5
Total adjustments		(3.2)
Profit after tax as per Ind AS		**1,982.9**
Other Comprehensive Income	9	2.9
Total comprehensive income as per Ind AS		**1,985.8**

Notes to the Reconciliations

Note 1: Security Deposits

Under the previous GAAP, interest free lease deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 9.9 million as at 31 March 2016 (1 April 2015 – ₹ 14.6 million). The prepaid rent increased by ₹ 9.3 million as at 31 March 2016 (1 April 2015 – ₹ 14.3 million). Total equity decreased by ₹ 0.3 million as on 1 April 2015. The profit for the year and total equity as at 31 March 2016 decreased by ₹ 0.3 million due to amortisation of the prepaid rent of ₹ 4.9 million which is partially off-set by the notional interest income of ₹ 4.6 million recognised on security deposits.

Note 2: Impairment of Trade Receivables – Expected Credit Loss

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by ₹ 0.2 million as at 31 March 2016 (1 April 2015 – ₹ 0.2 million). Consequently, the total equity as at 31 March 2016 decreased by ₹ 0.2 million (1 April 2015 – ₹ 0.2 million) and profit for the year ended 31 March 2016 decreased by Nil.

Note 3: Employee Stock Option Expense

Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in share option outstanding account decreased by ₹ 69.4 million as at 31 March 2016 (1 April 2015 – ₹ 72.7 million). No profit impact on the Statement of Profit and Loss.

Note 4: Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 March 2016 by ₹ 1.3 million. There is no impact on the total equity and profit.

Note 5: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31 2016 decreased by ₹2.9 million. There is no impact on the total equity as at March 31, 2016.

Note 6: Provision for Cash Discount

Under Ind AS, cash discount is recorded net of revenue. Provision has been made for cash discount taking into consideration future estimates and based on past trends. Consequently, the total equity as at 31 March 2016 increased by ₹ 0.1 million (1 April 2015 – decreased by ₹ 0.1 million) and profit for the year ended 31 March 2016 increased by ₹ 0.2 million.

Note 7: Assets classified as held for sale and discontinued operations

The Board of Directors of the Company at its meeting held on January 13, 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. On the basis of the approval received from the Foreign Investment Promotion Board, Government of India and the Competition Commission of India the slump sale transaction was completed on 30th September 2015.

The Board of Directors of the Company at its meeting held on November 7, 2014 approved the slump sale of the Company's Animal Health Division to Elanco India.On the basis of the approval received from the Foreign Investment Promotion Board, Government of India and the Competition Commission of India the slump sale transaction was completed on 31st December 2015.

The concept of disposal group held for sale does not exist under previous GAAP. Accordingly, assets and liabilities of disposal group have not been presented as held for sale and appropriately disclosed under respective assets & liabilities held in accordance with previous GAAP.

Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" requires disposal group to be identified as held for sale, if the carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Based on Ind AS 105, in the opening balance sheet as on 1st April 2015 the assets and liabilities of OTC and Animal health businesses have been reported as held for sale. Consequently, the assets and liabilities of disposal group held for sale have been presented separately from the other assets and other liabilities respectively in the balance sheet. There is no impact on the total equity or profit as a result of this adjustment. Further, the operations of these businesses have been presented as discontinued operation under Ind AS and previous GAAP in the statement of profit and loss.

Based on above, the following assets and liabilities were classified as held for sale as at 31st March 2015:

Particulars	**OTC**	**Animal Health**	**Total**
	in ₹ million	**in ₹ million**	**in ₹ million**
Assets Classified as held for sale			
Non-Current Assets			
Property, Plant and Equipment	0.9	2.6	3.5
Other Non-Current Assets	27.6	6.1	33.7
Total Non-Current Assets	28.5	8.7	37.2
Current Assets			
Inventories	76.0	262.2	338.2
Financial Assets			
Trade Receivables	50.7	178.0	228.7
Other Current Assets	19.2	14.2	33.4
Total Current Assets	145.9	454.4	600.3
Total Assets classified as held for sale	**174.4**	**463.1**	**637.5**
Liabilities directly associated with assets classified as held for sale			
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Other Financial Liabilities	3.7	8.0	11.7
Employee benefit obligations	21.5	14.3	35.8
Total Non-Current Liabilities	**25.2**	**22.3**	**47.5**
Current Liabilities			
Financial Liabilities			
(i) Trade Payables	188.8	106.7	295.5
(ii) Other Financial Liabilities	25.1	2.2	27.3
Other Current Liabilities	49.4	18.4	67.8
Total Current Liabilities	263.3	127.3	390.6
Total Liabilities directly associated with assets classified as held for sale	**288.5**	**149.6**	**438.1**

Note 8: Proposed Dividend

Under previous GAAP proposed dividend was considered as an adjusting event, under Ind AS the same is considered as an non adjusting event.

Note 9: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

Note 10: Retained Earnings

Retained earnings as at 1st April 2015 have been adjusted consequent to the above Ind AS transition adjustment.

43. Fair value measurements

Particulars	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
Financial instruments by category			
Financial assets at amortised cost			
Security Deposits	63.2	58.6	52.1
Other Financial Assets	13.4	27.4	17.9
Deposits with banks	7,390.4	10,997.4	2,031.6
Unpaid Dividend Accounts	14.7	14.5	13.7
Recoverable from related parties	114.4	69.5	267.0
Cash and cash equivalents	755.9	245.8	6,370.3
Receivable under TDSA Agreement [Refer Note 46]	9.1	—	—
Trade receivables	452.3	501.7	505.2
Total financial assets	**8,813.4**	**11,914.9**	**9,257.8**
Financial liabilities at amortised cost			
Security deposits	22.7	22.0	21.3
Payable to related parties	423.1	374.9	154.9
Payables for Property, Plant and Equipment	7.3	1.1	0.5
Trade Payables	735.9	696.6	649.7
Payable under TDSA Agreement [Refer Note 46]	22.3	301.8	—
Unpaid Dividend	14.7	14.5	13.7
Total financial liabilities	**1,226.0**	**1,410.9**	**840.1**

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

For the purpose of Fair valuation of Security Deposits the Company has used general bank borrowing rate prevalent in the market.

Security deposits is classified as Level 3 category item under the fair value hierarchy based on the valuation technique used to calculate the Fair value.

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31st March 2017 in ₹ million	31st March 2016 in ₹ million	1st April 2015 in ₹ million
Financial assets			
Security Deposits			
Carrying value:-	63.2	58.6	52.1
Fair value:-	63.2	58.6	52.1
Financial liabilities			
Security Deposits			
Carrying value:-	22.7	22.0	21.3
Fair value:-	22.7	22.0	21.3

The carrying amounts of Other Financial Assets, Deposits with Banks, Unpaid Dividend Accounts, Recoverables from Related Parties, Cash and cash equivalents, Receivable under TDSA agreement, Trade Receivable, Payable to Related Parties, Payables for Property, Plant and Equipment, Trade Payables, Payables under TDSA Agreement and Unpaid dividend account are considered to be the same as their fair values, as they are current in nature.

The amount of Fair value of Security deposits given and accepted is considered to be insignificant in value and hence carrying value and fair value is considered as same.

44. Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is carried out by the treasury team under policies approved by the Board of Directors.

Market risk is the loss of future earnings, fair values or future cash flows that may result from the change of a price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The activities of this department include management of cash resources & ensuring compliance with market risk limits and policies.

(A) Credit Risk

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations, and arises principally from the Companies receivables from customers.

Trade and other receivables

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Company periodically assesses the financial reliability of customers, taking into account their financial position, past experience and other factors. The Company manages credit risk through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

In furtherance to above, the Company has assessed the impact of the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised in respect of Trade Receivables.

Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

Reconciliation of loss allowance provision – Trade Receivables

Reconciliation of loss allowance	**in ₹ million**
Loss allowance on 1 April 2015	**35.0**
Changes in loss allowance	16.8
Loss allowance on 31 March 2016	51.8
Changes in loss allowance	(3.2)
Loss allowance on 31 March 2017	48.6

Credit risk on Cash and Cash Equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due and to close out market positions. Company's treasury maintains flexibility in funding by maintaining sufficient cash and bank balances available to meet the working capital requirements. Management monitors rolling forecasts of the Company's liquidity position (comprising the unused cash and bank balances along with temporary investments in fixed deposits) on the basis of expected cash flows. This is generally carried out at Company level in accordance with practice and limits set by the Company. These limits vary to take into account the liquidity of the market in which the Company operates.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31 March 2017	**Less than 1 year**	**1 to 3 years**	**More than 3 years**	**Total**
	in ₹ million	**in ₹ million**	**in ₹ million**	**in ₹ million**
Security deposits	—	4.0	18.7	22.7
Payable to related parties	423.1	—	—	423.1
Payable for Property, Plant and Equipment	7.3	—	—	7.3
Trade payables	735.9	—	—	735.9
Payable under TDSA Agreement [Refer Note 46]	22.3	—	—	22.3
Others	14.7	—	—	14.7
Total liabilities	**1,203.3**	**4.0**	**18.7**	**1,226.0**

Contractual maturities of financial liabilities 31 March 2016	**Less than 1 year**	**1 to 3 years**	**More than 3 years**	**Total**
	in ₹ million	**in ₹ million**	**in ₹ million**	**in ₹ million**
Security deposits	—	3.9	18.1	22.0
Payable to related parties	374.9	—	—	374.9
Payable for Property, Plant and Equipment	1.1	—	—	1.1
Trade payables	696.6	—	—	696.6
Payable under TDSA Agreement [Refer Note 46]	301.8	—	—	301.8
Others	14.5	—	—	14.5
Total liabilities	**1,388.9**	**3.9**	**18.1**	**1,410.9**

Contractual maturities of financial liabilities 1 April 2015	Less than 1 year	1 to 3 years	More than 3 years	Total
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Security deposits	—	3.6	17.7	21.3
Payable to related parties	154.9	—	—	154.9
Payable for Property, Plant and Equipment	0.5	—	—	0.5
Trade payables	649.7	—	—	649.7
Others	13.7	—	—	13.7
Total liabilities	**818.8**	**3.6**	**17.7**	**840.1**

(C) Market Risk – Foreign Exchange

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, CHF and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the Company is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions. The Company actively monitors and seeks to reduce, where it deems it appropriate to do so, fluctuations in these exposures.

(i) Foreign Currency Risk Exposure:

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2016 and 1st April 2015.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, is as follows

	31st March 2017	31st March 2016	1st April 2015
	in million	in million	in million
Receivables			
USD	0.1	1.0	3.3
Payable			
USD	3.3	4.1	3.8
CHF	—	—	0.3
EUR	—	0.1	*
GBP	—	—	*
SGD	—	—	*

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

(ii) Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

	31st March 2017 in ₹ million	31st March 2016 in ₹ million
USD sensitivity		
₹/USD – Increase by 1% (31 March, 2016 & 31 March, 2017)#	(1.4)	(1.4)
₹/USD – decrease by 1% (31 March, 2016 & 31 March, 2017)#	1.4	1.4
EUR sensitivity		
₹/EUR – Increase by 1% (31 March, 2016-1%)#	NA	*
₹/EUR – decrease by 1% (31 March, 2016-1%)#	NA	*

Holding all other variables constant

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

45. Capital management

(a) Risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Particulars	31st March 2017 in ₹ million	31st March 2016 in ₹ million
Shareholder's funds		
Share Capital	140.7	159.8
Other Equity	9,055.7	11,776.0
Total Shareholder's funds	**9,196.4**	**11,935.8**
Total Debt	—	—
Debt-Equity ratio	NA	NA

(b) Dividends

Particulars	31st March 2017 in ₹ million	31st March 2016 in ₹ million
Equity shares		
Final dividend for the year ended 31 March 2016 of ₹ 10 per fully paid share (31 March 2015 of ₹ 10 per fully paid share)	319.6	319.6
Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of ₹ 10 (Previous year ₹ 10 per share) fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	281.4	319.6

46. 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 and receivables) as at March 31, 2017 aggregating ₹ 343.5 million (as at March 2016 ₹ 637.2 million) have been included in 'Cash and Bank balances' [Refer Note 10(a) and 10(b)], 'Other Current Financial Liabilities' [Refer Note 14(a)] and 'Other Financial Assets' [Refer Note 4]. Out of net payables, ₹ 330.3 million is payable towards related parties (Previous year ₹ 335.4 million).

47. Buyback of Shares

In accordance with Sec 68, 69, 70 and other applicable provisions of the Companies Act, 2013 and SEBI regulations and pursuant to the public announcement for buy back made by the Company, the Company initiated a buy back by way of tender offer through stock exchange mechanism for cash at price of ₹ 760/- per equity share for an aggregate maximum amount of ₹ 2,903.2 million.

Particulars	**31st March 2017**
Date of Board Meeting approving the Buy Back	26th May, 2016
Date of Public Announcement	13th July, 2016
Record Date	22nd July, 2016
Date of buy back	21st September, 2016
Number of share bought back	38,20,000
Face value of shares bought back	₹ 5
Consideration paid towards buy back (₹ in million)	2,903.2

Pursuant to buyback the Company has adjusted premium on buyback of ₹ 755 per share aggregating ₹ 2,884.1 million, out of Securities Premium Account ₹ 228.8 million and from General Reserve ₹ 2,655.3 million. Further, an amount of ₹ 19.1 million (equivalent to the face value of shares) has been transferred to Capital Redemption Reserve. Buy-back expenses of ₹ 23.8 million have also been debited to the General Reserve.

48. Previous year figures have been regrouped/restated where necessary.

Signatures to Notes 1 to 48

In terms of our report of even date

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

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 23rd May, 2017

For and on behalf of the Board

R. SHAHANI
Vice Chairman &
Managing Director
DIN: 00103845

TRIVIKRAM GUDA
Company Secretary &
Compliance Officer

M. NOBLE
Whole Time Director &
Chief Financial Officer
DIN: 03086192

Mumbai, 23rd May, 2017

Statement of Cash Flows for the year ended 31st March 2017

		Year ended 31st March 2017 in ₹ million	Year ended 31st March 2016 in ₹ million
A.	**Cash flow from operating activities**		
	Profit before Tax from		
	Continuing operations	**917.3**	1,113.7
	Discontinued operations	**—**	1,603.0
	Profit before Income Tax including Discontinued Operations	**917.3**	**2,716.7**
	Adjustments for –		
	Depreciation and Amortisation Expense	35.9	34.9
	Employee share-based expense	35.1	35.3
	Profit on disposal of OTC and AH businesses	—	(1,696.3)
	Interest Income	(627.2)	(723.3)
	Unwinding of discount on security deposits	(5.3)	(4.6)
	Interest Expense	7.2	2.1
	Unrealised Gain on Foreign currency translations (Net)	(2.2)	(3.5)
	Write back of Provision for Doubtful Debts and Advances (Net)	(3.5)	—
	Provision for Doubtful Debts and Advances (Net)	(5.2)	44.0
	Bad Debts and Advances written off	5.2	38.0
		357.3	**443.3**
	Change in operating assets and liabilities		
	Decrease in Trade Receivables	46.9	2.4
	Increase in Inventories	(151.2)	(23.1)
	Increase/(Decrease) in Trade Payables	42.0	(8.9)
	(Increase)/Decrease in Other Financial Assets	(40.9)	173.9
	(Increase)/Decrease in Other Non-Current Assets	(41.5)	47.9
	Decrease in Other Current Assets	8.2	102.6
	Increase in Provisions	2.4	11.6
	Increase in Employee Benefit Obligations	51.7	117.8
	Increase/(Decrease) in Other Non-Current Liabilities	40.9	(1.1)
	Decrease in Other Curent Liabilities	(21.7)	(0.3)
	Increase/(Decrease) in Other Financial Liabilities	(232.0)	494.2
	Cash generated from operations	**62.1**	**1,360.3**
	Income Tax Paid	(441.6)	(794.4)
	Net cash (used in)/from operating activities	**(379.5)**	**565.9**
B.	**Cash flow from investing activities**		
	Payments for Property, Plant & Equipment	(28.0)	(24.8)
	Proceeds from sale of Property, Plant & Equipment	—	0.2
	Interest received	676.4	628.1
	Consideration received on Sale of AH & OTC	—	1,963.2
	Fixed deposits matured/(placed)	3,559.2	(8,871.4)
	Net cash from/(used in) investing activities	**4,207.6**	**(6,304.7)**

Statement of Cash Flows for the year ended 31st March 2017

	Year ended 31st March 2017 in ₹ million	Year ended 31st March 2016 in ₹ million
C. Cash flow from financing activities		
Amount paid towards Buy Back of Equity Shares of the Company	(2,927.0)	—
Interest paid	(6.5)	(1.8)
Dividend paid to Company's shareholders	(319.4)	(318.8)
Tax paid on Dividend	(65.1)	(65.1)
Net cash used in financing activities	**(3,318.0)**	**(385.7)**
Net increase/(decrease) in cash and cash equivalents	**510.1**	**(6,124.5)**
Cash and Cash Equivalents – Opening Balance	245.8	6,370.3
Cash and Cash Equivalents – Closing Balance [Refer Note 10(a)]	755.9	245.8

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 Statement of Cash Flows.
2. For the additional information in relation to discontinued operations refer notes 41(a)(iii) & 41(b)(iii).
3. Previous year figures have been regrouped where necessary.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

In terms of our report of even date

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

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 23rd May, 2017

For and on behalf of the Board

R. SHAHANI
Vice Chairman &
Managing Director
DIN: 00103845

TRIVIKRAM GUDA
Company Secretary &
Compliance Officer

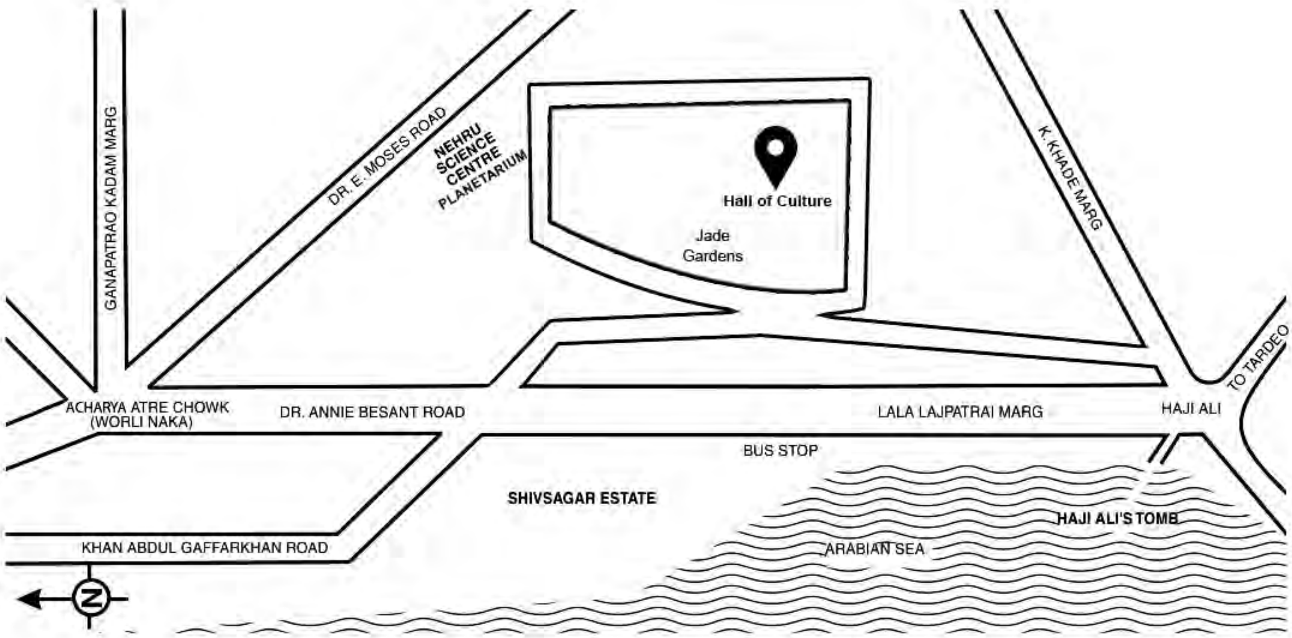
M. NOBLE
Whole Time Director &
Chief Financial Officer
DIN: 03086192

Mumbai, 23rd May, 2017

Route Map of the venue of the 69th Annual General Meeting of Novartis India Limited to be held on Friday, July 28, 2017 at 11.30 a.m.

Venue Address: Hall of Culture, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018

Landmark: Near Nehru Planetarium, Worli



NOTES

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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 69th Annual General Meeting of the Company on Friday, July 28, 2017 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 69th Annual General Meeting ('AGM') of the Company on Friday, July 28, 2017 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 Statements for the year ended March 31, 2017		
2	To declare dividend for the year ended March 31, 2017		

Resolutions		Optional *	
Ordinary Business		**For**	**Against**
3	Re-appointment of Ms Monaz Noble Whole Time Director, who retires by rotation		
4	Appointment of M/s Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/ W-100018), Chartered Accountants, as Statutory Auditors of the Company from the conclusion of the 69^{th} AGM till the conclusion of the 74^{th} AGM		
Special Business			
5	Change of the address for keeping the Register of Members of the Company		
6	Approval for remuneration payable by way of commission to Non-Executive & Independent Directors of the Company		

Signed on the ______________________ day of ______________________ 2017

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 69^{th} 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

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
I. INCOME, PROFIT & DIVIDEND										
Sales of Products (Net)	**5836**	7222	8122	8104	8465	7928	7086	6241	5995	5535
Profit Before Tax (PBT)	**917**	2717	932	899	1694	2247	2189	1798	1729	1543
Profit After Tax (PAT)	**572**	1983	791	985	1197	1520	1467	1160	1037	972
Dividend	**281**	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	**141**	160	160	160	160	160	160	160	160	160
Reserves and Surplus	**9,055**	11,776	9860	9454	8842	8019	6870	5775	4987	4324
Net Worth (Shareholders' Fund)	**9,196**	11,936	10020	9614	9002	8179	7030	5935	5147	4484
III. RATIOS										
Return on Sales (PAT) % *(Before Extraordinary Items)*	**9.8**	27.5 9.2	9.7 10.3	12.2	14.1	19.2	20.7	18.6	17.3	17.6
Return on Shareholders' Funds (PAT) % *(Before Extraordinary Items)*	**6.2**	16.6 5.6	7.9 8.4	10.2	13.3	18.6	20.9	19.5	20.1	21.7
Earning Per Share (calculated on PAT) ₹ *(Before Extraordinary Items)*	**19.10**	62.04 20.78	24.75 26.28	30.83	37.46	47.56	45.89	36.29	32.45	30.42

Notes:

1) FY 2015–16 includes Extraordinary Items from sale of OTC and Animal Health Divisions.
2) In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. FY 2015-16 numbers have been restated to Ind AS.
3) In FY 2016–17 the Company undertook buy back of 3,820,000 shares by way of tender offer through stock exchange mechanism.

The Source/Vakils

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