

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 NINE MONTHS ENDED 31ST DECEMBER 2014							In ₹ million
Sr. No	Particulars	3 months ended	3 months ended	3 months ended	9 months ended	9 months ended	Year ended
		31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Income from Operations						
	(a) Net Sales/Income from Operations (Net of Excise Duty)	2,130.2	2,278.3	2,185.4	6,429.1	6,467.5	8,397.8
	(b) Other Operating Income	91.8	69.6	49.9	228.3	138.0	224.5
	Total Income from Operations (Net)	2,222.0	2,347.9	2,235.3	6,657.4	6,605.5	8,622.3
2.	Expenses						
	(a) Cost of Materials Consumed	53.4	28.3	96.8	129.1	302.9	337.3
	(b) Purchases of Stock-in-Trade	900.6	860.5	901.5	2,657.1	2,641.4	3,530.3
	(c) Changes in Inventories of Finished Goods and Stock-in-Trade	(3.4)	94.4	57.1	32.1	157.3	63.1
	(d) Employee Benefits Expense	567.9	478.0	406.6	1,528.9	1,278.4	1,741.9
	(e) Depreciation and Amortisation Expense	10.0	8.9	9.4	27.7	28.0	36.5
	(f) Other Expenses	882.9	888.3	779.4	2,522.6	2,311.5	2,962.7
	Total Expenses	2,411.4	2,358.4	2,250.8	6,897.5	6,719.5	8,671.8
3.	Loss from Operations before Other Income and Finance Costs	(189.4)	(10.5)	(15.5)	(240.1)	(114.0)	(49.5)
4.	Other Income	234.3	225.2	231.8	708.2	692.4	951.2
5.	Profit from Ordinary Activities before Finance Costs	44.9	214.7	216.3	468.1	578.4	901.7
6.	Finance Costs	0.5	0.6	0.7	1.6	2.0	2.7
7.	Profit from Ordinary Activities before Tax	44.4	214.1	215.6	466.5	576.4	899.0
8.	Tax Expense/(Credit) (Net) (including Deferred Tax)	9.0	73.7	63.3	147.6	(170.1)	(86.3)
9.	Net Profit from Ordinary Activities after Tax	35.4	140.4	152.3	318.9	746.5	985.3
10.	Extraordinary Items (net of tax effect ₹ 13.8 million)	47.2	-	-	47.2	-	-
11.	Net (Loss)/Profit for the period	(11.8)	140.4	152.3	271.7	746.5	985.3
12.	Paid-up equity share capital (Face Value ₹ 5 each)	159.8	159.8	159.8	159.8	159.8	159.8
13.	Reserves excluding Revaluation Reserves (as per last audited Balance Sheet)						9,453.7
14.	Earnings Per Share - (of ₹ 5 each) (not annualised) Basic and Diluted (₹)	1.11	4.39	4.77	9.98	23.36	30.83

PART II SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2014						
Particulars	3 months ended	3 months ended	3 months ended	9 months ended	9 months ended	Year ended
	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	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)	100.00	100.00	100.00	100.00	100.00	100.00
- Percentage of Shares (as a % of the total Share Capital of the company)	75.00	75.00	75.00	75.00	75.00	75.00

Particulars	3 months ended 31.12.2014
B INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	-
Received during the quarter	3
Disposed of during the quarter	1
Remaining unsolved at the end of the quarter	2



SEGMENT REVENUE, RESULTS AND CAPITAL EMPLOYED

Sr. No	Particulars	in ₹ million					
		3 months ended 31.12.2014 (Unaudited)	3 months ended 30.09.2014 (Unaudited)	3 months ended 31.12.2013 (Unaudited)	9 months ended 31.12.2014 (Unaudited)	9 months ended 31.12.2013 (Unaudited)	Year ended 31.03.2014 (Audited)
1.	Segment Revenue						
	(a) Pharmaceuticals	1,496.0	1,552.4	1,429.1	4,554.5	4,429.0	5,805.8
	(b) Generics	126.6	135.0	148.8	384.5	438.9	524.3
	(c) OTC	357.3	422.1	376.8	1,007.7	910.6	1,255.1
	(d) Animal Health	242.1	238.4	280.6	710.7	827.0	1,037.1
	Total Income from Operations (Net)	2,222.0	2,347.9	2,235.3	6,657.4	6,605.5	8,622.3
2.	Segment Results						
	(a) Pharmaceuticals	(148.8)	(2.0)	(29.0)	(113.3)	(53.1)	(70.6)
	(b) Generics	23.0	37.7	(1.7)	80.9	60.4	60.4
	(c) OTC	3.4	15.3	51.4	(21.5)	81.9	141.6
	(d) Animal Health	(3.0)	8.7	24.0	15.0	31.5	58.8
	Total	(125.4)	59.7	44.7	(38.9)	120.7	190.2
	Add/(Less):						
	(a) Finance Costs	(0.5)	(0.6)	(0.7)	(1.6)	(2.0)	(2.7)
	(b) Other unallocable expenditure	(56.0)	(66.2)	(59.6)	(181.9)	(220.1)	(222.0)
	(c) Other unallocable income	226.3	221.2	231.2	688.9	677.8	933.5
	Profit from Ordinary Activities before Tax	44.4	214.1	215.6	466.5	576.4	899.0
3.	Capital Employed (Segment Assets less Segment Liabilities)						
	(a) Pharmaceuticals	(170.8)	34.0	98.4	(170.8)	98.4	207.1
	(b) Generics	34.7	41.6	61.6	34.7	61.6	(5.3)
	(c) OTC	(105.4)	(87.9)	(85.3)	(105.4)	(85.3)	(78.4)
	(d) Animal Health	304.4	360.6	326.5	304.4	326.5	361.6
	Total	62.9	348.3	401.2	62.9	401.2	485.0
	Add: Unallocable Corporate Assets less Unallocable Corporate Liabilities	9,822.3	9,548.7	9,347.4	9,822.3	9,347.4	9,128.5
	Total Capital Employed	9,885.2	9,897.0	9,748.6	9,885.2	9,748.6	9,613.5

Notes:

1. The above results were reviewed by the Audit Committee at its meeting held on 4th February 2015 and approved at the meeting of the Board of Directors held on that date.

2. 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 of Directors. 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.

In connection with the divestment of the Novartis OTC business to GSK, the Board of Directors (Board) of Novartis India Limited (Company) in its meeting held on 13th January 2015 approved the slump sale of the Company's OTC Division to GlaxoSmithKline Consumer Private Limited (GSK CPL), a private unlisted company incorporated under the Companies Act, 2013, (or another affiliate of GSK) for a consideration of ₹ 1,097.3 million. Closing of this slump sale is subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities, as well as the closing of the global OTC transactions between Novartis and GSK. The Company has made a separate announcement on 13th January 2015 to BSE Limited, where the Company's shares are admitted for trading in this regard.

(b) Divestment of Novartis Animal Health business to Lilly

In a separate transaction, Novartis had agreed to divest its Animal Health business to Lilly. The transaction, except in respect of the Company's Animal Health Division, closed on 1st January 2015.

In connection with the divestment of the Novartis Animal Health business to Lilly, the Board in its meeting held on 7th November 2014 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 ₹ 866.8 million. Closing of this slump sale is subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities. The Company has made a separate announcement on 7th November 2014 to BSE Limited, where the Company's shares are admitted for trading in this regard.

The consideration to be received by the Company in relation to the slump sales of the Animal Health Division to Elanco India Private Limited (or another affiliate of Lilly) and the OTC Division to GSK CPL (or another affiliate of GSK) totalling to ₹ 1,964.1 million has not been accounted in the results for nine months ended 31st December 2014 because the transactions are subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from concerned authorities, as well as the closing of the related global transactions (to the extent not yet closed). Costs incurred by the Company in relation to the transactions have been shown under Extraordinary Items.

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




3. The 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 ₹ 281.8 million (including interest) by 15th November 2014. This demand has been challenged before the Hon'ble Delhi High Court which was pleased to grant a stay on the demand. The matter is posted for further hearing on 9th February 2015.

4. Employee Benefits expense for the quarter and nine months ended 31st December 2014, includes Actuarial Loss due to change in actuarial assumptions amounting to ₹ 85.7 million (2013: Actuarial Gain of ₹ 14.6 million).
5. Tax Credit for the nine months ended 31st December 2013 includes write back of provision for current tax for the Assessment Year 1995-1996 amounting to ₹ 366.9 million (net of additional current tax charge for the Assessment Years 1992-1993 to 1994-1995 amounting to ₹ 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 31st December 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, 4th February 2015