

Drug Price Control Order negatively impacts Novartis India's Q1 2014 Results

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- Novartis India registers decline of 6.4% in Total Income from Operations over last year 1st quarter
- Records Loss from Operations of Rs 4 crore
- Registers Net Profit after Other Income of Rs 14.3 crore

At a meeting held in Mumbai today, the Board of Novartis India Limited approved results for the quarter ended 30 June 2014. During the period under review, Total Income from Operations of Rs 208.8 crore registered a decline of 6.4% over the corresponding quarter of the previous year.

Reduction in the selling prices of some key products arising out of the notification of the Drug Price Control Order had a significant adverse impact on the revenue and operating profits of the company. Depreciation of the rupee further impacted profits.

The expanded scope of drug price control is likely to further impact the Company's revenue and operating profit. Given the significant impact of drug price control on both revenue and profitability, it will be difficult for the Company to mitigate the adverse impact on profit and revenue in the near future.

During the quarter under review, our core business, Pharmaceuticals recorded Total Income from Operations of Rs 150.6 crore as against Rs 162.8 crore in the previous corresponding quarter. The Generics business registered Total Income from Operations of Rs 12.3 crore as against Rs 14.9 crore in the previous corresponding period. The Animal Health business registered Total Income from Operations of Rs 23.0 crore as against Rs 25.6 crore in the previous corresponding period. The OTC business recorded Total Income from Operations of Rs 22.8 crore as against Rs 19.9 crore in the previous corresponding quarter.

During the quarter under review the Company recorded a Loss from Operations of Rs 4.0 crore as compared to Profit from Operations of Rs 1.7 crore during the corresponding quarter of the previous year. The Company registers Net Profit after Other Income of Rs 14.3 crore as against Rs 13.9 crore in the previous corresponding period.

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