

Novartis India announces results for the quarter and year ended March 31, 2016

May 25, 2016

- Full year profits from operations only 2.4% of Total Income from Operations; substantially impacted by price controls
- Full year net profits primarily due to divestment of OTC and Animal Health businesses
- Share buyback proposal approved
- Board recommends dividend of ₹10 per equity share of ₹5 each

At a meeting held in Mumbai today, the Board of Novartis India Limited approved results for the quarter and financial year ended March 31, 2016 and recommended dividend of ₹ 10 per equity share of ₹ 5 each. The Board also unanimously approved a buyback proposal for the Company to purchase 3,820,000 equity shares of ₹5 each (representing 11.95% of the total equity capital) from all shareholders of the Company on a proportionate basis through the "Tender Offer" route as prescribed under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 at a price of ₹760 (Rupees Seven Hundred and Sixty per equity share), aggregating to ₹ 290.32 crore.

During the period under review, Total Income from Operations was ₹ 167.3 crore in comparison to ₹ 207.6 crore recorded in the previous corresponding quarter. Our core business, Pharmaceuticals recorded Total Income from Operations of ₹ 162.3 crore in comparison to ₹ 144.4 crore recorded in the previous corresponding quarter. The Generics business recorded Total Income from Operations of ₹ 5.0 crore as against ₹ 10.0 crore in the previous corresponding quarter.

During the quarter under review, profit from operations was ₹ 9.6 crore as against profit of ₹ 16.1 crore in the previous corresponding period while profit after tax stood at ₹ 21.5 crore as against profit after tax of ₹ 51.9 crore in the previous corresponding period.

During FY 2015-2016 Total Income from Operations stood at ₹ 808.3 crore in comparison to ₹ 873.4 crore recorded in the previous corresponding period. Our core business, Pharmaceuticals recorded Total Income from Operations of ₹ 653.2 crore in comparison to ₹ 599.9 crore in the previous corresponding period. The Generics business recorded Total Income from Operations of ₹ 38.8 crore as against ₹ 48.4 crore in the previous corresponding period. The Animal Health business registered Total Income from Operations of ₹ 77.4 crore during the period under review while it registered ₹ 95.7 crore in the prior corresponding period. The OTC business registered Total Income from Operations of ₹ 38.8 crore during the period under review as against ₹ 129.4 crore in the previous corresponding period. With regards to the OTC and Animal Health businesses the figures for the year ended March 31, 2016 are not comparable with corresponding figures of the prior year.

During the year ended under review, profit from operations was ₹ 19.8 crore as against loss of ₹ 7.9 crore in the previous corresponding period. Profit from operations is only 2.4% of Total Income from Operations as the Company has had a substantial impact on account of reduction in prices of products covered under NLEM.

Profit after tax stood at ₹ 198.6 crore as against ₹ 79.1 crore in the previous corresponding period. The substantial increase in Net Profit is primarily due to receipt of the sale consideration in relation to the slump

sale of the OTC Division to GlaxoSmithKline Consumer Private Limited amounting to ₹ 109.7 crore and the same being accounted in the quarter ended September 30, 2015 as well as sale consideration in relation to the sale of the Animal Health Division to Elanco India Private Limited amounting to ₹ 86.7 crore and the same being accounted in the quarter ended December 31, 2015.

Net Profit from the sale of the OTC and Animal Health Divisions and costs incurred by the Company in relation to these transactions have been shown under Extraordinary items.

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