

Novartis India Limited

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

PART I STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER 2014							
in ₹ million							
Sr. No	Particulars	3 months ended	3 months ended	3 months ended	6 months ended	6 months ended	Year ended
		30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Income from Operations						
	(a) Net Sales/Income from Operations (Net of Excise Duty)	2,278.3	2,020.6	2,091.8	4,298.9	4,282.1	8,397.8
	(b) Other Operating Income	69.6	66.9	47.4	136.5	88.1	224.5
	Total Income from Operations (Net)	2,347.9	2,087.5	2,139.2	4,435.4	4,370.2	8,622.3
2.	Expenses						
	(a) Cost of Materials Consumed	28.3	47.4	85.0	75.7	206.1	337.3
	(b) Purchases of Stock-in-Trade	860.5	896.0	937.5	1,756.5	1,739.9	3,530.3
	(c) Changes in Inventories of Finished Goods and Stock-in-Trade	94.4	(58.9)	18.4	35.5	100.2	63.1
	(d) Employee Benefits Expense	478.0	483.0	412.8	961.0	871.8	1,741.9
	(e) Depreciation and Amortisation Expense	8.9	8.8	9.3	17.7	18.6	36.5
	(f) Other Expenses	888.3	751.4	792.1	1,639.7	1,532.1	2,962.7
	Total Expenses	2,358.4	2,127.7	2,255.1	4,486.1	4,468.7	8,671.8
3.	(Loss)/Profit from Operations before Other Income and Finance Costs	(10.5)	(40.2)	(115.9)	(50.7)	(98.5)	(49.5)
4.	Other Income	225.2	248.7	255.1	473.9	460.6	951.2
5.	Profit from Ordinary Activities before Finance Costs	214.7	208.5	139.2	423.2	362.1	901.7
6.	Finance Costs	0.6	0.5	0.6	1.1	1.3	2.7
7.	Profit from Ordinary Activities before Tax	214.1	208.0	138.6	422.1	360.8	899.0
8.	Tax (Credit)/Expense (Net) (including Deferred Tax)	73.7	64.9	(316.9)	138.6	(233.4)	(86.3)
9.	Net Profit for the period	140.4	143.1	455.5	283.5	594.2	985.3
10.	Paid-up equity share capital (Face Value ₹ 5 each)	159.8	159.8	159.8	159.8	159.8	159.8
11.	Reserves excluding Revaluation Reserves (as per last audited Balance Sheet)				9,737.2		9,453.7
12.	Earnings Per Share - (of ₹ 5 each) (not annualised) Basic and Diluted (₹)	4.39	4.48	14.25	8.87	18.59	30.83

PART II SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2014							
	Particulars	3 months ended	3 months ended	3 months ended	6 months ended	6 months ended	Year ended
		30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014
A	PARTICULARS OF SHAREHOLDING						
1.	Public Shareholding						
	- Number of Shares	7,990,200	7,990,200	7,990,200	7,990,200	7,990,200	7,990,200
	- Percentage of Shareholding	25.00	25.00	25.00	25.00	25.00	25.00
2.	Promoter and Promoter Group Shareholding						
	(a) Pledged / Encumbered						
	- Number of Shares	-	-	-	-	-	-
	- Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group)	-	-	-	-	-	-
	- Percentage of Shares (as a % of the total Share Capital of the company)	-	-	-	-	-	-
	(b) Non-Encumbered						
	- Number of Shares	23,970,597	23,970,597	23,970,597	23,970,597	23,970,597	23,970,597
	- Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group)	100.0	100.0	100.0	100.0	100.0	100.0
	- Percentage of Shares (as a % of the total Share Capital of the company)	75.00	75.00	75.00	75.00	75.00	75.00

Particulars	3 months ended
30.09.2014	
B INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	-
Received during the quarter	1
Disposed of during the quarter	1
Remaining unsolved at the end of the quarter	-



SEGMENT REVENUE, RESULTS AND CAPITAL EMPLOYED

Sr. No	Particulars	in ₹ million					
		3 months ended 30.09.2014 (Unaudited)	3 months ended 30.06.2014 (Unaudited)	3 months ended 30.09.2013 (Unaudited)	6 months ended 30.09.2014 (Unaudited)	6 months ended 30.09.2013 (Unaudited)	Year ended 31.03.2014 (Audited)
1.	Segment Revenue						
	(a) Pharmaceuticals	1,552.4	1,506.1	1,372.1	3,058.5	2,999.9	5,805.8
	(b) Generics	135.0	122.9	140.9	257.9	290.1	524.3
	(c) OTC	422.1	228.3	335.3	650.4	533.8	1,255.1
	(d) Animal Health	238.4	230.2	290.9	468.6	546.4	1,037.1
	Total Income from Operations (Net)	2,347.9	2,087.5	2,139.2	4,435.4	4,370.2	8,622.3
2.	Segment Results						
	(a) Pharmaceuticals	(2.0)	37.5	(116.8)	35.5	(24.1)	(70.6)
	(b) Generics	37.7	20.2	25.7	57.9	62.1	60.4
	(c) OTC	15.3	(40.2)	53.7	(24.9)	30.5	141.6
	(d) Animal Health	8.7	9.3	9.0	18.0	7.5	58.8
	Total	59.7	26.8	(28.4)	86.5	76.0	190.2
	Add/(Less):						
	(a) Finance Costs	(0.6)	(0.5)	(0.6)	(1.1)	(1.3)	(2.7)
	(b) Other unallocable expenditure	(66.2)	(59.7)	(83.1)	(125.9)	(160.5)	(222.0)
	(c) Other unallocable income	221.2	241.4	250.7	462.6	446.6	933.5
	Profit from Ordinary Activities before Tax	214.1	208.0	138.6	422.1	360.8	899.0
3.	Capital Employed (Segment Assets less Segment Liabilities)						
	(a) Pharmaceuticals	34.0	348.0	252.0	34.0	252.0	207.1
	(b) Generics	41.6	22.5	106.1	41.6	106.1	(5.3)
	(c) OTC	(87.9)	4.0	5.7	(87.9)	5.7	(78.4)
	(d) Animal Health	360.6	376.0	331.8	360.6	331.8	361.6
	Total	348.3	750.5	695.6	348.3	695.6	485.0
	Add: Unallocable Corporate Assets less Unallocable Corporate Liabilities	9,548.7	9,006.1	8,900.7	9,548.7	8,900.7	9,128.5
	Total Capital Employed	9,897.0	9,756.6	9,596.3	9,897.0	9,596.3	9,613.5

Notes:
1. Standalone Statement of Assets and Liabilities

Particulars	in ₹ million	
	As at 30.09.2014 (Unaudited)	31.03.2014 (Audited)
A EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(a) Share Capital	159.8	159.8
(b) Reserves and Surplus	9,737.2	9,453.7
Sub-total - Shareholders' Funds	9,897.0	9,613.5
2. Non-Current Liabilities		
(a) Other Long-term Liabilities	39.3	38.8
(b) Long-term Provisions	275.8	247.2
Sub-total - Non-Current Liabilities	315.1	286.0
3. Current Liabilities		
(a) Trade Payables	1,343.7	1,124.3
(b) Other Current Liabilities	350.9	426.7
(c) Short-term Provisions	166.3	562.5
Sub-total - Current Liabilities	1,860.9	2,113.5
TOTAL - EQUITY AND LIABILITIES	12,073.0	12,013.0
B ASSETS		
1. Non-Current Assets		
(a) Fixed Assets	79.8	78.7
(b) Non-Current Investments	0.3	0.3
(c) Deferred Tax Assets	188.5	182.1
(d) Long-term Loans and Advances	1,234.4	1,140.2
(e) Other Non-Current Assets	1.7	1.3
Sub-total - Non-Current Assets	1,504.7	1,402.6
2. Current Assets		
(a) Inventories	1,013.3	1,035.9
(b) Trade Receivables	861.2	774.0
(c) Cash and Bank Balances	183.0	168.1
(d) Short-term Loans and Advances	8,510.7	8,630.1
(e) Other Current Assets	0.1	2.3
Sub-total - Current Assets	10,568.3	10,610.4
TOTAL - ASSETS	12,073.0	12,013.0



2. The above results were reviewed by the Audit Committee at its meeting held on 7th November 2014 and approved at the meeting of the Board of Directors held on that date.

3. Transactions with GSK and Lilly:

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

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

Novartis and GSK have agreed to create a consumer healthcare business through a joint venture between Novartis OTC and GSK Consumer Healthcare. Upon completion, Novartis will own a 36.5% share of the joint venture and will have four of eleven seats on the joint venture's Board. The transaction with GSK is subject to approval by GSK shareholders and other closing conditions, including anti-trust approvals. The transaction is expected to close during the first half of 2015.

(b) Divestment of Novartis Animal Health business to Lilly

In a separate transaction, Novartis has agreed to divest its Animal Health business to Lilly. The transaction is subject to closing conditions, including anti-trust approvals and is expected to close by the end of the first quarter of 2015.

In connection with the divestment of the Novartis Animal Health business to Lilly, the Board in its meeting today approved the slump sale of the Company's Animal Health Division to Elanco India Private Limited (or another affiliate of Lilly) for a consideration of Rs 866.8 million. Closing of this slump sale is subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities, as well as closing of the wider Animal Health transactions between Novartis and Lilly. The Company has made a separate announcement to BSE Limited, where the Company's shares are admitted for trading, in this regard.

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

4. 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"). The Hon'ble Delhi High Court issued a notice to the NPPA on 16th May 2014 directing it to file its response to the Writ Petition filed by the Company.

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 has now issued a Demand Notice dated 31st October 2014 directing the company to pay Rs. 281.8 million (including interest) by 15th November 2014. The Company is in the process of initiating all possible steps to contest the demand per due process of law.

5. Tax Credit for the quarter and half year ended 30th September 2013 includes write back of provision for current tax for the Assessment Year 1995-1996 amounting to Rs 366.9 million (net of additional current tax charge for the Assessment Years 1992-1993 to 1994-1995 amounting to Rs 20.8 million on account of various matters). The aforesaid write back was on account of a favourable Order of the Income Tax Appellate Tribunal for non-taxability of consideration from sale of an undertaking.

6. The results for the quarter ended 30th September 2014 have been subjected to limited review by the statutory auditors of the Company.

7. Figures for the prior periods have been regrouped where necessary.

By Order of the Board



Ranjit Shahani
Vice Chairman and Managing Director
Mumbai, 7th November 2014