NOVARTIS INDIA LIMITED
ANNUAL REPORT 2014-15

NOVARTIS

CONTENTS

BOARD OF DIRECTORS

As on March 31, 2015

Christopher Snook	Chairman
Ranjit Shahani	Vice Chairman & Managing Director
Dinesh Charak	Whole Time Director
Manisha Girotra	Director
Jai Hiremath	Director
Rajendra Nath Mehrotra	Director

Monaz Noble	Chief Financial Officer
Girish Tekchandani	Company Secretary and Compliance Officer

CIN	L24200MH1947PLC006104
Registered Office	Sandoz House Shivsagar Estate Dr Annie Besant Road Worli, Mumbai 400 018
Telephone Nos.	+91 22 2495 8400 / 2495 8888
Fax No.	+91 22 2495 0221
E-mail	girish.tekchandani@novartis.com
Website	www.novartis.in
Registrar and Transfer Agents	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex 2nd floor, Sakinaka Telephone Exchange Off Andheri-Kurla Road Sakinaka, Andheri Mumbai 400 072
Telephone Nos.	+91 22 6772 0300 / 6772 0400
E-mail	indira@shareproservices.com sharepro@shareproservices.com

Annual General Meeting

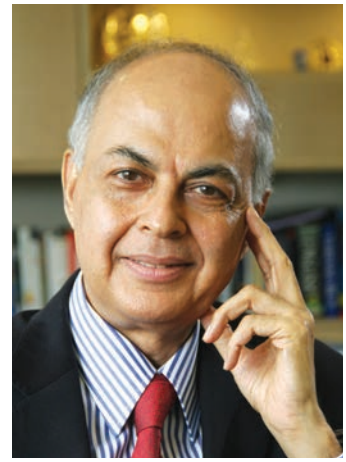
11.30 am, Thursday, July 23, 2015
Hall of Culture
Nehru Centre
Dr Annie Besant Road
Worli, Mumbai 400 018

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, Sharepro Services (India) Private Limited, at the address above.

The Novartis India Limited Board

From left: Dinesh Charak, Whole Time Director; Rajendra Nath Mehrotra, Director; Jai Hiremath, Director; Christopher Snook, Chairman; Manisha Girotra, Director; Ranjit Shahani, Vice Chairman & Managing Director

Dear Shareholder



India's public healthcare expenditure as a percentage of GDP continues to feature amongst the lowest in the world notwithstanding the concerns expressed by the pharmaceutical industry. Recent moves to expand the ambit of the Drug Price Control Order and include an increased number of medicines in the National Essential Medicines List under price control raise strong concerns. Reduction in selling prices of products already under price control, continue to impact our pharmaceutical business. For now the steps that our Company has taken to drive operational excellence and increase productivity and profitability have helped partially offset the impact of price control. However these measures only serve as a stop-gap arrangement.

While the Indian Pharmaceutical Market has long-term potential given the demographics of India and the several factors in favour, investments in the sector and profitability will most certainly be impeded if the current environment continues – an environment that does not do enough to protect legitimate intellectual property rights. As an innovator company we are aware of the unique circumstances in India and together with the industry association are committed to engaging with the Government to discuss pragmatic public policy approaches that will reflect the value of products, include the patient perspective, and reward innovation.

At Novartis it is our endeavour to expand access to healthcare and reach more patients. We recognise that India is a complex market and there is no 'one size fits all' model. Therefore we pursue a combination of approaches ranging from philanthropy to zero profit to social business, all of these to help create sustainable solutions for the long term. Novartis has been able to make a meaningful impact on healthcare in large swathes of rural India through its social business Arogya Parivar.

Through Arogya Parivar we have helped address societal problems that impede access to healthcare, be it education, lack of awareness or distribution channels. For example, between 2010 and 2014, more than 450,000 villagers were diagnosed in health camps through the program.

Heightened collaboration between various stakeholders, particular the government at the Centre and the states, is required to address the several areas that beset the Indian healthcare sector – increasing the number of hospitals and diagnostic centres, medical education, quality of care and patient education. The pharmaceutical industry has been at the forefront of collaborating with the government to achieve the goal of "Health for All".

To increase focus on its core businesses Novartis initiated a business portfolio transformation at a global level which will have long-term strategic impact for our Company. Subject to local regulatory approvals, this transformation will be replicated in India. Consequently our Animal Health business will be divested to Elanco India Pvt Ltd and the OTC business to GlaxoSmithKline Consumer Pvt Ltd. Post this, our Company's focus will be on its core business Pharmaceuticals.

I take this opportunity to thank you for the confidence you have placed in our Company and for your continued support over the years. Together we can make a difference.

Sincerely

Ranjit Shahani
Vice Chairman & Managing Director

Partnerships for Progress

Far from the bustle of India's urban centres, deep in remote villages where a majority of the country's population lives, a quiet revolution has been taking place. While awareness of disease has been gradually improving in such areas, access to healthcare and diagnosis of chronic illnesses has still been a major problem; patients have to travel great distances to get to the nearest medical facility. Now, thanks to the unique Arogya Parivar, a Novartis initiative, underprivileged villagers receive treatment practically at their doorsteps; Arogya Parivar brings qualified MBBS doctors from the nearest markets, which are usually 10-20 kilometres away, and organises health camps. In the state of Andhra Pradesh alone, in the year 2014, Arogya Parivar conducted 2,340 such camps and diagnosed 147, 497 villagers, leading to a dramatic improvement in the quality of their lives.

The Arogya Parivar programme, which brings together healthcare professionals at various levels, including specially trained local care-givers, is a shining example of how well-planned collaborative efforts can achieve miracles. In a country that faces multiple healthcare challenges, key initiatives such as this one play a pivotal role. As the *Indian Journal of Medical Research India*, points out, India encapsulates a paradox; though it has earned the sobriquet of 'pharmacy of the world' exporting affordable medicines to more than 100 countries, it is unable to deliver health services to two-thirds of its 1.2 billion citizens. The Journal also notes that while improved health indicators have a positive impact on economic growth, India loses more than six per cent of its Gross Domestic Product (GDP) annually due to premature deaths and preventable illnesses.

Among the many issues impacting lack of access to healthcare in India is a shortage of qualified medical professionals – 0.7 doctors and 1.5 nurses per 1,000 people, which is dramatically lower than the World Health Organisation (WHO) average of 2.5 doctors and nurses per 1,000 people. The problem is far worse when you consider that a large number of these healthcare workers are concentrated in urban areas, while close to 70 per cent of India's population is in rural locations. While there is a trend towards urbanisation in India – by 2030, over 40 per cent of India's population is expected to be living in cities – this is unlikely to improve healthcare access significantly, given the shortage of existing medical facilities even in urban locations. For the situation to match global levels, India needs an additional 1.54 million doctors and 2.4 million nurses – no mean feat by any standard. Other weaknesses in the Indian healthcare system include the lack of advanced laboratory facilities and equipment; a poorly financed public health system involving a mere 1.04 per cent of the GDP; and a poor delivery mechanism that most often fails to reach both the remote rural districts as well as the urban poor.

The Organization for Economic Co-operation and Development (OECD) has identified India's poor health outcomes as one of its major developmental challenges. While the United States has one bed for every 350 patients, and the ratio for Japan is one for 85 people, India has only one hospital bed for every 1,050 patients, requiring an addition of 100,000 beds in this decade at an investment of $50 billion.

Rural poverty is often faced with high rates of child malnutrition and maternal mortality, and inadequate access to education, safe water and sanitation are persistent problems among poor communities. A UNICEF report notes that in India about 1.83 million children die annually before completing their fifth birthday – most of them due to preventable causes. Only four diseases – respiratory infections, diarrhoeal diseases, other infectious and parasitic diseases and malaria – account for about half of under-five deaths in India, the report observes.

Among tribals, poverty rates are high (at 47 per cent in rural areas and 30 per cent in urban areas) and nearly every second tribal family has low caloric and protein consumption 25 per cent to 53 per cent below the recommended dietary allowance. All of these lead to a vicious circle – children born in tribal families end up with poor nutrition and a high mortality rate. Those who do manage to survive end up being physically and mentally weak because of which they are more likely to fare poorly at school. This in turn leads to them growing up to be unhealthy and less productive adults.

India has made remarkable progress on some fronts, it is true; as we move towards the December 2015 deadline on the Millennium Development Goals, the country has achieved the target of reducing poverty by half and is all set to reduce hunger by half as well. However, as the United Nations report notes, India lags behind on targets for empowering women, reducing child and infant mortality and improving access to adequate sanitation. Much still remains to be done.

GOVERNMENT INITIATIVES

Fortunately, Prime Minister Narendra Modi's government has recognised the urgency of the situation, and launched the Swacch Bharat Abhiyan, or Clean India Mission on October 2, 2014. Since then, the movement, described as India's biggest cleanliness drive, has grown exponentially, with the aim of accomplishing a 'Clean India' by October 2, 2019, the 150th birthday of Mahatma Gandhi. In the true spirit of collaboration, Swacch Bharat Abhiyan also aims at facilitating private sector participation in capital expenditure and operation and maintenance costs for sanitary facilities. It is also a shining example of how amazing results can be achieved when people across the spectrum come together with a common goal.

Another initiative that holds potential is the NITI Aayog (National Institute for Transforming India), which places cooperation at the top of the agenda. This Government of India policy think-tank, which replaces the Planning Commission, adopts a bottom-up approach, to involve the states in economic policy making. At the first meeting of NITI Aayog on February 8, 2015, the Prime Minister urged 'Team India' to forge a model of cooperative, competitive federalism and chart a common course to progress and prosperity. He pointed out that India cannot advance without all its states advancing in tandem, and that the idea was to bring up all states together in the spirit of 'Sabka Saath, Sabka Vikas'.

Healthcare in India is certainly a matter of concern for the NITI Aayog; as the first Health Division Working Paper notes: "Despite impressive gains in per capita income, India's Human Development Index rank has stagnated since 2008, having risen by only one unit in comparison to Nepal, which has risen by four units and Bangladesh by two units. In bringing down mortality

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due to infectious diseases, the decrease in mortality due to TB was 43.6 per cent from 2000 to 2012, while that in China was 63.1 per cent for the same period. Mortality due to measles decreased in India by 58.5 per cent between 2000 and 2012; while it decreased in Bangladesh by 87.3 per cent and in China by 81.4 per cent. This indicates the slower progress by India in controlling these conditions. Consequently, India is faced with a triple burden of disease with communicable diseases contributing to 41.6 per cent of mortality and 33 per cent of disability-adjusted life years (DALYs).

However determined the government might be, it is still early days, and there is no doubt that the challenges are enormous. In recent times, there has been a growing realisation that, given the huge task ahead, reforms in the healthcare sector are vital; successive plan documents since the Eighth Five-Year Plan in 1992 have emphasised this need, and the World Bank has also pointed out that it is 'time to carry out radical experiments in India's health sector'.

Against this backdrop, the role of public-private partnerships has been recognised as being crucial to healthcare delivery. Such partnerships have been defined variously; WHO in 1999 referred to bringing together 'a set of actors for the common goal of improving the health of a population based on the mutually agreed roles and principles'; the World Economic Forum in 2005 explained it as a 'form of agreement [that] entails reciprocal obligations and mutual accountability, voluntary or contractual relationships, the sharing of investment and reputational risks, and joint responsibility for design and execution'. What such partnerships have in common, however, as one study points out, is the 'relative sense of equality between the partners; the mutual commitment to agreed objectives and the mutual benefit for the stakeholders involved in the partnership.' Such partnerships are collaborative efforts with reciprocal relationships, clearly defined structures and specified performance indicators for delivery in a stipulated time period. In a world as complex as ours, they are essential for effective management of healthcare.

A COLLABORATIVE SPIRIT

In this interconnected world where miracles can be achieved through partnerships, Novartis believes implicitly in the power of collaboration at all levels – encouraging teamwork within the organisation, as well as with non-profit organisations and other stakeholders, to leverage each others' strengths and take both technological and humanitarian leaps. This collaborative spirit underlines everything that Novartis does, as different divisions of the organisation come together to achieve some remarkable goals, touching the lives of people across the spectrum.

'Collaboration' is, in fact, one of the key values of the company, along with 'Innovation', 'Quality', 'Performance', 'Courage' and 'Integrity'. In January 2015, Novartis associates were asked to embrace the revised Novartis Values & Behaviors, which emphasise teamwork and shared accountability. Novartis believes that associates achieve more together than individuals could achieve alone and this is important as various teams join hands to deliver on the company's mission of caring and curing. As Tom Malone, a professor at MIT's Sloan School of Management, who recently launched the Center for Collective Intelligence, points out: "A lot of the most important innovations in the next couple of decades will not be innovations in technology itself but innovations in how people work together." It is a view that Novartis whole-heartedly endorses.

THE IMPORTANCE OF VALUES

In mapping the values that guide the behaviour of every Novartis employee, the Company has built on the principles that have contributed to its success over the years, to help take

the organisation into the future. These values guide the choices that Novartis associates make, and the actions they take to discover, develop and successfully market innovative products to prevent and cure diseases, ease suffering and enhance the quality of life. While strengthening the existing ideals and standards, the revision to the company's Values and Behaviors was prompted by key changes, both in the organisation and externally. They are also a reflection of Novartis' ability to adapt to the demands of a rapidly changing world.

Under the new operating structure already in place at the global level and awaiting regulatory approval in India, focus will be on fewer leading businesses with innovation power and global scale. These changes require that associates emphasise values such as collaboration, taking greater shared accountability. The Company believes in the power of teamwork; those who work together accomplish much more than they can as individuals. This sense of working towards a shared goal also fosters trust with people outside Novartis, who contribute to, and rely on, the success of the Company.

As team members become more dependent upon each other, their collective intent to make things happen will span the spectrum – cross-divisionally, cross-domains, cross-functionally, and cross-regionally – in a range of collaborations that are both personally enriching and beneficial to all stake-holders, including the Company and the wider world with which it engages. The point of such collaborations finally is to bring healthcare to the people who need it, in as effective and efficient a manner as possible. To this end, Novartis has always believed that it is the patient who comes first.

CUSTOMERS FIRST

In February 2010, at a global level Novartis launched its Customers First programme in 45 countries after two pilots in Belgium and Portugal demonstrated that collaboration across divisions, when it makes good business sense, can lead to greater customer satisfaction and business growth.

The idea was for Novartis in different countries to work together across divisions to identify ways they could increase commercial opportunities with Key Account Management (KAM) for institutional customers (e.g. hospitals) and distribution channels (e.g. pharmacies, wholesalers), as well as opportunities for co-promotion of combined or complimentary product offerings. While it provides a platform for divisions to identify opportunities for co-promotion of products, consolidate key account management for key customers and look at combined distribution channels, Customers First goes beyond collaboration in sales. It also provides an opportunity for divisions to look at ways in which they can collaborate for back-office operations so as to increase customer service quality and productivity. Acting upon the adage 'United we stand…' the Customers First initiative leverages Novartis equity, providing a cohesive platform showcasing the strength of the organisation in the market.

This new collaborative mindset across divisions would improve the flow of market insights, business opportunities and talent and benefit the entire Novartis business in a rapidly changing healthcare environment. India was one of the early adopters of Customers First. While on one hand, Novartis India launched Arogya Parivar back in 2007, a social venture to improve access to quality and affordable healthcare for the poor, we also delivered an enormously successful unified antibiotic presence for Novartis. Through its 'Conventus' programme created in 2011, the Pharmaceutical and Generics divisions joined hands for a shared Field Force and product line of antibiotics. These products

THE POWER OF COLLABORATION

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Arogya Parivar is built around four key pillars, known as the '4 As': awareness, acceptability, availability and adaptability.

Awareness: Novartis believes that health education programs increase disease awareness and inform the community about the importance of good health. In 2014 alone 6.2 million villagers received health education.

Acceptability: Medicines are available in small packs at affordable prices. This helps particularly since India is a self-pay market and for the majority of people who live in rural India the ability to pay is limited.

Availability: Strong linkages with over 35,000 doctors and new distribution networks and a reach of over 30,000 rural pharmacies in the villages and nearby markets.

Adaptability: All communications, product packaging and training are adapted to local conditions.

represented 75 per cent of the injectable anti-infectives used in hospital intensive care settings. Novartis' new 'bigger basket' approach also helped hospitals and doctors simplify purchasing processes.

Adding further to the Customers First basket in India, in 2014 the KAM team in Pharma joined hands with Oncology to operate as a unified force while promoting our innovative Oncology medicines in public health institutes. The initiative helps offer a comprehensive Novartis portfolio to one of the key customers, the Government institutions by one expert team thereby maximising revenues and stronger customer engagement for Novartis as an organisation.

These initiatives have helped make Novartis products more accessible and affordable for the population at large, showcasing a strong commitment to "Winning for patients".

AWARENESS THROUGH AROGYA PARIVAR

Another highly successful initiative by Novartis in India is that of Arogya Parivar ('Healthy Family'), a for-profit social business initiative that involves collaboration at different levels – the social marketing and commercial arms; marketing of Generics and over-the-counter (OTC) medicines; linkages with rural doctors who receive special training from Novartis to raise awareness about diseases and preventive healthcare.

Through this programme, Novartis focuses on the diseases most prevalent in rural India, with a product portfolio that covers seven key therapeutic areas and offers 65 pharmaceutical, generic and over-the-counter medicines to treat and prevent conditions ranging from respiratory infections, gastrointestinal infections and women's healthcare, for instance. By themselves, villagers would often be reluctant to seek even such simple treatment because travelling long distances for medical help to the nearest town often involves losing a day's wage; Novartis organises health camps in villages where health practitioners diagnose and treat people free of charge. Novartis partners with local networks like ASHAs (Accredited Social Health Activists) or the village head to help in conducting these health camps. Arogya Parivar proved so successful it began returning a profit in 31 months, and sales have increased 25-fold since 2007. The best rewards, of course, are the smiles it has brought to the faces of people who had little access to healthcare before this.

The Arogya Parivar initiative was a natural corollary to Novartis' belief in responsible business. As a Harvard Business School study on Arogya Parivar notes, Novartis 'had a long tradition of corporate philanthropy and product donations. Its Corporate Responsibility (CR) arm focused on two areas: expanded access

to healthcare, especially for underserved patients, and doing business responsibly by driving environment sustainability and meeting ethical standards'.

The success of Arogya Parivar involved collaborations and linkages at every level, both within the organization and outside, each involving careful planning to achieve the best results. In November 2006, initial pilots of six to eight months were planned, to test whether short talks by visiting local social workers would raise awareness of healthcare, prompting even illiterate villagers to visit doctors. Arogya Parivar's initial sites, or cells, were rural areas with a radius of about 35 kilometres, containing an average of ten market towns and several villagers. The Arogya Health Educator (AHE), who was responsible for all Arogya Social Marketing activities, needed to build relationships across the spectrum, from village heads to opinion leaders to healthcare workers in order to reach out to the villagers through health education meetings. An AHE visits the villages at a regular frequency to speak to its residents in their own dialect on issues that involve their own health and encourage the villagers to seek medical treatment. For the sales supervisor (SS) the key responsibility area was developing sales for Novartis products, which also meant connecting with local doctors, pharmacists and distributors.

By 2009, Arogya Parivar launched 40 new cells each month, and by March 2010, it had reached breakeven. In 2015, there are 250 cells covering 297 districts, 16,951 villages, with a total population of 80 million. This is no mean achievement.

At every stage of the process, a spirit of partnership and collaboration has proved to be a key enabler, contributing to the tremendous success of the initiative. From training local people to become health educators to building relationships with medical professionals and other stakeholders to spread awareness of healthcare – it was teamwork and a cooperative mindset that led to its effectiveness. Moving forward, one of the objectives is to strengthen the product portfolio through in-licensing and focusing on integrated awareness – access-treatment model with diagnostic intervention for diseases such as anemia, diabetes and so on.

Novartis' social business efforts to build capability and capacity for qualified doctors in India also extends to its Continuing Medical Education (CME) program, which was rolled out in December 2014 with 1,000 registered qualified doctors (MBBS). The program duration is for nine months and consists of nine modules in three major therapeutic areas: respiratory, gynecology and pain. Each of these modules consists of a pre and post test questionnaire to assess the change in behavior and understanding of the subject.

Arogya Parivar is a home-grown success story that has since been mirrored in other countries such as Kenya, Indonesia and Vietnam where the program has been adapted to suit local conditions. It is a good example of how success in one market can be replicated in other markets with similar healthcare challenges.

EFFECTIVE INNOVATION

According to the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), the medicine development process is becoming increasingly challenging and in order to address this, industry is thinking creatively about how to innovate more effectively. As the scientific challenges become more complex and new medicines need to be created to address health needs around the world, developing new medicines is becoming increasingly expensive and difficult, IFPMA points out.

Collaborations with different players who have varied expertise and skill sets is beneficial to both partners and leads to a greater knowledge pool, dissemination of technology and know-how to a wider community, and more effective development of medicines. The collaborations can involve a large range of partners, including academia, public research institutions, Product Development Partnerships (PDPs) and small, medium and large biopharmaceutical companies. In some cases, pharmaceutical companies engage with different institutions to advance research, sharing its know-how and/or research infrastructure as needed.

Digital innovation could transform the way healthcare is accessed. Adoption of digital innovation through a collaborative approach could help in generating new solutions for old problems of healthcare access. So whether it is tele-medicine or following a hub and spoke model, there is much that can be done by leveraging technology to make up for what India lacks in terms of sheer numbers of healthcare providers and healthcare infrastructure. Sharing of information in a secure manner between various agencies can help forward the cause of healthcare for all. It will help address the twin goals of meeting a rising demand for healthcare services in all populations and reducing the cost of actually delivering and providing those services. As healthcare meets technology or vice versa we can hope to see a world of tomorrow where the majority have access to quality healthcare.

David Archer and Alex Cameron in their book, *Collaborative Leadership: How to Succeed in an Interconnected World*, identify the basic task of the collaborative leader as the delivery of results across boundaries between different organisations. According to them, "Getting value from difference is at the heart of the collaborative leader's task... they have to learn to share control, and to trust a partner to deliver, even though that partner may operate very differently from themselves."

In the pharmaceutical industry, the stakes are very high; research can takes years of painstaking and rigorous effort without any guarantees of success. The financial outlay involved and the time and the skill sets needed often mean that working jointly is far more effective than working alone. Cross-fertilisation of ideas leads to new perspectives and understanding; sharing of knowledge to tackle urgent problems, and dissemination of information through shared networks are among the many benefits that researchers have reported while working on collaborative projects.

The Government recognises the need for India to move from being a manufacturer of generic drugs to being a hub of innovation for low-cost health products and services and according to Vision Document – 2030, the life sciences industry aims to grow to around USD 200 billion by the end of this period. This growth is expected to fuel four million new jobs over the next 15 years.

For Novartis, there is no doubt that collaborations will lead the way forward. The world has changed dramatically in the last two decades, and our interdependence on each other is stronger than ever before. Economically, socially, culturally and environmentally, our own well-being depends on those with whom we share our space. We will look to increasingly partner both internally and externally in our quest to deliver high quality, cost effective medicines that result in better health outcomes for patients everywhere. As Helen Keller, the first deaf-blind person to earn a bachelor of arts degree, once pointed out, "Alone we can do so little; together we can do so much".

Notice

NOTICE is hereby given that the 67th 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 Thursday, July 23, 2015 at 11.30 a.m. 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, 2015 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, 2015.
3. To appoint Mr Dinesh Charak (holding DIN 06827519) as Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint the Auditors and to fix their remuneration and in this regard pass with or without modification(s), the following resolution 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, M/s Lovelock and Lewes, (Firm Registration No. 301056E), Chartered Accountants, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the 67th Annual General Meeting till the conclusion of the 68th Annual General Meeting of the Company, at a remuneration to 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 an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 190, 196, 197 and 203 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act, consent of the members be and is hereby accorded to the re-appointment of Mr Ranjit Shahani (holding DIN 00103845) as Vice Chairman & Managing Director of the Company for a period of 5 years commencing from November 1, 2015, on the terms and conditions of appointment and remuneration as follows:

   Overall Remuneration

   The remuneration payable to Mr Ranjit Shahani, in any financial year, shall not exceed five (5) per cent of the net profits of the Company and the overall remuneration payable to all Executive Directors including the Whole Time Director, in any financial year, shall not exceed ten (10) per cent of the net profits of the Company. In any financial year, during the tenure of Mr Shahani, if the Company has no profits or its profits are inadequate, then Mr Shahani will be paid in accordance with the provisions of Schedule V of the Act.

   Within the aforesaid ceiling, the remuneration payable to Mr Ranjit Shahani shall be as follows:

   Salary (including perquisites)

   ₹ 11,380,000/- (Rupees eleven million three hundred and eighty thousand only) per annum with annual or mid-term increments as approved by the Board/Committee of the Board within a limit so that the total remuneration is within five (5) per cent of the net profits of the Company.

   Annual Performance Incentive

   As may be decided by the Board/Committee of the Board, subject to a ceiling of one hundred (100) per cent of salary.

Other key conditions:

a. The Company shall provide Mr Shahani rent free furnished accommodation along with benefits of gas, fuel, water, electricity and telephone/fax and maintenance of the Company's furnished accommodation.

b. Stock Linked Incentive Plans whether existing or declared by the parent company, Novartis AG as per Novartis Group policies and the cost thereof will be borne by the Company.

c. Two Company cars, with chauffeurs/reimbursement of salary for personal chauffeurs.

d. Reimbursement of medical expenses for himself and his family as per the Company's policy.

e. Leave as per the Company's policy, subject to maximum thirty (30) days leave each year with encashment of unavailed leave at the end of his tenure.

f. Group Personal Accident Insurance as per the Company's policy.

g. Club Membership as per the Company's policy.

h. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Company's policy.

i. Gratuity as per the Company's policy.

j. He will not be entitled to sitting fees for meetings of the Board/Committees of the Board attended by him.

k. The salary will be subject to all applicable provisions of the Income Tax Act, 1961.

l. The tenure will be subject to termination by six months' notice in writing on either side."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s N. I. Mehta and Co., Cost Accountants (Firm Registration No. 000023) appointed as Cost Auditors by the Board of Directors of the Company, be paid a remuneration of ₹ 275,000/- (Rupees two hundred and seventy five thousand only) for the financial year ending March 31, 2016.

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."

7. 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 the provisions of Section 188 of the Companies Act, 2013 ("the Act") and Clause 49(VII) of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the Audit Committee and the Board of Directors to authorize the management of the Company to enter into agreement(s) and transaction(s), as may be appropriate, with Novartis Pharma AG, Basel, Switzerland, a 'Related Party' as defined under Section 2(76) of the Act and Clause 49(VII) of the Listing Agreement, for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services or other obligations, if any, on such terms and conditions as may be mutually agreed upon between the Company and Novartis Pharma AG, for an amount not exceeding in aggregate ₹ 3,000 million (Rupees three thousand million only) in each financial year.

RESOLVED FURTHER THAT consent of the members be and is accorded for ratification of the aforesaid related party transactions already entered into by the Company exceeding the threshold limits as specified in Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014 and which are material in nature in terms of Clause 49(VII) of the Listing Agreement.

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."

By Order of the Board of Directors

GIRISH TEKCHANDANI
Company Secretary

Registered Office

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

May 27, 2015

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 Clause 35B of the Listing Agreement, 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 also will be providing voting facility through polling paper at the Meeting and the members attending the Meeting who have not already cast their vote by remote e-voting may be able to 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 Thursday, July 16, 2015 to Thursday, July 23, 2015, both days inclusive.

5. Payment of dividend for the year ended March 31, 2015 as recommended by the Board, if approved at the Meeting, will be payable on or after July 28, 2015 in respect of shares held in physical form to those members whose names appear in the Company's Register of members as on July 16, 2015 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 15, 2015.

6. Pursuant to the provision of Sections 205A and 205C of the Companies Act, 1956, 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.

   Members who have not encashed the dividend warrant(s) for the financial year ended March 31, 2008 onwards are requested to make their claims directly to the Company or to M/s Sharepro Services (India) Private Limited, 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
2007-08	10	16.07.2008	22.08.2015
2008-09	10	17.07.2009	23.08.2016
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

7. Members/Proxies are requested to bring the attendance slip along with their copy of the Annual Report to the Meeting.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, additional information relating to the Director who retires by rotation and recommended for re-appointment at the Meeting is as follows:

    Re-appointment of Mr Dinesh Charak (Item No. 3)

    Mr Dinesh Charak has been on the Board of Directors of the Company from May 22, 2014 as Whole Time Director. Mr Charak aged 44 years, has a Bachelor's of Arts and a Bachelor's in Legislative Law from the National Law School of India, Bengaluru. He has over 19 years of legal experience in various corporate and legal consulting assignments. His previous assignments include Wipro GE Healthcare Private Limited, Biocon Limited, Manipal Group, Nokia India Private Limited and a law firm.

    Mr Dinesh Charak does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related in any way to any other Director or Key Managerial Personnel ("KMP") of the Company.

    He is member of the Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company. The number of Board/Committee meetings attended by Mr Charak during the financial year is disclosed in the Corporate Governance Report annexed to the Directors' Report.

    This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

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, 6 and 7 of the accompanying Notice dated May 27, 2015 convening the 67th Annual General Meeting of the Company scheduled for July 23, 2015.]

Item No. 5

Mr Ranjit Shahani was appointed as Vice Chairman & Managing Director of the Company for a period of 5 years at the 62nd Annual General Meeting of the Company held on July 30, 2010. The appointment is valid up to October 31, 2015.

The Board of Directors of the Company at its meeting held on May 27, 2015, subject to the approval of the members of the Company, approved the re-appointment of Mr Ranjit Shahani as Vice Chairman & Managing Director of the Company for a period of 5 years commencing from November 1, 2015.

Mr Ranjit Shahani has been on the Board of Directors of the Company from November 1, 2002 and providing his strategic and general management expertise to the Company. Mr Shahani aged 65 years, is a mechanical engineer from IIT Kanpur and MBA from JBIMS, Mumbai. He started his career with ICI in India in their businesses of fibres and specialty chemicals. Later, he rose to the position of General Manager with ICI/Zeneca in the U.K., overseeing their Asia Pacific and LatAm operations for their petrochemicals and plastics division. This was followed by a period as CEO at Roche Products Limited after which he moved to Novartis India Limited in 1997. Mr Ranjit Shahani was President of the Organisation of Pharmaceuticals Producers of India till 2013 and is President of the Swiss Indian Chamber of Commerce India.

The remuneration proposed to be paid to Mr Ranjit Shahani is within the permissible limits specified by the Act and is commensurate with his responsibilities of heading a Company of this size with its diversified business operations.

The draft agreement between the Company and Mr Ranjit Shahani is open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and holidays, until the date of the Annual General Meeting or any adjournment thereof.

Mr Ranjit Shahani does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related to in any way with any other Director or KMP of the Company.

He is Director of Novartis Comprehensive Leprosy Care Association, Octopus Steel Private Limited, Organization of Pharmaceutical Producers of India and Swiss Indian Chamber of Commerce India. He is member of the Stakeholders Relationship Committee and Corporate Social Responsibility Committee of Novartis India Limited. The number of Board/Committee meetings attended by Mr Shahani during the financial year is disclosed in the Corporate Governance Report annexed to the Directors' Report.

An Ordinary Resolution in terms as set out in Item No. 5 of the accompanying Notice is placed before the members in the Meeting for approval.

Except Mr Ranjit Shahani, being an appointee, none of the Directors or KMP of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 6

The Board of Directors of the Company has appointed M/s N. I. Mehta and Co., Cost Accountants, as Cost Auditors of the Company to audit the accounts relating to drug formulations for the financial year ending March 31, 2016.

Remuneration payable to M/s N. I. Mehta and Co., Cost Auditors of the Company for the financial year ended March 31, 2016, was recommended by the Audit Committee to the Board of Directors and subsequently, was considered and approved by the Board of Directors at its meeting held on May 27, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

None of the Directors or KMP of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution.

Item No. 7

The Company is inter-alia, engaged in the business of marketing and distribution of pharmaceutical products. The Company in the ordinary course of its business, imports various products and services from Novartis Pharma AG, Basel, Switzerland, who is a 'Related Party' within the meaning of Section 2(76) of the Act and Clause 49(VII) of the Listing Agreement.

Current and future transactions for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations from Novartis Pharma AG are/will be deemed to be 'material' in nature as defined in Clause 49(VII) of the Listing Agreement as they may exceed 10% of the annual turnover of the Company consequent on future business projections. Thus, in terms of Clause 49(VII)(E) of the Listing Agreement, these transactions would require the approval of the members by way of a Special Resolution.

The particulars of the contracts/arrangements/transactions are as under:

Name of the Related Party	Novartis Pharma AG, Basel, Switzerland
Name of Director(s) or KMP who is/are related	None
Nature of Relationship	The Company and Novartis Pharma AG are subsidiaries of Novartis AG
Nature of contracts/arrangements/transactions	Purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations
Material terms of the contracts/arrangements/ transactions	To be determined on an arm's length basis
Monetary Value	Up to ₹ 3,000 million in each financial year
Are the transactions in the ordinary course of business	Yes
Are the transactions on an arm's length basis	Yes
Whether the transactions would meet the arm's length standard in the opinion of the Company's Transfer Pricing Consultants	Yes
Whether the transactions have been approved by the Audit Committee and the Board of Directors of the Company	Yes
Any other information relevant or important for the members to make a decision on the proposed transactions	None

The monetary value of the transactions proposed is estimated on the basis of the Company's current transactions and future business projections.

The Company has launched the internationally recognized brands of Novartis in India and receives technical support. In the absence of the related party agreement(s)/transaction(s) as explained above, these brands will not be available to the Company for sale in India. It is therefore, in the interest of the Company, to continue working with Novartis Pharma AG.

The Board, therefore, recommends the Special Resolution set out in Item No. 7 of the Notice for the approval of the members as per Clause 49(VII) of the Listing Agreement.

None of the Directors or KMP of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution.

By Order of the Board of Directors

GIRISH TEKCHANDANI
Company Secretary

Registered Office

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

May 27, 2015

Your Directors are pleased to present the Annual Report and the Audited Accounts for the financial year ended March 31, 2015.

Summary of the Financial Results

	₹ million	
	2014-15	**2013-14**
Revenue from operations (Net)*	**8,733.8**	**8,622.3**
Operating Profits		
Profit before tax*	932.3	899.0
Profit after tax*	791.1	985.3
Balance brought forward from previous year	**5,750.5**	**5,237.6**
Available for appropriation	**6,541.6**	**6,222.9**
The Directors have made the following appropriations:		
Dividend (Proposed)	319.6	319.6
Tax on distributed profits	65.1	54.3
General Reserve	–	98.5
Carry forward	6,156.9	5,750.5
	6,541.6	**6,222.9**

* Includes continuing as well as discontinuing operations.

Dividend

The Board has recommended payment of dividend at ₹ 10 per equity share of ₹ 5 each for the financial year 2014-15. The dividend, if approved by the members at the Annual General Meeting ("AGM"), will result in a cash outflow of ₹ 384.7 million including dividend tax.

Management Discussion and Analysis

For the year under review, the business operations of the Company comprise Pharmaceuticals, Generics, Over-The-Counter ("OTC") and Animal Health. This segmentation forms the basis for review of operational performance by the management.

a. Industry structure and developments

Pharmaceuticals and Generics

The overall economic environment has improved over the last year driven by lower oil prices, low inflation, a stable currency and the reforms agenda driven by the new Government at the centre. However, India's public healthcare spend as a percentage of GDP still remains amongst the lowest in the world. Many challenges like low profitability due to price controls, low healthcare insurance penetration, uncertainty around enforcement of patents and the threat of compulsory licensing continue to dampen sentiments and negatively impact investments in the research based pharmaceutical industry.

The Indian Pharma Market ("IPM") is valued at ₹ 903 billion (IMS, MAT March 2015) and is expected to grow at a CAGR of eleven (11) per cent over the next four years. It continues to be a highly fragmented market with a large number of players spread across therapeutic segments.

OTC

The OTC market in India was valued at ₹ 151 billion and grew at 8.2 per cent in 2014 (Nicholas Hall DB 2014). Novartis AG has divested its OTC business to GlaxoSmithKline plc, UK ("GSK"). The transaction, except in respect of the Company's OTC Division in India, closed on March 2, 2015. The details of the divestment of the Company's OTC Division are discussed later in this report.

Animal Health

The Animal Health industry is estimated to have grown by around 6 to 7 per cent during this financial year. Novartis AG has divested its Animal Health business to Eli Lilly. The transaction, except in respect of the Company's Animal Health Division in India, closed on January 1, 2015. The details of the divestment of the Company's Animal Health Division are discussed later in this report.

b. Performance

Net Revenue from Operations for the year ended March 31, 2015 was at ₹ 8,733.8 million representing an increase of 1.3 per cent over the previous year.

Profit before tax for the year was at ₹ 932.3 million representing an increase of 3.7 per cent over the previous year.

After providing for income tax expenses of ₹ 141.2 million, profit after tax was ₹ 791.1 million. Current Tax (Net) for earlier years includes write back of provision for current tax for the Assessment Year 1995-1996 amounting to ₹ 139.3 million (previous year ₹ 387.7 million). The aforesaid write backs are on account of favourable Orders of the Income Tax Appellate Tribunal, received by the Company in the respective years, for non-taxability of consideration from sale of its Oral Hygiene Business.

c. Segment-wise operational performance

Pharmaceuticals

The Pharmaceuticals business registered Net Revenue from Operations of ₹ 5,998.9 million representing an increase of 3.3 per cent over the previous year. Reduction in selling prices arising out of the Drug Price Control Order, 2013 ("DPCO") continues to have an adverse impact on the operating profits of the Pharmaceutical business. To mitigate the DPCO impact, several cost containment measures were undertaken by the Company during the year, which resulted in an increase in the operating profit over the last year.

New product and line extensions introduced during the period under review were:

Therapeutic Area	Product
Pain & Inflammation	Voveran® 1 ml Inj
Pain & Inflammation	Letzmove™

The business continues to hold leadership position in major therapeutic areas such as:

Therapeutic Area	Rank	Product
Central Nervous System	1	Tegrital®
Pain & Inflammation	2	Voveran®
Transplantation/Immunology	3	Sandimmun® Neoral®

Generics

The Generics business recorded Net Revenue from Operations of ₹ 484.4 million representing a decline of 7.6 per cent over the previous year, due to product mix rationalization.

OTC

The OTC business registered Net Revenue from Operations of ₹ 1,293.8 million, a growth of 3.1 per cent over the previous year.

In 2014 the OTC business entered into the Topical analgesics segment with the launch of Voltaren®.

Otrivin® and Otrinoz® range continued to register strong double digit sales growth over the previous year due to integrated marketing campaigns. Otrivin® continues to be the No. 1 brand in the Nasal decongestant category with a market share of 36.1 per cent (IMS MAT Feb 2015).

Animal Health

During the year under review, the Animal Health business achieved Net Revenue from Operations of ₹ 956.7 million representing a decline of 7.8 per cent over the comparable previous period. While key brands Calborol™, Larvadex®, Quixalud and Mifex Oral grew during the year, sales were impacted due to product supply constraints, lower institutional sales and dull poultry market conditions.

d. Concerns

Pharmaceutical and Generics

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. The DPCO has adversely impacted 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

A large and growing population, a favourable demographic and low healthcare penetration presents a growth opportunity for the pharmaceutical industry.

Notwithstanding the strong long-term potential of the IPM given the several factors in favour, investments in the sector and profitability could still be impeded in the short to medium term. Subsequent to price cuts, profitability will continue to be negatively impacted in the short-to-medium term. The Company has taken steps to partially offset the severe negative impact of the price cuts and is continuing to drive operational excellence to increase productivity and profitability. In addition, the Company continues to work on innovative strategies to broaden access to its medicines and strives to identify new growth opportunities to deliver strong performance.

As explained later in this report, during the year under review, the Board of Directors of the Company approved divestment of the OTC and Animal Health business of the Company. The divestment of the OTC and Animal Health Divisions provides the Company's management with an enhanced ability to focus on and drive forward the growth of the retained Pharma and Generics businesses.

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 of the Board of Directors approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an on-going 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.

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 Directors 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, 2015 was 1,207.

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 has actively supported various initiatives in the areas of health, education and environment over the years. With the introduction of Section 135 of the Act, which came into effect during this financial year, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The CSR Policy adopted by the Board of Directors is available on the Company's website www.novartis.in. The CSR Committee decided to continue with the existing programmes and increase focus on health and education in the years ahead.

Health: India lives in her villages and a large proportion of people who live there do not have access to quality healthcare. Health is a low priority for the rural poor and creating health awareness is critical in such a scenario. The Company has in place a rural health initiative called Arogya Parivar for several years now. During this financial year, Arogya Parivar held health camps in 11 states in India covering hand and foot disease, hypertension, diabetes, cancer and malaria. Health education camps were also held to increase health awareness and encourage people to seek medical care early on.

India has around 60% of the world's leprosy case load and leprosy continues to be an area of focus for the Company's CSR work in India. Comprehensive care programmes were held throughout the year for leprosy patients including providing them with Grip-aids to increase their level of independence and surgical and economic rehabilitation. A series of training programmes were organized for ASHAs (Accredited Social Health Activists) where they were also provided with literature and other educational material to help them identify suspected cases for further review.

These were the major initiatives. In addition, the Company initiated associations with various NGOs in the areas of epilepsy, cancer and medical care to people living in urban slums.

Education: The poor in India are heavily impacted by lack of education owing to children not being sent to school or dropping out of school. The need to supplement the family income to provide food on the table is often a cause. The mid-day meal programme, when run effectively, has helped bring and helped 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.

Unlike children who go to elite schools, children who go to government and charitable schools not only have no access to high quality education but they also suffer from lack of access to high quality study material. The Company endeavored to reduce this barrier by offering subscriptions to high quality study material for teachers and students across several such schools.

Sports: A country of 1.2 billion people, India has as yet not been able to make a significant mark in the area of sports at the Olympic level except for sporadic wins in some sports. Greater focus on academics even among the educated makes sports a neglected field in some sense. The Company therefore chose to support the medical, nutritional and training needs of promising Indian athletes who could win medals at the next Olympics through its association with an NGO working in the field.

The Company commemorates Community Partnership Week ("CPW") each year encouraging employees to work on causes close to their heart. 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 and were 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 Listing Agreement.

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.

The Company in the ordinary course of its business, enters into transactions relating to purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations from Novartis Pharma AG, Basel, who is a 'Related Party' within the meaning Section 2(76) of the Act and Clause 49(VII) of the Listing Agreement. The current and the future transactions are/will be deemed to be 'material' in nature as defined in Clause 49(VII) of the Listing Agreement as they may exceed 10 per cent of the annual turnover of the Company based on future business projections. Thus, in terms of Clause 49(VII)(E) of the Listing Agreement, these transactions would require the approval of the members by way of a Special Resolution.

A resolution for approval of this Related Party Transaction has been included in the Notice convening the ensuing AGM of the Company.

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 Committee, which will work towards creating a Risk Register, identifying internal and external risks and implementing risk mitigation steps. The Committee will, on a quarterly basis, provide status updates to the Board of Directors of the Company.

Fixed Deposits

The fixed deposits accepted by the Company as part of Voluntary Retirement Scheme, 1992, were repaid in full at the beginning of the year under review. No fresh deposits were accepted after April 1, 2014. The Company did not have any unclaimed or overdue deposits as on March 31, 2015.

Particulars of Loans, Guarantees or Investments

As on March 31, 2015, 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.

Directors and Key Managerial Personnel

The members at its Meeting held on July 25, 2014, had appointed Mr Jai Hiremath, Dr Rajendra Nath Mehrotra and Ms Manisha Girotra as Independent Directors of the Company for a term up to March 31, 2019. 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 Clause 49 of the Listing Agreement.

The members at its Meeting held on July 25, 2014, had appointed Mr Dinesh Charak as Additional Director and subsequently, as Whole Time Director and Key Managerial Personnel ("KMP") of the Company with effect from May 22, 2014.

Mr Dinesh Charak retires at the AGM and has offered himself for re-appointment.

The members had approved appointment of Mr Ranjit Shahani as Vice Chairman and Managing Director for a period of 5 years with effect from November 1, 2010. The term of appointment for Mr Ranjit Shahani ends on October 31, 2015. Subject to the approval of the members, the Board of Directors has re-appointed Mr Ranjit Shahani as Vice Chairman and Managing Director of the Company for a further period of 5 years with effect from November 1, 2015.

Necessary resolutions for the re-appointment of the aforesaid Directors have been included in the Notice convening the ensuing AGM and details of the proposal for re-appointment are mentioned in the Explanatory Statement to the Notice.

Mr Ranjit Shahani, Vice Chairman and Managing Director; Mr Dinesh Charak, Whole Time Director; Ms Monaz Noble, Chief Financial Officer and Mr Girish Tekchandani, Company Secretary are the KMPs of the Company as per the provisions of the Act.

Familiarization programme for Independent Directors

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 issues being faced by the industry. The details of various familiarization programmes provided to the Directors of the Company is available on the Company's website www.novartis.in.

Divestment of OTC and Animal Health divisions

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

(a) Novartis AG and GSK have agreed to create a consumer healthcare business through a Joint Venture between Novartis AG OTC and GSK Consumer Healthcare. The transaction, except in respect of the Company's OTC Division, closed on March 2, 2015.

In connection with the divestment of the Novartis AG OTC business to GSK, 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 (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. The Company had made a separate announcement on January 13, 2015 to Bombay Stock Exchange Limited ("BSE") in this regard.

(b) As part of its global portfolio transformation, Novartis AG, agreed on April 22, 2014 to divest its global Animal Health business to Lilly. Closing of this global transaction was subject to receipt of applicable anti-trust and regulatory approvals, as well as the satisfaction or waiver (as applicable) of various other conditions (the "Global Animal Health Transaction").

In connection with the Global Animal Health Transaction, the Board of Directors of the Company considered and approved on November 7, 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, on or before July 22, 2015, 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 Global Animal Health Transaction (the "Animal Health Transaction"). This approval of the Company's Board of Directors was disclosed to BSE Limited on November 7, 2014. The Global Animal Health Transaction closed globally (but not with respect to India, as explained below) on January 1, 2015.

Closing of the Animal Health Transaction in India is conditional upon the receipt by Elanco India of the written approval of the Foreign Investment and Promotion Board, Government of India (the "FIPB"). Further to the FIPB's response to Elanco India's application that it would not approve the Animal Health Transaction due to the existence of the restrictions on competition explained below, and at Elanco India's request, the Company and Elanco India have executed a letter which records the parties' agreement that the terms of the Global Animal Health Transaction agreed between Novartis AG and Lilly restricting the competition by the Novartis AG group of companies in connection with animal health activities will not apply with respect to the Company vis-a-vis Elanco India in India (the "Non-Compete Amendment Letter"). The Non-Compete Amendment Letter will be submitted by Elanco India to the FIPB, together with a representation against the FIPB's non-approval of Elanco India's application for the Animal Health Transaction. The Company will continue to co-operate with Elanco India, to the extent necessary, and monitor the FIPB process in this matter and will provide further updates if and when required.

The consideration to be received by the Company in relation to the slump sales of the Animal Health business to Elanco India Private Limited (or another affiliate of Lilly) and the OTC business to GSK CPL (or another affiliate of GSK) totalling to ₹ 1,964.1 million has not been accounted in the results for the twelve months ended March 31, 2015 because the transactions are subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary from the concerned authorities. Costs incurred by the Company in relation to the transactions have been shown under Extraordinary Items.

Auditors

M/s Lovelock & Lewes, Chartered Accountants, retire at the end of this AGM and, being eligible, offer themselves for re-appointment. The Board has recommended their re-appointment.

Cost Audit

The Directors have re-appointed M/s N. I. Mehta and Co., Cost Accountants, as Cost Auditors to audit the accounts relating to drug formulations for the financial year ending March 31, 2016.

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 of Directors has appointed Mr K G Saraf from Saraf & Associates, practicing Company Secretary for conducting secretarial audit of the Company for the financial year 2014-2015.

The Secretarial Audit Report is annexed herewith as **Annexure B**. 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 C**.

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, 2015 and of the profit and loss of the Company for the year ended March 31, 2015;

(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 were adequate and operating effectively.

Corporate Governance

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

A certificate of compliance from Dr K. R. Chandratre, a 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 Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year 2014-2015, no complaints were received by the Company related to sexual harassment.

Auditors' Comments

The Auditors in the Auditors' Report dated May 27, 2015 have commented that the backup of the books of accounts and other books and papers are not maintained in electronic mode on servers physically located in India. The Company would like to clarify that the Company's SAP ERP is centralized in Global Data Centers. The backup storage is maintained at Global Data Centers outside India. The Company is reviewing maintenance of backup of SAP data in India as required under Rule 3 of the Companies (Accounts) Rules, 2014.

Extract of Annual Return

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

Acknowledgement

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

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

Mumbai, May 27, 2015

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Novartis India Limited ("the Company") aims to improve the health of all people. Through its business, the Company makes an important contribution to society, through our 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 and underscore the purpose of caring and curing.
- 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 programmes are conceived of 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:

- Health
- Education
- Environment
- Sports

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
Mr Dinesh Charak	Member; Whole Time Director
Ms Manisha Girotra	Member; Non-Executive and Independent Director

Average net profit of the Company for the last three financial years : ₹ 1,619 million

Prescribed CSR Expenditure (two per cent of the amount as above) : ₹ 32.4 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, 2015 (₹ million)	Amount spent: Direct or though implementing agency
1	Health camps, awareness	Health	Maharashtra, Gujarat, Uttarakhand, Uttar Pradesh, Bihar, Chhattisgarh, Odisha, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu	10.0	10.0	10.0	Direct – Arogya Parivar
2	Rehabilitation, screening camps	Health	Maharashtra, Gujarat	7.5	3.7	3.7	Novartis Comprehensive Leprosy Care Association
3	Health camp in slum	Health	Maharashtra (Mumbai)	0.5	0.5	0.3	AmeriCares India Foundation
4	Children with cancer	Health	Kolkata	0.3	0.3	0.3	St Judes India Childcare Centers
5	Epilepsy awareness	Health	Maharashtra (Mumbai)	0.2	0.2	0.2	Epilepsy Foundation of India
6	Mid-day meal	Education	Karnataka (Bengaluru)	6.2	6.2	6.2	Akshaya Patra Foundation
7	Scholarship	Education	Telangana (Hyderabad)	1.2	1.2	1.2	Indian School of Business
8	Supplementary education	Education	Maharashtra (Mumbai)	0.5	0.5	0.5	Akanksha Foundation
9	Municipal school	Education	Maharashtra (Mumbai)	0.3	0.3	0.3	Paragon Charitable Trust
10	Municipal schools	Education	Maharashtra (Pune and Mumbai)	2.1	2.1	2.1	Akanksha Foundation and Life Trust
11	Garden maintenance	Environment	Maharashtra (Mumbai)	0.6	0.6	0.6	Direct – Nehru Centre
12	Garden maintenance	Environment	Maharashtra (Mumbai)	2.9	2.9	2.9	Direct – Rajani Patel Garden
13	Training, nutrition, medical support	Olympic Sports	Pan India	5.0	5.0	5.0	Foundation for Promotion of Sports (OGQ)
Total						**33.3**	

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration 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 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, 2015 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, 2015 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-law 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, 1992;
    (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit period)
    (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the Audit period)
    (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit period)
    (f) 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;
    (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit period) and
    (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the Company during the Audit period)

(vi) Other laws applicable to the Company

1. Drugs and Cosmetics Act, 1940
2. Industrial Disputes Act, 1947
3. The Payment of Wages Act, 1936
4. The Minimum Wages Act, 1948
5. Employee State Insurance Act, 1948
6. The Employees Provident Fund and Miscellaneous Provisions Act, 1952
7. The Payment of Bonus Act, 1965
8. The Payment of Gratuity Act, 1972
9. The Contract Labour (Regulation and Abolition) Act, 1970
10. The Maternity Benefits Act,1961
11. Competition Act, 2002
12. The Income Tax Act, 1961
13. Shops and Establishments Act, 1948
14. Legal Metrology Act, 2009
15. Drugs (Pricing Control) Order 2013
16. Indirect Tax Laws

We have also examined compliance with the applicable clause of the following:

i. The Secretarial Standards issued by the Institute of Company Secretaries of India. (Not applicable, since notified and effective from July 1, 2015.)

ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors 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 at least seven days 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 decision at Board Meetings and Committee Meetings are carried 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.

Saraf and Associates
(Practising Company Secretaries)

K. G. Saraf
Proprietor
FCS 1596 : CP 642

Place : Mumbai
Date : May 27, 2015

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

'ANNEXURE A'

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. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
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 : May 27, 2015

Annexure C 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, 2015.

A. CONSERVATION OF ENERGY

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

Disclosure of particulars with respect to Conservation of Energy

	2014-15	2013-14
Power & Fuel Consumption	Not applicable	Not applicable
Consumption – per unit of production	Not applicable	Not applicable

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 information in this regard is provided in Note nos. 39 to 41 of the Accounts.

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2015

[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**	Sharepro Services (India) Private Limited 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane Off Andheri Kurla Road, Sakinaka Andheri (East), Mumbai 400 072 Tel +91 22 6772 0300, +91 22 6772 0400 Fax: +91 22 2859 1568

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	Manufacture of drugs, medicines and allied products	3040	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	75%	Sections 2(46) and 2(87)

IV. 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	75.00	23,970,597	–	23,970,597	75.00	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub–total (A)(2)	**23,970,597**	**–**	**23,970,597**	**75.00**	**23,970,597**	**–**	**23,970,597**	**75.00**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**23,970,597**	**–**	**23,970,597**	**75.00**	**23,970,597**	**–**	**23,970,597**	**75.00**	**–**
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	232,108	673	232,781	0.73	269,963	673	270,636	0.85	0.12
b) Banks/FI	2,051	2,091	4,142	0.01	6,140	2,091	8,231	0.03	0.01
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	291,961	–	291,961	0.91	291,961	–	291,961	0.91	–
g) FIIs	595,908	–	595,908	1.86	191,360	–	191,360	0.60	(1.27)
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others	–	–	–	–	–	–	–	–	–
Sub–total (B)(1)	**1,122,028**	**2,764**	**1,124,792**	**3.52**	**759,424**	**2,764**	**762,188**	**2.38**	**(1.14)**
2. Non–Institutions									
a) Bodies Corp.									
i) Indian	898,377	3,799	902,176	2.82	859,311	3,799	863,110	2.70	(0.12)
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4,365,341	766,416	5,131,757	16.06	4,829,940	725,755	5,555,695	17.38	1.33
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	599,329	40,550	639,879	2.00	639,292	–	639,292	2.00	–
c) Others:									
Non Resident Indians	187,180	3,516	190,696	0.60	165,516	3,516	169,032	0.53	(0.07)
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	106	–	106	–	54	–	54	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	794	–	794	–	829	–	829	–	–
Foreign Bodies	–	–	–	–	–	–	–	–	–
Sub–total (B)(2)	**6,051,127**	**814,281**	**6,865,408**	**21.48**	**6,494,942**	**733,070**	**7,228,012**	**22.62**	**1.14**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**7,173,155**	**817,045**	**7,990,200**	**25.00**	**7,254,366**	**735,834**	**7,990,200**	**25.00**	**–**
Total (A + B)	**31,143,752**	**817,045**	**31,960,797**	**100.00**	**31,224,963**	**735,834**	**31,960,797**	**100.00**	**–**

(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	31.82	–	10,170,445	31.82	–	–
2	Novartis AG	8,147,365	25.49	–	8,147,365	25.49	–	–
3	Novartis AG	2,921,800	9.14	–	2,921,800	9.14	–	–
4	Novartis AG	2,730,987	8.54	–	2,730,987	8.54	–	–
	Total	**23,970,597**	**75.00**	**–**	**23,970,597**	**75.00**	**–**	**–**

(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	75.00	23,970,597	75.00
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):	No transaction during the year			
3	At the end of the year	23,970,597	75.00	23,970,597	75.00

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Pari Washington Company Private Limited A/c Pari Washington India Master Fund Ltd.	417,065	1.30	123,272	0.39
2	Atul Limited	384,660	1.20	384,660	1.20
3	The Oriental Insurance Company Limited	289,437	0.91	289,437	0.91
4	Anima B Kapadia	200,682	0.63	244,262	0.76
5	East Sail	178,745	0.56	52,749	0.17
6	IDFC Equity Opportunity - Series 1	122,777	0.38	110,288	0.35
7	Indian Syntans Investments Private Limited	100,000	0.31	–	–
8	PPFAS Long Term Value Fund	72,780	0.23	22,102	0.07
9	ICICI Lombard General Insurance Company Limited	55,000	0.17	–	–
10	Prashant Bangur	46,629	0.15	–	–
11	Sundaram Mutual Fund A/c Sundaram Select Micro Cap Series I	13,901	0.04	52,183	0.16
12	Haresh Babubhai Daruvala	45,354	0.14	45,354	0.14
13	Sohrab Homi Fracis	44,300	0.14	44,300	0.14
14	R. Rajkumar	41,720	0.13	41,720	0.13

Note: The change in the shareholding in the above shareholders was due to buying/selling of shares by the shareholders on various dates. The Company has not allotted any shares, issued bonus/sweat equity during the year.

(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):	–	–	–	–
3	At the end of the year	270	–	270	–

Note: 270 equity shares of the Company are held by Dr Rajendra Nath Mehrotra, Independent Director of the Company. Apart from Dr Mehrotra, no other Director/Key Managerial Personnel hold 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	–	–	35.5	35.6
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**–**	**35.5**	**35.6**
Change in Indebtedness during the financial year				
• Addition	–	–	1.6	1.6
• Reduction	–	–	(3.5)	(3.5)
Net Change	–	–	(1.9)	(1.9)
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	33.6	33.6
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**–**	**33.6**	**33.6**

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	Dinesh Charak	
		Vice Chairman & Managing Director	Whole Time Director	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	10.25	4.28	14.53
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	6.80	5.16	11.96
	(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	6.74	1.03	7.77
6	**Total (A)**	**23.79**	**10.47**	**34.26**
7	Ceiling as per the Act	5% of net profit	5% of net profit	10% of net profit

B. Remuneration to other Directors:

1. Independent Director:

(₹ in Million)

Particulars of Remuneration	Jai Hiremath	Dr Rajendra Nath Mehrotra	Manisha Girotra	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
		Monaz Noble	Girish Tekchandani	
		Chief Financial Officer	Company Secretary	
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3.69	2.62	6.31
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	5.90	2.92	8.82
	(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	3.82	2.11	5.93
6	**Total (C)**	**13.41**	**7.65**	**21.06**
7	Ceiling as per the Act	NA	NA	NA

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					

1. Company's philosophy on Code of Corporate Governance

Novartis India Limited ("the Company") strives to follow the best corporate governance practices, develop 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. The Company is in compliance with the provisions of Corporate Governance specified in the Listing Agreement with the Bombay Stock Exchange Limited.

The Company is committed to meet 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 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 the Non-Executive Directors, has full access to any information related to the Company.

The Board of the Company is composed of Executive and Non-Executive Directors. As on March 31, 2015, the strength of the Board was six Directors comprising of two Executive and four Non-Executive Directors including the Chairman of the Company. Fifty per cent of the Board comprised of Independent Directors.

The details of the Board of Directors as on March 31, 2015 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	—
Mr D. Charak	Whole Time Director	22.05.2014	1	—	—	1	—
Mr J. Hiremath	Independent Director	28.01.2006	2	1	8	2	2
Dr R. Mehrotra	Independent Director	30.05.2000	2	—	—	3	2
Ms M.Girotra	Independent Director	22.05.2014	3	—	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 270 shares of the Company as on March 31, 2015.

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 Clause 49 of the Listing Agreement.

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 in the subsequent Board meeting.

During the financial year under review, six Board meetings were held on May 22, 2014; July 25, 2014; November 7, 2014; November 12, 2014; January 13, 2015 and February 4, 2015. The Company held four Board Meetings in the year as required under the Act and the gap between two Board meetings was in compliance with the provisions contained in the Act and the Listing Agreement.

Details of Directors as on March 31, 2015 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2015 are given below:

Name of the Director	Category	No. of Meetings held	No. of Meetings attended	Attendance at the AGM
Mr C. Snook	Non-Executive Chairman	6	6	Yes
Mr R. Shahani	Vice Chairman and Managing Director, and Chairman of Corporate Social Responsibility Committee	6	6	Yes
Mr D. Charak	Whole Time Director	6	6	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 M. Girotra	Independent Director	6	5	Yes

3. Audit Committee

The role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement and the terms of reference specified under Section 177 of the Act.

The terms of reference for the Audit Committee include:

- Examination of Financial Statement 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 Statement before their submission to the Board, including Directors' Responsibility Statement, changes in accounting policies and practices, statutory compliances and qualification 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 it is 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 Company's financial reporting processes and the disclosure of financial information to ensure that the Financial Statement is correct, sufficient and credible.
- Look into reasons for substantial defaults in payments to stakeholders.
- Approval of appointment of CFO or any other person heading 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 nature and scope of audit as well as post audit discussion to ascertain any area 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 Girish Tekchandani, Company Secretary acts as Secretary to the Audit Committee.

The Vice Chairman and Managing Director, Whole Time Director, Country Chief Financial Officer, Chief Financial Officer, Internal Auditor, Statutory Auditors and Cost Auditor are invitees to the Audit Committee meetings.

During the period under review, the Audit Committee met six times on May 22, 2014; July 7, 2014; July 25 2014; November 7, 2014; January 13, 2015 and February 4, 2015.

Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2015 are given below:

Name of Director	Category	No. of Meetings held	No. of Meetings attended
Mr J. Hiremath	Chairman of the Committee; Non-Executive and Independent Director	6	6
Dr R. Mehrotra	Member; Non-Executive and Independent Director	6	6
Mr C. Snook	Member; Non-Executive Director	6	5

4. Nomination and Remuneration Committee

Pursuant to Clause 49 of the Listing Agreement and Section 178 of the Act, the Board has re-constituted and renamed the Remuneration Committee as Nomination and Remuneration Committee and adopted new terms of reference.

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 Functional 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 the queries of shareholders.

During the period under review, the Nomination and Remuneration Committee met twice on July 25, 2014 and November 12, 2014.

Constitution of the Nomination and Remuneration Committee and attendance details during the financial year ended March 31, 2015 are given below:

Name of Director	Category	No. of Meetings held	No. of Meetings attended
Dr R. Mehrotra	Chairman of the Committee; Non-Executive and Independent Director	2	2
Mr C. Snook	Member; Non-Executive Director	2	2
Mr J. Hiremath	Member; Non-Executive and Independent Director	2	2

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 Clause 49 of the Listing Agreement and Section 178 of the Act, 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 Agreement requirements.

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 Agreement requirements.

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 for the purpose of this policy shall mean employees hired at the level of Divisional Heads and Corporate Functional 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, KMP and other Employees

The policy provides that the remuneration of Directors, KMP 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 the 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. The performance evaluation is conducted based on approved criteria in the evaluation forms. The process highlights 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 criteria for making payments to the Vice Chairman and Managing Director are:

1. Salary, as recommended by the Nomination and Remuneration Committee and approved by the Board and the 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 is determined keeping in view industry benchmarks and Novartis Policies.

Remuneration of the Vice Chairman and Managing Director is within the limits approved by the Board and the shareholders at the 62nd and 63rd AGMs of the Company.

The criteria for making payments to Independent Directors are:

1. Directors are not paid any sitting fees for attending the 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[1]	Performance Incentive	Commission	Total
Mr C. Snook	—	—	—	—	—
Mr R. Shahani	10.3	6.8	6.7	—	23.8
Mr D. Charak	4.3	5.2	1.0	—	10.5
Dr R. Mehrotra	—	—	—	0.8	0.8
Mr J. Hiremath	—	—	—	0.8	0.8
Ms M. Girotra	—	—	—	0.8	0.8

[1]Excludes charge in relation to restricted shares and tradable options to the extent not vested and provision for employee benefits. Also excludes the value of restricted shares and tradable options exercised during the year, granted by Novartis AG, the ultimate holding company. Cost of these restricted shares and tradable options was not compensated by the company to Novartis AG.

Stakeholders Relationship Committee

Pursuant to Clause 49 of the Listing Agreement and Section 178 of the Act the Board has re-constituted and renamed the Shareholders'/Investors' Grievances Committee as Stakeholders Relationship Committee. 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 22, 2014; July 25, 2014; November 7, 2014 and February 4, 2015.

Details of constitution and attendance details of the Stakeholders Relationship Committee as on March 31, 2015 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	3
Mr R. Shahani	Member, Vice Chairman and Managing Director	4	4
Mr D. Charak	Member, Whole Time Director	3	3

Mr Girish Tekchandani, Company Secretary is the Secretary to the Stakeholders Relationship Committee and the Compliance Officer of the Company.

During the financial year, the Company/Company's Registrar and Transfer Agents received four (4) complaints and were resolved. There were no complaints from shareholders pending as on March 31, 2015.

5. Corporate Social Responsibility ("CSR") Committee

Pursuant to Section 135 of the Act the Board constituted the CSR Committee. The CSR 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 two times on August 19, 2014 and February 4, 2015.

Details of constitution and attendance details of the CSR Committee as on March 31, 2015 are given below:

Name of the Director	Category	No. of Meetings held	No. of Meetings attended
Mr R. Shahani	Chairman of the Committee; Vice Chairman and Managing Director	2	2
Mr D. Charak	Member; Whole Time Director	2	2
Ms M. Girotra	Member; Non-Executive and Independent Director	2	2

Annual Report on CSR activities is a part of the Directors' Report detailing the CSR projects undertaken by the Company.

6. 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
2013-2014	Hall of Culture, Nehru Centre, Worli, Mumbai 400 018	July 25, 2014 at 11.30 a.m.
2012-2013	Hall of Culture, Nehru Centre, Worli, Mumbai 400 018	July 25, 2013 at 11.30 a.m.
2011-2012	Hall of Culture, Nehru Centre, Worli, Mumbai 400 018	July 25, 2012 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:**

At the AGM held on July 25, 2012, the shareholders approved a Special Resolution unanimously by show of hands to pay remuneration by way of commission to Non-Executive Directors not exceeding 1 per cent of the net profits of the Company computed in the manner referred to in Section 198(1) of the Companies Act, 1956 for a further period of 5 years.

No Special Resolution was passed through postal ballot in the last year. There is no item on the agenda of the forthcoming AGM that needs approval by postal ballot.

7. 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 Agreement. The details of Related Party Transactions are provided in the Financial Statements of the Company.

  The Company in the ordinary course of its business, imports various products from Novartis Pharma AG, Basel, who is a 'Related Party' within the meaning of Section 2(76) of the Act and Clause 49(VII) of the Listing Agreement. Current and future transactions for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations from Novartis Pharma AG are/will be deemed to be 'material' in nature as defined in Clause 49(VII) of the Listing Agreement as they may exceed 10% of the annual turnover of the Company consequent on future business projections. Thus, in terms of Clause 49(VII)(E) of the Listing Agreement, these transactions would require the approval of the members by way of a Special Resolution. A resolution for approval of this Related Party Transaction has been included in the Notice convening the ensuing AGM 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 Clause 49 of the Listing Agreement. The Company has also adopted certain non-mandatory requirements of Clause 49 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 for attending 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.

8. Means of Communication

Quarterly, Half-Yearly and Annual results of the Company are published in newspapers such as The Indian Express, The Financial Express and Loksatta. These results are promptly submitted to the Bombay Stock Exchange Limited together with a copy of the Company's Press Release thus 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.

9. General shareholder information

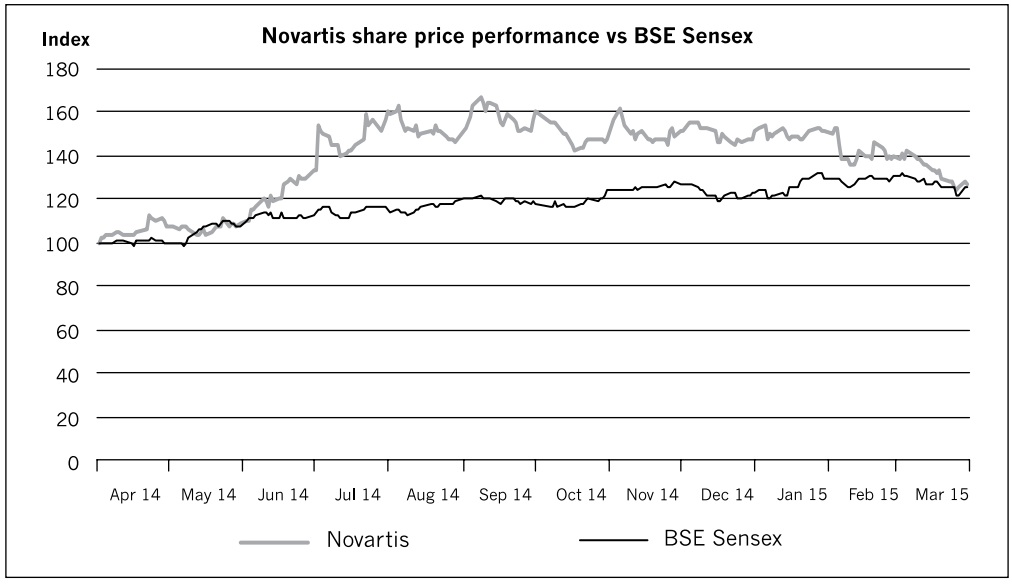
AGM date, venue and time	:	July 23, 2015, at Hall of Culture, Nehru Centre Worli, Mumbai 400 018 at 11.30 a.m.
Financial Year	:	April 1 to March 31
First quarter results	:	Second fortnight of July 2015
Second quarter results	:	Second fortnight of October 2015
Third quarter results	:	Second fortnight of January 2016
Results for the year ending March 2016	:	Second fortnight of May 2016
Date of Book closure	:	July 16, 2015 till July 23, 2015 (Both days inclusive)
Dividend payment date	:	On or after July 28, 2015
Listing on Stock Exchange	:	Bombay Stock Exchange Limited ("BSE"), Mumbai
Payment of annual listing fees	:	The annual listing fees for the year 2015-2016 have been paid to BSE
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	Bombay Stock Exchange Limited, Mumbai	
	High	Low
April 2014	561.05	438.20
May 2014	495.00	452.55
June 2014	597.50	475.40
July 2014	729.80	581.30
August 2014	735.90	645.00
September 2014	760.00	655.05
October 2014	718.70	630.10
November 2014	724.00	638.95
December 2014	714.00	568.00
January 2015	697.00	649.00
February 2015	698.00	590.10
March 2015	635.00	539.95

(Source: Website of Bombay Stock Exchange Limited, Mumbai www.bseindia.com)

Novartis share price performance versus BSE Sensex during April 2014 – March 2015



Note: The monthly closing prices of the Sensex and Novartis' equity shares have been indexed to 100 as on April 1, 2014

Registrar & Transfer Agents : Sharepro Services (India) Private Limited
13 AB Samhita Warehousing Complex
2nd floor, Sakinaka Telephone Exchange Lane
Off Andheri-Kurla Road
Sakinaka, Andheri, Mumbai 400 072

Telephone Nos.: +91 22 6772 0300/6772 0400
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Sharepro Services (India) Private Limited
912, Raheja Centre
Free Press Journal Road
Nariman Point, Mumbai 400 021

Telephone Nos.: +91 22 6772 0700/6772 0709
Fax No.: +91 22 2282 5484
E-mail : indira@shareproservices.com
sharepro@shareproservices.com

Share Transfer System : Share transfers in physical form are processed by the Registrar and Transfer Agents, Sharepro Services (India) Private Limited and are approved by the Stakeholders Relationship Committee of the Company or the authorised 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, 2015

Sr. No.	No. of equity shares held		Shareholder(s)		Shareholding(s)	
	From	To	Nos.	%	Nos.	%
1	1	500	42,363	96.53	3,619,403	11.32
2	501	1000	824	1.88	621,229	1.94
3	1001	2000	373	0.85	542,951	1.70
4	2001	3000	134	0.31	336,170	1.05
5	3001	4000	46	0.10	159,503	0.50
6	4001	5000	36	0.08	162,591	0.51
7	5001	10000	54	0.12	353,972	1.11
8	10001 and above		57	0.13	26,164,978	81.87
Total			**43,887**	**100.00**	**31,960,797**	**100.00**

Shareholding Pattern as on March 31, 2015

Category	No. of shares held	Percentage of shareholding
A. Promoters' Holding		
1. Promoters		
– Indian Promoters	—	—
– Foreign Promoters	23,970,597	75.00
2. Persons Acting in Concert	—	—
Sub-Total	**23,970,597**	**75.00**
B. Non-Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	270,636	0.85
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	300,192	0.93
c. FIIs	191,360	0.60
Sub-Total	**762,188**	**2.38**
4. Others		
a. Private Corporate Bodies	863,110	2.70
b. Indian Public	6,195,546	19.38
c. NRIs/OCBs	169,086	0.54
d. Directors and their relatives	270	0.00
Sub-Total	**7,228,012**	**22.62**
Grand Total	**31,960,797**	**100.00**

Dematerialisation of shares & liquidity	The Company's shares are traded compulsorily in dematerialised form on the stock exchange. As on March 31, 2015, 97.70 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 Girish Tekchandani, 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: girish.tekchandani@novartis.com

Declaration on adherence to the Code of Conduct under Clause 49(II) E of the Listing Agreement

All the Board members and senior management personnel of the Company have confirmed adherence to the Code of Conduct of Novartis India Limited for the financial year ended March 31, 2015.

For Novartis India Limited

RANJIT SHAHANI
Vice Chairman and
Managing Director

Mumbai, May 14, 2015

Certificate on Compliance with Clause 49 of the Listing Agreement by Novartis India Limited

I have examined compliance by Novartis India Limited (the Company) with the requirements under Clause 49 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange for the year ended on March 31, 2015.

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 Clause 49 of the Listing Agreement.

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 Clause 49. 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 Investor Grievance 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 18, 2015

Independent Auditors' Report
To the Members of Novartis India Limited

Report on the 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, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these 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 standards and matters which are required to be included in the audit report.

5. We conducted our audit 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as 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 a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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, except that the back up of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    e. On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the other matters to be included in the Auditor's 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:

        1. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its financial statements – Refer Note 19.

        2. The Company has long-term contracts as at March 31, 2015, for which there were no material foreseeable losses. The Company did not have any derivative contract as at March 31, 2015.

        3. 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, 2015.

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

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, May 27, 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Novartis India Limited on the financial statements as of and for the year ended March 31, 2015

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 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.

ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. 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 or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, 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 has

been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, wealth 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, there are no dues of wealth tax and value added tax which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales tax, service tax, duty of customs and duty of excise as at March 31, 2015 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	37.3	Assessment Years 1994-1995, 2005-2006 and 2007-2008 to 2011-2012	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	454.5	2000-2001 to 2012-2013 and August 2013	Appellate Authority – up to Commissioner's level
		28.4	1993-1994, 2000-2001 to 2002-2003, 2004-2005, 2005-2006, 2007-2008 and 2010-2011	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	4.5	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.

(c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.

xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, May 27, 2015

Balance Sheet as at 31st March 2015

	Note	As at 31st March 2015		As at 31st March 2014	
		in ₹ million	in ₹ million	in ₹ million	in ₹ million
Equity and Liabilities					
Shareholders' Funds					
Share Capital	2	159.8		159.8	
Reserves and Surplus	3	9,860.1		9,453.7	
			10,019.9		**9,613.5**
Non-Current Liabilities					
Other Long-term Liabilities	4	36.0		38.8	
Long-term Provisions	5	298.4		247.2	
			334.4		**286.0**
Current Liabilities					
Trade Payables	6	1,026.2		1,075.2	
Other Current Liabilities	7	441.4		475.8	
Short-term Provisions	8	596.3		570.7	
			2,063.9		**2,121.7**
Total			**12,418.2**		**12,021.2**
Assets					
Non-Current Assets					
Fixed Assets	9				
Tangible Assets		85.0		78.7	
Intangible Assets		—		—	
Capital Work-in-Progress		—		*	
		85.0		**78.7**	
Non-Current Investments	10	0.1		0.3	
Deferred Tax Assets	11	219.0		182.1	
Long-term Loans and Advances	12	1,426.7		1,148.4	
Other Non-Current Assets	13	2.4		1.3	
			1,733.2		**1,410.8**
Current Assets					
Inventories	14	999.4		1,035.9	
Trade Receivables	15	829.0		774.0	
Cash and Bank Balances	16	8,385.5		168.1	
Short-term Loans and Advances	17	443.4		8,630.1	
Other Current Assets	18	27.7		2.3	
			10,685.0		**10,610.4**
Total			**12,418.2**		**12,021.2**

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

The Notes are an integral part of the Financial Statements.

In terms of our report of even date

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

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 27th May 2015

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

D. CHARAK
Wholetime Director
DIN: 06827519

G. TEKCHANDANI
Company Secretary & Compliance Officer

M. NOBLE
Chief Financial Officer

Mumbai, 27th May 2015

Statement of Profit and Loss for the year ended 31st March 2015

	Note	Year ended 31st March 2015		Year ended 31st March 2014	
		in ₹ million	in ₹ million	in ₹ million	in ₹ million
Revenue					
Revenue from Operations (Gross)	22	8,744.2		8,652.3	
Less: Excise Duty		10.4		30.0	
Revenue from Operations (Net)		8,733.8		8,622.3	
Other Income	23	1,076.4		951.2	
Total Revenue			**9,810.2**		**9,573.5**
Expenses					
Cost of Materials Consumed	24	122.4		337.3	
Purchases of Stock-in-Trade		3,376.2		3,530.3	
Changes in Inventories of Finished Goods and Stock-in-Trade	25	30.5		63.1	
Employee Benefits Expense	26	2,000.3		1,741.9	
Finance Costs	27	2.1		2.7	
Depreciation and Amortisation Expense	9	40.1		36.5	
Other Expenses	28	3,243.0		2,962.7	
Total Expenses			**8,814.6**		**8,674.5**
Profit before Extraordinary Items and Tax			**995.6**		**899.0**
Profit from continuing operations before Extraordinary Items and Tax		981.9		698.6	
Extraordinary Items		63.3		—	
Profit from continuing operations before Tax		918.6		698.6	
Tax Expense					
For the year					
Current Tax		322.0		255.0	
Deferred Tax		(31.8)		(17.5)	
		290.2		237.5	
For earlier years					
Current Tax (Net) [Refer Note 50]		(151.8)		(383.1)	
Fringe Benefits Tax		(13.1)		(13.2)	
		125.3		(158.8)	
Profit from continuing operations after Tax			793.3		857.4
Profit from discontinuing operations before Tax [Refer Note 52(a)(ii) & (b)(ii)]		13.7		200.4	
Tax Expense					
For the year					
Current Tax		21.0		75.0	
Deferred Tax		(5.1)		(2.5)	
		15.9		72.5	
(Loss)/Profit from discontinuing operations after Tax			(2.2)		127.9
Profit for the year			**791.1**		**985.3**
Earnings per Share – Basic and Diluted [₹ per Equity Share of ₹ 5 each]					
From total operations –					
Before Extraordinary Items [Refer Note 46 (a)]			26.28		30.83
After Extraordinary items [Refer Note 46 (b)]			24.75		30.83
From continuing operations –					
Before Extraordinary Items [Refer Note 46 (c)]			26.35		26.83
After Extraordinary items [Refer Note 46 (d)]			24.82		26.83

The Notes are an integral part of the Financial Statements.

In terms of our report of even date

For Lovelock & Lewes

Firm Registration No. 301056E
Chartered Accountants

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 27th May 2015

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

D. CHARAK
Wholetime Director
DIN: 06827519

G. TEKCHANDANI
Company Secretary & Compliance Officer

M. NOBLE
Chief Financial Officer

Mumbai, 27th May 2015

1. Significant Accounting Policies

(a) Basis of Preparation

These financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 (the 'Act') shall continue to apply. Consequently, these financial statements are prepared to comply in all material aspects with the Accounting Standards notified under sub-section (3C) of Section 211 of the Act [Companies (Accounting Standards) Rules, 2006] and the other relevant provisions of the Companies Act, 2013.

All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. 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) Fixed Assets

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss.

Depreciation on tangible assets is calculated on a straight-line basis as per the rates prescribed under Schedule II of the Companies Act, 2013, except in respect of the following assets where the estimated useful lives of the assets based on the technical evaluation, have not undergone a change on account of transition to the Companies Act, 2013:

Description	Estimated Useful Life
Tangible Assets	
Plant and Equipment	
Servers and Networks	3 years
Quality Control Equipment	5 years
Electrical Installations	12.5 years
Others	12.5 years
Vehicles	5 years
Office Equipment -Mobile Handsets	2 years
Intangible Assets	
Trade Marks	5 years

Leasehold Improvements are amortised over the period of lease.

Assessment is carried out at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. Impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and form its disposal at the end of its useful life. Net selling price is

the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

(c) Investments

Long-term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of Long-term Investments. Current Investments are stated at lower of cost and fair value.

(d) 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.

(e) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

(f) Revenue Recognition

Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the customer and are recognised net of trade discounts, rebates, sales tax and excise duty.

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.

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

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

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

Dividend income is recognised when the right to receive dividend is established.

(g) Employee Benefits

(i) Long-term Employee Benefits

(a) Defined Contribution Plans

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.

(b) Defined Benefit Plans

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, Leave Encashment, Non-Contractual Pension Plan (treated as a Defined Benefit Plan on account of guaranteed pension) and Post Retirement Medical Benefits. Provident Fund and Gratuity 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 independent actuary.

The obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of plan assets is the company's expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

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

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

(iii) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised in the Statement of Profit and Loss in the year in which they arise.

(h) Employee Share based Payments

Restricted Shares and Tradable Options granted under "Select" plan are accounted for as per the accounting treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. Amount incurred is charged to the Statement of Profit and Loss on straight line basis over the vesting period of the Restricted Shares and Tradable Options.

(i) Taxes on Income

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

(j) Provisions and Contingent Liabilities

The company recognises a provision when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the

obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

(k) Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the Balance Sheet date and the results of operations during the reporting period. The actual results could differ from these estimates. Any revision to such accounting estimates is recognised in the accounting period in which such revision takes place.

(l) Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities for the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses/income".

(m) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all period 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, net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the affects of all dilutive potential equity shares.

(n) Leases

Lease 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 are charged to the Statement of Profit and Loss over the period of the lease.

(o) Cash and Cash Equivalents

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

	As at 31st March 2015	As at 31st March 2014
	in ₹ million	in ₹ million
2. Share Capital		
Authorised		
64,000,000 (Previous year – 64,000,000) Equity Shares of ₹ 5 each	**320.0**	**320.0**
Issued, Subscribed and Paid-up		
31,960,797 (Previous year – 31,960,797) Equity Shares of ₹ 5 each fully paid-up	**159.8**	**159.8**

	As at 31st March 2015		As at 31st March 2014	
	No. of Shares	in ₹ million	No. of Shares	in ₹ million
(a) Reconciliation of the number of shares				
Number of shares outstanding as at the beginning of the year	31,960,797	159.8	31,960,797	159.8
Number of shares outstanding as at the end of the year	**31,960,797**	**159.8**	**31,960,797**	**159.8**

(b) 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.

(c) Of the above, 23,970,597 (Previous year – 23,970,597) shares are held by Novartis AG, Basel, Switzerland, the holding company.

(d) Shareholder holding more than 5% shares as at the Balance Sheet date

Name of Shareholder	As at 31st March 2015		As at 31st March 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Novartis AG, Basel, Switzerland	23,970,597	75.00%	23,970,597	75.00%

	As at 31st March 2015		As at 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
3. Reserves and Surplus				
Capital Subsidy		1.5		1.5
General Reserve				
Balance as at the beginning of the year	3,472.9		3,374.4	
Add: Transfer from Surplus in Statement of Profit and Loss	—		98.5	
Balance as at the end of the year		3,472.9		3,472.9
Securities Premium Account		228.8		228.8
Surplus in Statement of Profit and Loss				
Balance as at the beginning of the year	5,750.5		5,237.6	
Profit for the year as per Statement of Profit and Loss	791.1		985.3	
	6,541.6		**6,222.9**	
Less: Appropriations				
Proposed Dividend [Refer Note 21]	319.6		319.6	
Tax on Proposed Dividend	65.1		54.3	
Transfer to General Reserve	—		98.5	
Balance as at the end of the year		6,156.9		5,750.5
		9,860.1		**9,453.7**
4. Other Long-term Liabilities				
Voluntary Retirement Costs [Refer Note 30(b)]		2.4		3.3
Security Deposits		33.6		35.5
		36.0		**38.8**
5. Long-term Provisions				
Provision for Employee Benefits [Refer Note 42]		298.4		247.2
6. Trade Payables				
Micro and Small Enterprises [Refer Note 31]		3.3		4.0
Others		1,022.9		1,071.2
		1,026.2		**1,075.2**

	As at 31st March 2015 in ₹ million	As at 31st March 2014 in ₹ million
7. Other Current Liabilities		
Current Maturities of Fixed Deposits	—	1.2
Interest accrued but not due on Borrowings	—	*
Unpaid Dividends@	13.7	13.2
Advances from Customers	17.8	25.3
Employee Benefits Payable	180.6	246.2
Statutory Dues	153.5	138.3
Payables for Fixed Assets	0.5	0.8
Payable towards Tradable Options and Restricted Shares	73.9	49.1
Voluntary Retirement Costs [Refer Note 30(b)]	1.4	1.7
	441.4	**475.8**

@ There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Act as at the year end.

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

8. Short-term Provisions		
Provision for Employee Benefits [Refer Note 42]	78.3	68.1
Provision for Fringe Benefits Tax [Net of Payments of ₹ 39.5 million (Previous year ₹ 75.8 million)]	11.6	18.4
Proposed Dividend [Refer Note 21]	319.6	319.6
Tax on Proposed Dividend	65.1	54.3
Provision for Non-sellable Sales Returns [Refer Note 29]	121.7	110.3
	596.3	**570.7**

9. Fixed Assets

(in ₹ million)

Description	Gross Block (at cost)				Depreciation/Amortisation				Net Block
	As at 1.4.2014	Additions	Deductions	As at 31.3.2015	As at 1.4.2014	For the year	On Deductions	As at 31.3.2015	As at 31.3.2015
Tangible Assets									
Buildings	34.7	—	—	34.7	15.1	3.8	—	18.9	15.8
Plant and Equipment	95.4	41.3	13.6	123.1	76.7	23.7	13.6	86.8	36.3
Furniture and Fixtures	45.2	0.3	5.7	39.8	24.7	3.5	5.5	22.7	17.1
Vehicles	4.8	0.7	0.9	4.6	3.9	0.3	0.9	3.3	1.3
Office Equipment	46.2	4.3	5.4	45.1	29.1	6.9	5.4	30.6	14.5
Leasehold Improvements	11.3	—	—	11.3	9.4	1.9	—	11.3	—
	237.6	46.6	25.6	258.6	158.9	40.1	25.4	173.6	85.0
Intangible Assets									
Trade Marks#	2.2	—	—	2.2	2.2	—	—	2.2	—
	2.2	—	—	2.2	2.2	—	—	2.2	—
	239.8	**46.6**	**25.6**	**260.8**	**161.1**	**40.1**	**25.4**	**175.8**	**85.0**
Capital Work-in-Progress									—
									85.0

9. Fixed Assets (Contd.)

(in ₹ million)

Description	Gross Block (at cost)				Depreciation/Amortisation				Net Block
	As at 1.4.2013	Additions	Deductions	As at 31.3.2014	As at 1.4.2013	For the year	On Deductions	As at 31.3.2014	As at 31.3.2014
Tangible Assets									
Buildings	34.7	—	—	34.7	14.1	1.0	—	15.1	19.6
Plant and Equipment	110.5	9.8	24.9	95.4	79.9	20.9	24.1	76.7	18.7
Furniture and Fixtures	46.5	0.2	1.5	45.2	22.6	3.4	1.3	24.7	20.5
Vehicles	10.9	1.5	7.6	4.8	9.5	1.0	6.6	3.9	0.9
Office Equipment	41.3	6.5	1.6	46.2	24.0	6.3	1.2	29.1	17.1
Leasehold Improvements	11.3	—	—	11.3	5.7	3.7	—	9.4	1.9
	255.2	18.0	35.6	237.6	155.8	36.3	33.2	158.9	78.7
Intangible Assets									
Trade Marks#	2.2	—	—	2.2	2.0	0.2	—	2.2	—
	2.2	—	—	2.2	2.0	0.2	—	2.2	—
	257.4	18.0	35.6	239.8	157.8	36.5	33.2	161.1	78.7
Capital Work-in-Progress								-	*
									78.7

Other than internally generated.

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

	As at 31st March 2015		As at 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
10. Non-Current Investments				
(Non Trade, at cost)				
Quoted				
Investments in fully paid-up Equity Instruments				
12 Shares of ₹ 10 each of Atul Limited	—		*	
100,000 Shares of ₹ 2 each of Housing Development Finance Corporation Limited	—		0.2	
2,500 Shares of ₹ 2 each of HDFC Bank Limited	—		*	
		—		**0.2**
Unquoted				
Investments in fully paid-up Equity Instruments				
120 Shares of ₹ 50 each of The Malabar Hill Co-operative Housing Society Limited	*		*	
68 Shares of ₹ 50 each of The Palacimo Co-operative Housing Society Limited	*		*	
5 Shares of ₹ 50 each of Jaldarshan Co-operative Housing Society Limited	*		*	
88 Shares of ₹ 50 each of New Gulistan Co-operative Housing Society Limited	*		*	
		*****		*****

	As at 31st March 2015		As at 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Investment in partly paid-up Equity Instruments				
1 Share 'A' of ₹ 120,000 – ₹ 118,000 paid-up of Hill Properties Limited		0.1		0.1
Investments in fully paid-up 4 1/8% Bonds				
3 Loan Stock Bonds of ₹ 10,000 each of New Gulistan Co-operative Housing Society Limited	*		*	
12 Loan Stock Bonds of ₹ 50 each of New Gulistan Co-operative Housing Society Limited	*		*	
		*		*
		0.1		**0.3**
*Amount is below the rounding off norm adopted by the company.				
Aggregate amount of Quoted Investments		—		0.2
Aggregate amount of Unquoted Investments		0.1		0.1
		0.1		**0.3**
Aggregate Market Value of Quoted Investments		—		90.3

11. Deferred Tax Assets

Deferred Tax Assets				
Depreciation/Amortisation	32.2		30.5	
Provision for Doubtful Debts and Advances	29.9		31.5	
Compensation under Voluntary Retirement Schemes	11.0		9.2	
Provision for Employee Benefits	125.4		105.1	
Others	20.5		5.8	
		219.0		**182.1**
Less: Deferred Tax Liability		—		—
		219.0		**182.1**

12. Long-term Loans and Advances

(Unsecured, Considered Good unless otherwise stated)				
Security Deposits		67.3		18.4
Advances recoverable in cash or in kind or for value to be received				
Considered Good	142.7		126.8	
Considered Doubtful	39.8		34.9	
	182.5		**161.7**	
Less: Provision for Doubtful Advances	39.8		34.9	
		142.7		**126.8**
Balances with government authorities		263.0		286.4
Current Taxation [Net of Provision of ₹ 6,286.1 million (Previous year ₹ 5,681.7 million)]		938.5		707.8
Fringe Benefits Tax [Net of Provision of ₹ 101.2 million (Previous year ₹ 71.2 million)]		15.2		9.0
		1,426.7		**1,148.4**

	As at 31st March 2015		As at 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
13. Other Non-Current Assets				
Deposits with Banks with more than 12 months maturity		**2.4**		**1.3**
14. Inventories				
(At lower of cost and net realisable value)				
Raw Materials [including in-transit ₹ 5.2 million (Previous year ₹ 34.1 million)]		95.4		96.0
Finished Goods		26.0		62.3
Stock-in-Trade [including in-transit of ₹ 13.3 million (Previous year ₹ 106.7 million)]		875.1		869.3
Packing Materials		2.9		8.3
		999.4		**1,035.9**
15. Trade Receivables				
Outstanding for a period exceeding six months from the date they were due for payment				
Secured, Considered Good	—		0.2	
Unsecured, Considered Good	22.5		14.5	
Unsecured, Considered Doubtful	48.3		58.1	
	70.8		**72.8**	
Less: Provision for Doubtful Debts	48.3		58.1	
		22.5		**14.7**
Others				
Secured, Considered Good	—		4.4	
Unsecured, Considered Good	806.5		754.9	
		806.5		**759.3**
		829.0		**774.0**
16. Cash and Bank Balances				
Cash and Cash Equivalents				
Balances with Banks				
Current Accounts	114.6		104.3	
Deposit Accounts (less than 3 months maturity)	6,254.4		46.9	
	6,369.0		**151.2**	
Cheques on Hand	1.3		2.3	
Cash on Hand	*	.	*	
		6,370.3		**153.5**
Other Bank Balances				
Long-term deposits with maturity more than 3 months but less than 12 months	2,001.5		1.4	
Unpaid Dividend Accounts	13.7		13.2	
		2,015.2		**14.6**
		8,385.5		**168.1**

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

	As at 31st March 2015		As at 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
17. Short-term Loans and Advances				
(Unsecured, Considered Good)				
Loans and Advances to Related Parties				
Inter-Corporate Deposits#	—		8,262.3	
Other Receivables	172.1		90.2	
		172.1		**8,352.5**
Security Deposits		13.2		5.1
Advances recoverable in cash or in kind or for value to be received		200.6		141.9
Balances with government authorities		6.3		22.8
Current Taxation [Net of Provision of ₹ 1,978.5 million (Previous year ₹ 2,391.6 million)]		51.2		107.8
		443.4		**8,630.1**

Guaranteed by Novartis AG, Basel, Switzerland, the holding company.

18. Other Current Assets				
Unbilled Service Income		—		2.3
Interest accrued but not due on Deposits with Banks		27.7		*
		27.7		**2.3**

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

19. Contingent Liabilities				
Claims against the company not acknowledged as debts				
Income-tax matters				
(i) Matters decided in favour of the company but disputed further by the income-tax authorities		76.6		76.4
(ii) Matters decided against the company in respect of which the company has preferred an appeal		122.8		118.5
Sales tax matters		568.0		463.4
Service tax matters		4.5		4.5
Excise matters		3.0		3.0
Drug Price Control Order 2013 [Refer Note 51]		281.8		—
Claims from third party manufacturers in respect of Excise matters		39.0		38.0
Claims from Consumers		0.2		0.2
Others		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.

20. Estimated amount of contracts remaining to be executed on capital account and not provided for – ₹ 0.2 million (Previous year ₹ Nil).

	As at 31st March 2015	As at 31st March 2014
21. Proposed Dividend		
Proposed Dividend (in ₹ million)	319.6	319.6
Number of shares outstanding as at the end of the year	31,960,797	31,960,797
Dividend per Share (₹ per Equity Share of ₹ 5 each)	10	10

	Year ended 31st March 2015		Year ended 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
22. Revenue from Operations				
Sale of Products		8,131.9		8,133.9
Sale of Services		331.4		293.9
Other Operating Revenue				
Commission Income	280.8		224.5	
Sale of Scrap	0.1		*	
		280.9		**224.5**
Revenue from Operations (Gross)		**8,744.2**		**8,652.3**
Less: Excise Duty		10.4		30.0
Revenue from Operations (Net)		**8,733.8**		**8,622.3**

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

23. Other Income				
Interest Income		796.5		810.9
Management Fees		32.5		54.0
Dividend on Non-Current Investments – Non Trade		1.4		1.3
Net Gain on Sale of Non-Current Investments		127.9		—
Rent		71.6		66.4
Insurance Claims		6.5		12.3
Profit on Sale/Disposal of Fixed Assets (Net)		1.0		0.4
Liabilities no longer required written back		36.2		5.1
Miscellaneous Income		2.8		0.8
		1,076.4		**951.2**

24. Cost of Materials Consumed				
Raw Materials Consumed				
Opening Stock	96.0		94.2	
Add: Purchases	85.3		332.6	
	181.3		426.8	
Less: Cost of Raw Materials sold	—		48.3	
	181.3		378.5	
Less: Closing Stock	95.4		96.0	
		85.9		**282.5**
Packing Materials Consumed				
Opening Stock	8.3		12.6	
Add: Purchases	31.1		50.5	
	39.4		63.1	
Less: Closing Stock	2.9		8.3	
		36.5		**54.8**
		122.4		**337.3**

	Year ended 31st March 2015		Year ended 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
25. Changes in Inventories of Finished Goods, and Stock-in-Trade				
Opening Stock				
Finished Goods	62.3		108.6	
Stock-in-Trade	869.3		886.1	
		931.6		**994.7**
Closing Stock				
Finished Goods	26.0		62.3	
Stock-in-Trade	875.1		869.3	
		901.1		**931.6**
		30.5		**63.1**
26. Employee Benefits Expense				
Salaries, Wages and Bonus [Refer Notes 30]		1,665.9		1,504.9
Contributions to Provident and Other Funds		107.4		98.0
Contributions to Gratuity Fund		73.9		18.2
Restricted Shares and Tradable Options [Refer Notes 47]		25.4		9.3
Staff Welfare Expenses		127.7		111.5
		2,000.3		**1,741.9**
27. Finance Costs				
Interest on Fixed Deposits		—		0.1
Others		2.1		2.6
		2.1		**2.7**
28. Other Expenses*				
Power and Fuel		47.0		38.6
Water Charges		1.7		1.6
Rent		146.6		149.8
Repairs and Maintenance				
Buildings	8.2		3.1	
Plant and Machinery	—		1.0	
Others	16.4		15.7	
		24.6		**19.8**
Insurance		15.7		17.2
Rates and Taxes				
Excise Duty	(2.4)		(9.4)	
Others	87.8		56.9	
		85.4		**47.5**

	Year ended 31st March 2015		Year ended 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Processing Charges		26.4		37.3
Legal and Professional Charges		87.1		76.2
Travelling and Conveyance		297.6		312.9
Other Outside Services		792.4		828.0
Auditors' Remuneration [Refer Note 37]		10.0		8.9
Expenditure towards Corporate Social Responsibility Activities [Refer Note 49]		33.3		—
Freight and Forwarding		458.1		375.1
Commission on Sales		37.9		41.3
Advertisement and Sales Promotion		786.3		571.4
Cash Discount		29.1		28.5
Royalty		104.8		105.3
Bad Debts and Advances written off	39.4		21.2	
Less: Provision	39.4		21.2	
		—		—
Provision for Doubtful Debts and Advances (Net)		34.5		33.2
Net Loss on Foreign Currency Transactions and Translation		1.6		21.6
Miscellaneous Expenses		222.9		248.5
		3,243.0		**2,962.7**

* Net of expenses recharged to other companies - Refer Note 44

29. Provision for Non-sellable Sales Returns

As at 1st April	110.3	94.8
Provision made during the year	146.4	151.1
Amounts used during the year	135.0	135.6
As at 31st March	121.7	110.3

30. (a) Salaries, Wages and Bonus include ₹18.7 million (Previous year ₹ 18.8 million) paid/payable to employees under the Voluntary Retirement Schemes.

(b) Voluntary Retirement Costs represent the actuarial value as at 31st March, 2015 of compensation payable under the Voluntary Retirement Schemes. [Refer Note 4 and 7].

31. Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006. This information and that given in Note 6 – 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.

	Year ended 31st March 2015	Year ended 31st March 2014
	in ₹ million	in ₹ million
(a) The principal amount and the interest due thereon remaining unpaid to suppliers		
(i) Principal	0.7	1.6
(ii) Interest due thereon	2.6	2.4
	3.3	**4.0**

			Year ended 31st March 2015	Year ended 31st March 2014
			in ₹ million	in ₹ million
(b)	(i)	The delayed payments of principal amount paid beyond the appointed date during the entire accounting year	16.4	41.2
	(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	0.2	0.9
	(ii)	Total Interest accrued during the year and remaining unpaid	0.2	0.9

(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. Consumption of Raw Materials

	Year ended 31st March 2015	Year ended 31st March 2014
	in ₹ million	in ₹ million
Calcium Gluconate	39.8	49.6
Tiamutin 80% Granules	—	63.1
Magnesium Hypophosphite	14.3	16.3
Rifampicin	—	32.3
Diclofenac Resinate	4.6	15.7
Others	27.2	105.5
	85.9	**282.5**

	%	in ₹ million	%	in ₹ million
Imported	19.32	16.6	37.20	105.1
Indigenous	80.68	69.3	62.80	177.4
	100.00	**85.9**	**100.00**	**282.5**

Note:
Consumption of Raw Materials represents consumption by third parties under contract with the company and consumption in respect of samples.

	Year ended 31st March 2015	Year ended 31st March 2014
	in ₹ million	in ₹ million
33. Sale of Products (Net of Excise Duty)		
Pharmaceuticals		
Formulations		
Tablets	3,243.9	3,130.9
Capsules	243.1	270.4
Liquid Orals	242.9	239.0
Injectables	1,230.8	1,271.1
Creams & Ointments	232.3	210.9
Patches	51.6	46.6
Vials	304.7	254.7
	5,549.3	**5,423.6**
Generics		
Formulations		
Tablets	360.3	419.8
Liquid – Orals	0.6	2.4
	360.9	**422.2**
OTC		
Powders – Vitamin and Mineral Supplements*	—	(0.3)
Tablets	184.8	171.0
Capsules	0.4	2.5
Liquid – Orals	1,021.6	1,051.8
Gel/Ointments	58.7	—
	1,265.5	**1,225.0**
Animal Health		
Drug Formulations	456.1	529.7
Feed Supplements	489.7	503.4
	945.8	**1,033.1**
	8,121.5	**8,103.9**

*Negative figures are due to sales returns.

34. Purchases of Stock-in-Trade		
Pharmaceuticals		
Formulations		
Tablets	1,160.6	1,402.1
Capsules	148.7	249.3
Liquid – Orals	189.1	166.7
Injectables	719.8	693.6
Creams and Ointments	84.1	65.4
Patches	26.6	52.3
Vials	140.4	165.7
	2,469.3	**2,795.1**

	Year ended 31st March 2015	Year ended 31st March 2014
	in ₹ million	in ₹ million
Generics		
Formulations		
Tablets	103.4	23.7
Liquid – Orals	—	0.4
	103.4	**24.1**
OTC		
Tablets	38.5	45.5
Capsules	—	0.9
Liquid – Orals	283.9	294.3
Gel/Ointments	55.3	—
	377.7	**340.7**
Animal Health		
Drug Formulations	92.3	98.6
Feed Supplements	355.5	295.7
	447.8	**394.3**
	3,398.2	**3,554.2**
Less: Sales tax set off	22.0	23.9
	3,376.2	**3,530.3**

35. Opening Stock

Pharmaceuticals		
Formulations		
Tablets	355.0	370.1
Capsules	49.9	79.9
Liquid – Orals	22.9	26.0
Injectables	161.9	204.3
Creams and Ointments	18.0	13.6
Patches	23.4	10.5
Vials	78.7	49.6
	709.8	**754.0**
Generics		
Formulations		
Tablets	8.2	53.9
Liquid – Orals	0.2	0.7
	8.4	**54.6**

	Year ended 31st March 2015	Year ended 31st March 2014
	in ₹ million	in ₹ million
OTC		
Tablets	8.2	5.8
Capsules	0.3	0.2
Liquid – Orals	43.4	44.6
	51.9	**50.6**
Animal Health		
Drug Formulations	97.1	82.4
Feed Supplements	64.4	53.1
	161.5	**135.5**
	931.6	**994.7**

36. Closing Stock*

Pharmaceuticals		
Formulations		
Tablets	237.8	355.0
Capsules	35.7	49.9
Liquid – Orals	49.4	22.9
Injectables	211.9	161.9
Creams and Ointments	27.9	18.0
Patches	12.1	23.4
Vials	49.4	78.7
	624.2	**709.8**
Generics		
Formulations		
Tablets	33.8	8.2
Liquid – Orals	—	0.2
	33.8	**8.4**
OTC		
Tablets	11.5	8.2
Capsules	—	0.3
Liquid – Orals	44.4	43.4
Gel/Ointments	20.0	—
	75.9	**51.9**
Animal Health		
Drug Formulations	60.3	97.1
Feed Supplements	106.9	64.4
	167.2	**161.5**
	901.1	**931.6**

* Net of date expired stocks, damages, in-transit breakages, samples, etc.

	Year ended 31st March 2015	Year ended 31st March 2014
	in ₹ million	in ₹ million
37. Auditors' Remuneration		
(including service tax)		
Audit Fees	5.9	5.1
Other Services	3.7	3.3
Reimbursement of Expenses	0.4	0.5
	10.0	**8.9**
38. CIF Value of Imports		
Raw Materials	59.2	179.0
Stock-in-Trade	1,184.5	1,697.8
39. Expenditure in Foreign Currency		
Professional and Consultancy Fees	6.0	1.4
Travelling	11.4	13.4
Other Outside Services	130.5	150.7
Net Loss on Foreign Currency Transactions and Translation	1.6	21.6
Others	12.3	31.2
40. Remittance of Dividend to Non-resident Shareholders		
Number of Shareholders	1	1
Number of Equity Shares held	23,970,597	23,970,597
Amount remitted (in ₹ million)	239.7	239.7
Year to which the dividend related	31st March, 2014	31st March, 2013
41. Earnings in Foreign Exchange		
FOB Value of Exports (excluding exports to Nepal)	80.4	79.1
Sale of Services	53.8	42.2
Freight and Insurance	5.7	4.7
Expenses recharged to Other Companies	8.7	17.5

	Year ended 31st March 2015	Year ended 31st March 2014
	in ₹ million	in ₹ million

42. Employee Benefits

(A) **Defined Contribution Plans**

The company has recognised the following amounts in the Statement of Profit and Loss:

(i) Contribution to Employees' Superannuation Fund	27.7	28.4
(ii) Contribution to Contractual Employees' Pension Scheme	13.6	9.6

(B) **Defined Benefit Plans**

Valuations in respect of Provident Fund, Gratuity, Leave Encashment, Non-Contractual Pension Plan and Post Retirement Medical Benefits have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

(a) Discount Rate (per annum)	7.80%	9.30%
(b) Rate of increase in Compensation Levels	First Year – 10.50% Second Year – 11.50% Thereafter – 11.00%	10.50% 11.50% 10.00%
(c) Rate of Return on Plan Assets	8.25%	8.25%
(d) Expected Average remaining working lives of employees in number of years	9	9

(in ₹ million)

			Year ended 31st March, 2015				
			Provident Fund	Gratuity	Leave Encashment	Non - Contractual Pension Plan	Post Retirement Medical Benefits
(i)	**Changes in the Present Value of Obligation**						
	(a)	Opening Present Value of Obligation	1,172.3	240.9	198.0	93.3	41.0
	(b)	Interest Cost	82.4	20.9	16.5	8.0	3.7
	(c)	Past Service Cost	—	—	—	—	—
	(d)	Current Service Cost	168.6	20.8	32.2	6.2	0.9
	(e)	Curtailment Cost/ (Credit)	—	—	—	—	—
	(f)	Settlement Cost/(Credit)	—	—	—	—	—
	(g)	Obligations transferred from previous/(to subsequent) employers	(45.2)	0.6	—	—	—
	(h)	Benefits Paid	(103.6)	(32.8)	(41.1)	(1.8)	(2.7)
	(i)	Actuarial Loss/(Gain)	18.5	53.4	22.6	(3.8)	17.5
	(j)	Closing Present Value of Obligation	1,293.0	303.8	228.2	101.9	60.4
(ii)	**Changes in the Fair Value of Plan Assets**						
	(a)	Opening Fair Value of Plan Assets	1,170.7	187.3	—	86.8	—
	(b)	Expected Return on Plan Assets	82.2	16.7	—	7.3	—
	(c)	Actuarial (Loss)/Gain	22.9	4.5	—	(4.4)	—
	(d)	Employers' Contributions	63.3	63.6	41.1	3.1	2.7
	(e)	Employees' Contributions	102.7	—	—	3.1	—
	(f)	Assets transferred from previous/(to subsequent) employers	(45.2)	0.6	—	—	—
	(g)	Benefits Paid	(103.6)	(32.8)	(41.1)	(1.8)	(2.7)
	(h)	Closing Fair Value of Plan Assets	1,293.0	239.9	—	94.1	—
(iii)	**Percentage of each Category of Plan Assets to total Fair Value of Plan Assets at the year end**						
	(a)	Bank Deposits (Special Deposit Scheme, 1975)	30%	11%	—	—	—
	(b)	Debt Instruments	70%	10%	—	—	—
	(c)	Administered by Life Insurance Corporation of India	—	70%	—	100%	—
	(d)	Others	—	9%	—	—	—

Notes forming part of the Financial Statements as at and for the year ended 31st March 2015

(in ₹ million)

			Year ended 31st March, 2014				
			Provident Fund	Gratuity	Leave Encashment	Non - Contractual Pension Plan	Post Retirement Medical Benefits
(i)	**Changes in the Present Value of Obligation**						
	(a)	Opening Present Value of Obligation	1,029.3	239.2	185.5	76.7	22.9
	(b)	Interest Cost	70.9	18.5	13.9	6.6	1.7
	(c)	Past Service Cost	—	—	—	—	—
	(d)	Current Service Cost	166.1	22.2	31.7	7.4	0.3
	(e)	Curtailment Cost/ (Credit)	—	—	—	—	—
	(f)	Settlement Cost/(Credit)	—	—	—	—	—
	(g)	Obligations transferred from previous/(to subsequent) employers	28.5	0.6	—	—	—
	(h)	Benefits Paid	(136.0)	(23.6)	(28.1)	(0.4)	(3.7)
	(i)	Actuarial Loss/(Gain)	13.5	(16.0)	(5.0)	3.0	19.8
	(j)	Closing Present Value of Obligation	1,172.3	240.9	198.0	93.3	41.0
(ii)	**Changes in the Fair Value of Plan Assets**						
	(a)	Opening Fair Value of Plan Assets	1,014.8	203.8	—	73.9	—
	(b)	Expected Return on Plan Assets	69.7	15.9	—	6.4	—
	(c)	Actuarial (Loss)/Gain	30.2	(9.4)	—	(0.5)	—
	(d)	Employers' Contributions	65.5	—	28.1	3.7	3.7
	(e)	Employees' Contributions	98.0	—	—	3.7	—
	(f)	Assets transferred from previous/(to subsequent) employers	28.5	0.6	—	—	—
	(g)	Benefits Paid	(136.0)	(23.6)	(28.1)	(0.4)	(3.7)
	(h)	Closing Fair Value of Plan Assets	1,170.7	187.3	—	86.8	—
(iii)	**Percentage of each Category of Plan Assets to total Fair Value of Plan Assets at the year end**						
	(a)	Bank Deposits (Special Deposit Scheme, 1975)	33%	10%	—	—	—
	(b)	Debt Instruments	67%	20%	—	—	—
	(c)	Administered by Life Insurance Corporation of India	—	70%	—	100%	—
	(d)	Others	—	—	—	—	—

(in ₹ million)

			Year ended 31st March, 2015				
			Provident Fund	Gratuity	Leave Encashment	Non - Contractual Pension Plan	Post Retirement Medical Benefits
(iv)	**Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets**						
	(a)	Present Value of Funded Obligation as at the year end	1,293.0	303.8	—	101.9	—
	(b)	Fair Value of Plan Assets as at the year end	1,293.0	239.9	—	94.1	—
	(c)	Funded Liability recognised in the Balance Sheet	—	63.9	—	7.8	—
	(d)	Present Value of Unfunded Obligation as at the year end	—	—	228.2	—	60.4
	(e)	Unrecognised Past Service Cost	—	—	—	—	(0.4)
	(f)	Unrecognised Actuarial (Gains)/Losses	—	—	—	—	—
	(g)	Unfunded Net Liability recognised in the Balance Sheet	—	—	228.2	—	60.0
(v)	**Amount recognised in the Balance Sheet**						
	(a)	Present Value of Obligation as at the year end	1,293.0	303.8	228.2	101.9	60.0
	(b)	Fair Value of Plan Assets as at the year end	1,293.0	239.9	—	94.1	—
	(c)	Liability recognised in the Balance Sheet	—	63.9	228.2	7.8	60.0
			Year ended 31st March,2013				
	(a)	Present Value of Obligation as at the year end	1,029.3	239.2	185.5	76.7	22.3
	(b)	Fair Value of Plan Assets as at the year end	1,014.8	203.8	—	73.9	—
	(c)	Liability recognised in the Balance Sheet	14.5	35.4	185.5	2.8	22.3
			Year ended 31st March, 2011				
	(a)	Present Value of Obligation as at the year end	812.5	186.1	134.6	55.9	21.3
	(b)	Fair Value of Plan Assets as at the year end	801.7	136.8	—	55.9	—
	(c)	Liability recognised in the Balance Sheet	10.8	49.3	134.6	—	21.3

Notes forming part of the Financial Statements as at and for the year ended 31st March 2015

(in ₹ million)

			Year ended 31st March, 2014				
			Provident Fund	Gratuity	Leave Encashment	Non - Contractual Pension Plan	Post Retirement Medical Benefits
(iv)	**Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets**						
	(a)	Present Value of Funded Obligation as at the year end	1,172.3	240.9	—	93.3	—
	(b)	Fair Value of Plan Assets as at the year end	1,170.7	187.3	—	86.8	—
	(c)	Funded Liability recognised in the Balance Sheet	1.6	53.6	—	6.5	—
	(d)	Present Value of Unfunded Obligation as at the year end	—	—	198.0	—	41.0
	(e)	Unrecognised Past Service Cost	—	—	—	—	(0.5)
	(f)	Unrecognised Actuarial (Gains)/Losses	—	—	—	—	—
	(g)	Unfunded Net Liability recognised in the Balance Sheet	—	—	198.0	—	40.5
(v)	**Amount recognised in the Balance Sheet**						
	(a)	Present Value of Obligation as at the year end	1,172.3	240.9	198.0	93.3	40.5
	(b)	Fair Value of Plan Assets as at the year end	1,170.7	187.3	—	86.8	—
	(c)	Liability recognised in the Balance Sheet	1.6	53.6	198.0	6.5	40.5
			Year ended 31st March, 2012				
	(a)	Present Value of Obligation as at the year end	901.9	208.6	155.9	67.8	22.8
	(b)	Fair Value of Plan Assets as at the year end	892.9	166.7	—	64.8	—
	(c)	Liability recognised in the Balance Sheet	9.0	41.9	155.9	3.0	22.8

(in ₹ million)

			Year ended 31st March, 2015				
			Provident Fund	Gratuity	Leave Encashment	Non - Contractual Pension Plan	Post Retirement Medical Benefits
(vi)	**Expenses recognised in the Statement of Profit and Loss**						
	(a)	Current Service Cost	168.6	20.8	32.2	6.2	0.9
	(b)	Past Service Cost	—	—	—	—	—
	(c)	Interest Cost	82.4	20.9	16.5	8.0	3.7
	(d)	Expected Return on Plan Assets	(82.2)	(16.7)	—	(7.3)	—
	(e)	Curtailment Cost/ (Credit)	—	—	—	—	—
	(f)	Settlement Cost/(Credit)	—	—	—	—	—
	(g)	Net Actuarial (Gain)/ Loss	(4.4)	48.9	22.6	0.6	17.5
	(h)	Employees' Contribution	(102.7)	—	—	(3.1)	—
	(i)	Total Expenses recognised in the Statement of Profit and Loss	61.7	73.9	71.3	4.4	22.1

(in ₹ million)

			Year ended 31st March, 2014				
			Provident Fund	Gratuity	Leave Encashment	Non - Contractual Pension Plan	Post Retirement Medical Benefits
(vi)	**Expenses recognised in the Statement of Profit and Loss**						
	(a)	Current Service Cost	166.1	22.2	31.7	7.4	0.3
	(b)	Past Service Cost	—	—	—	—	—
	(c)	Interest Cost	70.9	18.5	13.9	6.6	1.7
	(d)	Expected Return on Plan Assets	(69.7)	(15.9)	—	(6.4)	—
	(e)	Curtailment Cost/ (Credit)	—	—	—	—	—
	(f)	Settlement Cost/(Credit)	—	—	—	—	—
	(g)	Net Actuarial (Gain)/ Loss	(16.7)	(6.6)	(5.0)	3.5	19.8
	(h)	Employees' Contribution	(98.0)	—	—	(3.7)	—
	(i)	Total Expenses recognised in the Statement of Profit and Loss	52.6	18.2	40.6	7.4	21.8

(C) Other Long-term Employee Benefit

The liability for Long Service Awards as at the year end ₹ 16.8 million (Previous year ₹ 15.1 million).

	Year ended 31st March 2015	Year ended 31st March 2014
	in ₹ million	in ₹ million
43. Segment Information		
(A) Information in respect of Primary Segments		
(I) Segment Revenue		
Pharmaceuticals	5,998.9	5,805.8
Generics	484.4	524.3
OTC	1,293.8	1,255.1
Animal Health	956.7	1,037.1
	8,733.8	**8,622.3**
(II) Segment Result		
Pharmaceuticals	150.1	(70.6)
Generics	69.1	60.4
OTC	(32.1)	141.6
Animal Health	45.8	58.8
	232.9	190.2
Unallocated Corporate Income net of Unallocated Corporate Expenditure	(33.1)	(100.7)
Operating Profit	199.8	89.5
Finance Costs	(2.1)	(2.7)
Interest and Dividend Income	797.9	812.2
Extraordinary (Expense)/Income	(63.3)	—
Tax (Expense)/Credit	(141.2)	86.3
Profit for the year	**791.1**	**985.3**
(III) Other Information		
(a) Segment Assets		
Pharmaceuticals	1,740.5	1,588.8
Generics	230.0	97.7
OTC	180.1	161.9
Animal Health	464.4	519.2
	2,615.0	2,367.6
Unallocated Corporate Assets	9,803.2	9,653.6
	12,418.2	**12,021.2**
(b) Segment Liabilities		
Pharmaceuticals	1,295.6	1,381.7
Generics	168.1	103.0
OTC	288.5	240.3
Animal Health	149.6	157.6
	1,901.8	1,882.6
Unallocated Corporate Liabilities	496.5	525.1
	2,398.3	**2,407.7**
(c) Capital Expenditure		
Pharmaceuticals	8.3	8.2
Generics	—	—
OTC	0.8	0.3
Animal Health	1.2	1.8
	10.3	10.3
Unallocated Corporate Capital Expenditure	36.3	5.0
	46.6	**15.3**

	Year ended 31st March 2015	Year ended 31st March 2014
	in ₹ million	in ₹ million
(d) Depreciation and Amortisation Expense		
Pharmaceuticals	27.1	24.6
Generics	—	0.5
OTC	3.5	2.3
Animal Health	1.1	1.5
	31.7	28.9
Unallocated Corporate Depreciation and Amortisation Expense	8.4	7.6
	40.1	**36.5**

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

(B) Information in respect of Secondary Segments		
(I) Segment Revenue		
India	8,557.7	8,463.5
Other Countries	176.1	158.8
	8,733.8	**8,622.3**
(II) Carrying amount of Segment Assets		
India	12,418.2	12,021.2
Other Countries	—	—
	12,418.2	**12,021.2**
(III) Capital Expenditure		
India	46.6	15.3
Other Countries	—	—
	46.6	**15.3**

Notes:

(a) **Business Segments**

The businesses comprise Pharmaceuticals, Generics, OTC and Animal Health. The operational performance of the business is reviewed by the management based on such segmentation.

(i) The Pharmaceuticals segment comprises a portfolio of prescription medicines which are provided to patients through healthcare professionals. These are mainly products of original research of the Novartis Group.

(ii) The Generics segment comprises Retail Generics products. The business unit primarily focuses on the therapeutic segments such as Anti-TB, Anti-DUB (Gynaecology), Anti-histamines, Antibiotics, Anti-ulcerants, Anti-diabetes and Cardiovascular.

(iii) The Animal Health segment has a presence primarily in the cattle and poultry market segments.

(iv) The OTC segment is mainly in the VMS (vitamins, minerals and nutritional supplements) and CoCoA (cough, cold and allergy) market segments.

(b) **Geographical Segments**

Revenue is segregated into two segments namely India (sales to customers within India) and Other Countries (sales to customers outside India) on the basis of geographical location of customers for the purpose of reporting geographical segments.

(c) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for the preparation of financial statements as disclosed in Note 1 above.

44. 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

(a) Fellow Subsidiaries

Alcon Laboratories (India) Private Limited, India
Alcon Pharmaceuticals Limited, Switzerland
Befico Limited, Bermuda
Chiron Behring Vaccines Private Limited, India
Novartis (Bangladesh) Limited, Bangladesh
Novartis (Singapore) Pte Ltd, Singapore
Novartis (Taiwan) Co. Ltd, Taiwan
Novartis (Thailand) Limited, Thailand
Novartis Animal Health Inc, Switzerland
Novartis Asia Pacific Pharmaceuticals Pte. Limited, Singapore
Novartis Consumer Health Inc., USA
Novartis Consumer Health SA, Switzerland
Novartis Corporation (Malaysia) Sdn Bhd, Malaysia
Novartis Healthcare Private Limited, India
Novartis Holding AG, Switzerland
Novartis International AG, Switzerland
Novartis Korea Limited, South Korea
Novartis Pharma AG, Switzerland
Novartis Pharmaceuticals Australia Pty Limited, Australia
Novartis Pharma GmbH, Germany
Novartis Pharmaceuticals Corporation Inc., USA
Novartis South Africa (Pty) Ltd., South Africa
PT Novartis Indonesia, Indonesia
Sandoz International GmbH, Germany
Sandoz Private Limited, India
Shanghai Novartis Animal Health Co. Limited, China

(b) Entity under common control — Novartis Comprehensive Leprosy Care Association, India

(c) Key Management Personnel

R. Shahani
P. Gupta (Up to 30th September, 2013)
A. Matai (Up to 31st August, 2014)
J. Zia (From 1st June, 2014)
V. Singhal
Dr. V. A. Kumar
M. Patil (From 1st October, 2013)
D. Charak (From 23rd July, 2013)
M. Noble (From 1st October, 2013)
G. Tekchandani

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

	Year ended 31st March 2015		Year ended 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
(a) Holding Company				
Dividend paid		239.7		239.7
Royalty Expense		61.3		62.4
Balance as at the year end – Outstanding Payable		30.4		30.9
(b) Fellow Subsidiaries				
Purchases of Stock-in-Trade				
Alcon Pharmaceuticals Limited	120.1		205.3	
Novartis Pharma AG	984.9		1,406.5	
Sandoz Private Limited	19.6		1.3	
		1,124.6		1,613.1
Purchases of Raw Materials				
Novartis Animal Health Inc.	—		109.5	
Novartis Pharma AG	—		11.8	
Sandoz Private Limited	—		18.7	
Shanghai Novartis Animal Health Co. Limited	48.0		40.7	
		48.0		180.7

Notes forming part of the Financial Statements as at and for the year ended 31st March 2015

	Year ended 31st March 2015		Year ended 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Sale of Products				
Novartis (Bangladesh) Limited	59.1		60.4	
Sandoz Private Limited	8.0		7.5	
Novartis (Thailand) Limited	—		1.7	
		67.1		69.6
Sale of Services				
Novartis Healthcare Private Limited	136.5		131.0	
Sandoz Private Limited	137.1		115.4	
Others	57.8		47.5	
		331.4		293.9
Income from Management Fees				
Novartis Healthcare Private Limited	12.8		22.0	
Sandoz Private Limited	11.2		13.0	
Alcon Laboratories (India) Private Limited	8.5		19.0	
		32.5		54.0
Commission Income				
Novartis Healthcare Private Limited		280.8		224.5
Rent Income				
Novartis Healthcare Private Limited		25.5		24.1
Commission on Sales				
Sandoz Private Limited		14.4		17.5
Services Availed				
Novartis Healthcare Private Limited	73.0		102.3	
Novartis Pharma AG	132.8		154.0	
Alcon Laboratories (India) Private Limited	2.8		2.8	
Novartis Asia Pacific Pharmaceuticals Pte. Limited	—		3.1	
Sandoz Private Limited	97.7		99.0	
		306.3		361.2
Purchase of Restricted Shares and Tradable Options				
Befico Limited	52.1		23.5	
Alcon Laboratories (India) Pvt Ltd	6.2		—	
		58.3		23.5
Forfeiture of Restricted Shares				
Befico Limited	0.7		—	
Novartis Holding AG	—		1.7	
		0.7		1.7
Expense recharged by Other Companies				
Novartis International AG	1.6		2.5	
Novartis Pharma AG	1.4		3.1	
Novartis Pharmaceuticals Corporation Inc.	2.5		2.7	
Novartis Healthcare Private Limited	23.0		13.0	
Sandoz Private Limited	19.2		14.9	
Others	7.1		1.3	
		54.8		37.5
Expenses recharged to Other Companies				
Novartis Healthcare Private Limited	109.6		45.5	
Novartis Pharma AG	1.0		10.5	
Others	9.2		10.7	
		119.8		66.7

	Year ended 31st March 2015		Year ended 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Inter-corporate Deposits Placed				
Alcon Laboratories (India) Private Limited	15,454.1		14,154.2	
Novartis Healthcare Private Limited	16,824.1		15,714.1	
Sandoz Private Limited	33,010.5		34,842.3	
		65,288.7		64,710.6
Interest Income on Inter-corporate Deposits Placed				
Alcon Laboratories (India) Private Limited	221.5		138.1	
Novartis Healthcare Private Limited	76.1		152.2	
Sandoz Private Limited	461.8		516.7	
		759.4		807.0

	As at 31st March 2015		As at 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Balances as at the year end –				
Outstanding Receivables				
Novartis Healthcare Private Limited	68.9		115.3	
Novartis Pharma AG	180.8		0.4	
Sandoz Private Limited	156.9		67.9	
Alcon Laboratories (India) Private Limited	1.0		22.4	
Others	16.9		18.9	
		424.5		224.9
Inter-corporate Deposits Receivable				
Alcon Laboratories (India) Private Limited	—		2,589.6	
Novartis Healthcare Private Limited	—		838.9	
Sandoz Private Limited	—		4,833.8	
		—		8,262.3
Outstanding Payables				
Novartis Healthcare Private Limited	81.0		62.2	
Novartis Pharma AG	104.2		208.5	
Befico Limited	73.9		49.1	
Sandoz Private Limited	79.9		24.1	
Others	68.8		64.2	
		407.8		408.1
(c) Entity under common control				
Expenditure on Corporate Social Responsibility Activities				
Novartis Comprehensive Leprosy Care Association		3.7		—
(d) Key Management Personnel				
Remuneration@				
R. Shahani#	23.8		21.8	
P. Gupta	—		10.1	
M. Patil#	24.8		9.5	
A. Matai#	68.0		29.6	
J. Zia*	33.9		—	
V. Singhal#	19.8		17.3	
Dr. V. A. Kumar#	13.8		8.3	
D. Charak	10.5		7.1	
M. Noble	13.4		4.9	
G. Tekchandani	7.6		6.1	
		215.6		114.7

@Excludes charge in relation to Restricted Shares and Tradable Options to the extent not vested and Provision for Employee Benefits.
#Excludes the value of Restricted Shares and Tradable Options exercised during the year, granted by Novartis AG, the ultimate holding company. Cost of these Restricted Shares and Tradable Options was not compensated by the company to Novartis AG.
*Not a Key Management Person in the previous year.

	Year ended 31st March	
	2015	2014
	in ₹ million	in ₹ million

45. Disclosures for Operating Leases

As a Lessee:

(I) 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	80.0	63.0
(b) (i) Sub-lease payments received/receivable recognised in the Statement of Profit and Loss	37.6	24.1
(ii) Future minimum sub-lease payments expected to be received under non-cancellable sub-leases at the balance sheet date	88.2	—
(c) Significant leasing arrangements		
(i) The company has given refundable interest free security deposits under certain agreements.		
(ii) Certain agreements provide for increase in rent.		
(iii) Some of the agreements contain a provision for their renewal.		
(d) Future minimum lease payments under non-cancellable agreements		
(i) Not later than one year	109.7	21.8
(ii) Later than one year and not later than five years	156.9	29.1
(iii) Later than five years	—	—
(II) Disclosures in respect of residential premises owned by the company and given on leave and licence basis on or after 1st April, 2001		
(a) Forming part of 'Buildings' in Note 9 – Fixed Assets, in respect of the aforesaid premises –		
(i) Gross carrying amount as at the year end	12.1	12.1
(ii) Accumulated Depreciation as at the year end	3.4	3.2
(iii) Depreciation recognised in the Statement of Profit and Loss for the period the premises are given on leave and licence basis	0.2	0.3
(b) Significant leasing arrangements		
(i) Either party shall be entitled at any time during the term to terminate the agreement by giving six months' prior notice in writing.		
(ii) There is no provision for renewal.		

46. 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:

	Year ended 31st March	
	2015	2014
(a) Profit for the year from total operations before extraordinary items (in ₹ million)		
Profit for the year	791.1	985.3
Add: Extraordinary Items (net of tax effect)	48.9	—
Profit for the year from total operations before extraordinary items (in ₹ million)	840.0	985.3

		Year ended 31st March	
		2015	2014
	Weighted average number of shares	31,960,797	31,960,797
	Earnings per Share – Basic and Diluted from total operations before extraordinary items (₹ per Equity Share of ₹ 5 each)	26.28	30.83
(b)	Profit for the year from total operations after extraordinary items (in ₹ million)	791.1	985.3
	Weighted average number of shares	31,960,797	31,960,797
	Earnings per Share – Basic and Diluted from total operations after extraordinary items (₹ per Equity Share of ₹ 5 each)	24.75	30.83
(c)	Profit for the year from continuing operations before extraordinary items (in ₹ million)		
	Profit for the year	793.3	857.4
	Add: Extraordinary Items (net of tax effect)	48.9	—
	Profit for the year from continuing operations before extraordinary items (in ₹ million)	842.2	857.4
	Weighted average number of shares	31,960,797	31,960,797
	Earnings per Share – Basic and Diluted from continuing operations (₹ per Equity Share of ₹ 5 each)	26.35	26.83
(d)	Profit for the year from continuing operations after extraordinary items (in ₹ million)	793.3	857.4
	Weighted average number of shares	31,960,797	31,960,797
	Earnings per Share – Basic and Diluted from continuing operations after extraordinary items (₹ per Equity Share of ₹ 5 each)	24.82	26.83

47. Disclosures for Employee Share based Payments

The Institute of Chartered Accountants of India has issued a Guidance Note on "Accounting for Employee Share based Payments" ('the Guidance Note'), which is applicable to employee share based payment plans, the grant date in respect of which falls on or after 1st April, 2005. 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 it 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) 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.

(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.

		Tradable Options		Restricted Shares	
		Year ended 31st March		Year ended 31st March	
		2015	2014	2015	2014
Type of Arrangement					
(i)	Date of Grant	—	—	@	#
(ii)	Numbers Granted	—	—	14,089.0	4,681.0
(iii)	Contractual Life (in years)	—	—	—	—
(iv)	Weighted average remaining contractual life (in years)	—	—	—	—
(v)	Vesting Conditions	—	—	3 years	3 years

@1st July, 2014 and 21st January, 2015
#22nd January, 2014

Details of movement of grants under the two stock option plans for the year:

	Tradable Options		Restricted Shares	
	Year ended 31st March		Year ended 31st March	
	2015	2014	2015	2014
(i) Balance at the beginning of the year	22,040	22,040	9,388	5,170
(ii) Granted	—	—	14,089	4,681
(iii) Grants forfeited	—	—	141	463
(iv) Grants expired	—	—	—	—
(v) Grants exercised	—	—	—	—
(vi) Balance at the end of the year	22,040	22,040	23,336	9,388
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Movement of amount recorded in Financial Statements:				
Balance amount to be expensed out over the remaining vesting period brought forward from previous year	3.2	5.0	31.4	17.1
Total amount incurred during the year	—	—	64.2	23.5
Grants forfeited	—	—	0.7	1.7
Expenses arising*	1.8	1.8	23.6	7.5
Balance amount to be expensed out over the remaining vesting period**	1.4	3.2	71.3	31.4

*Included under Employee Benefits Expense in Note 26

**Included under Advances recoverable in cash or in kind or for value to be received in Notes 12 and 17

48. The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at the Balance Sheet date are as follows:

Particulars		Year ended 31st March 2015		Year ended 31st March 2014	
		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
		million	million	million	million
Receivables	USD	3.3	209.1	0.4	26.5
Payables	USD	3.8	235.1	4.7	283.8
	CHF	0.3	16.7	0.6	42.2
	EUR	*	0.4	0.1	6.0
	GBP	*	0.1	—	—
	SGD	*	0.9	—	—

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

	Year ended 31st March	
	2015	2014
49. Expenditure on Corporate Social Responsibility Activities		
(a) Gross amount required to be spent by the company during the year	32.4	—
(b) Amount spent during the year on (in cash):		
	In cash	In cash
(i) Donations*	19.8	—
(ii) Expenditure on maintenance of gardens	3.5	—
(iii) Expenditure on health awareness camps	10.0	—
	33.3	—

* Includes ₹ 3.7 million paid to Novartis Comprehensive Leprosy Care Association, a related party.

50. Current Tax (Net) for earlier years includes write back of provision for current tax for the Assessment Year 1995-1996 amounting to ₹ 139.3 million (previous year ₹ 387.7 million). The aforesaid write backs are on account of favourable Orders of the Income Tax Appellate Tribunal, received by the Company in the respective years, for non-taxability of consideration from sale of its Oral Hygiene Business.

51. 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 10th August, 2015.

52. 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. The transaction, except in respect of the Company's OTC Division, closed on 2nd March, 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. The Company had made a separate announcement on 13th January, 2015 to BSE Limited in this regard.

(i) The carrying amounts of the total assets to be disposed of and the total liabilities to be settled, attributable to the discontinuing operation – OTC Division

	As at 31st March 2015		As at 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Non-Current Liabilities				
(a) Other Long-term Liabilities	3.7		—	
(b) Long-term Provisions	21.5		18.0	
Sub-total – Non-Current Liabilities		**25.2**		**18.0**
Current Liabilities				
(a) Trade Payables	188.8		143.8	
(b) Other Current Liabilities	52.4		56.8	
(c) Short-term Provisions	22.1		21.7	
Sub-total – Current Liabilities		**263.3**		**222.3**
Total – Liabilities		**288.5**		**240.3**
Assets				
Non-Current Assets				
(a) Fixed Assets	0.9		1.2	
(b) Long-term Loans and Advances	27.6		36.9	
Sub-total – Non-Current Assets		**28.5**		**38.1**
Current Assets				
(a) Inventories	76.0		51.9	
(b) Trade Receivables	50.7		54.7	
(c) Short-term Loans and Advances	24.9		17.2	
Sub-total – Current Assets		**151.6**		**123.8**
Total – Assets		**180.1**		**161.9**
Net Liabilities		**(108.4)**		**(78.4)**

(ii) The amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation – OTC Division

	Year ended 31st March 2015		Year ended 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Revenue				
Revenue from Operations (Gross)	1,293.8		1,255.1	
Less: Excise Duty	—		—	
Revenue from Operations (Net)	1,293.8		1,255.1	
Other Income	0.3		2.9	
Total Revenue		1,294.1		1,258.0
Expenses				
Purchases of Stock-in-Trade	374.5		338.0	
Changes in Inventories of Stock-in-Trade	(24.1)		(1.3)	
Employee Benefits Expense	233.4		230.5	
Depreciation and Amortisation Expense	3.5		2.3	
Other Expenses	738.9		546.9	
Total Expenses		1,326.2		1,116.4
(Loss)/Profit before Tax		(32.1)		141.6
Tax Expense		(1.5)		52.0
(Loss)/Profit for the year		(30.6)		89.6

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

	Year ended 31st March	
	2015	2014
	in ₹ million	in ₹ million
Net cash (used in)/generated from operating activities	(1.7)	182.2
Net cash used in investing activities	(0.4)	(0.3)
Net cash used in financing activities	—	—
	(2.1)	181.9

(b) Divestment of Novartis Animal Health business to Lilly

As part of its global portfolio transformation, Novartis AG, Basel, Switzerland ("Novartis AG") agreed on 22nd April 2014 to divest its global Animal Health business to Eli Lilly and Company ("Lilly"). Closing of this global transaction was subject to receipt of applicable anti-trust and regulatory approvals, as well as the satisfaction or waiver (as applicable) of various other conditions (the "Global Animal Health Transaction").

In connection with the Global Animal Health Transaction, the Board of Directors of Novartis India Limited (the "Company") considered and approved on 7th 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, on or before 22nd July 2015, 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 Animal Health Transaction (the "Animal Health Transaction"). This approval of the Company's Board of Directors was disclosed to the Stock Exchange on 7th November 2014. The Global Animal Health Transaction closed globally (but not with respect to India, as explained below) on 1st January 2015.

Closing of the Animal Health Transaction in India is conditional upon the receipt by Elanco India of the written approval of the Foreign Investment and Promotion Board, Government of India (the "FIPB"). Further to the FIPB's response to Elanco India's application that it would not approve the Animal Health Transaction due to the existence of the restrictions on competition explained below, and at Elanco India's request, the Company and Elanco India have executed a letter which records the parties' agreement that the terms of the Global Animal Health Transaction agreed between Novartis AG and Lilly restricting the competition by the Novartis AG group of companies in connection with animal health activities, will not apply with respect to the Company vis-a-vis Elanco India in India (the "Non-Compete Amendment Letter"). The Non-Compete Amendment Letter will be submitted by Elanco India to the FIPB, together with a representation against the FIPB's non-approval of Elanco India's application for the Animal Health Transaction. The Company will continue to co-operate with Elanco India, to the extent necessary, and monitor the FIPB process in this matter and will provide further updates if and when required.

(i) The carrying amounts of the total assets to be disposed of and the total liabilities to be settled, attributable to the discontinuing operation – Animal Health Division

	As at 31st March 2015		As at 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Non-Current Liabilities				
(a) Other Long-term Liabilities	8.0		—	
(b) Long-term Provisions	14.3		11.1	
Sub-total – Non-Current Liabilities		**22.3**		**11.1**
Current Liabilities				
(a) Trade Payables	106.7		120.0	
(b) Other Current Liabilities	11.7		20.3	
(c) Short-term Provisions	8.9		6.2	
Sub-total – Current Liabilities		**127.3**		**146.5**
Total – Liabilities		**149.6**		**157.6**
Assets				
Non-Current Assets				
(a) Fixed Assets	2.6		2.2	
(b) Long-term Loans and Advances	3.2		7.4	
Sub-total – Non-Current Assets		**5.8**		**9.6**
Current Assets				
(a) Inventories	262.2		259.8	
(b) Trade Receivables	178.0		224.9	
(c) Short-term Loans and Advances	18.4		22.6	
(d) Other Current Assets	—		2.3	
Sub-total – Current Assets		**458.6**		**509.6**
Total – Assets		**464.4**		**519.2**
Net Assets		**314.8**		**361.6**

(ii) The amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation – Animal Health Division

	Year ended 31st March 2015		Year ended 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
Revenue				
Revenue from Operations (Gross)	964.7		1,050.2	
Less: Excise Duty	8.0		13.1	
Revenue from Operations (Net)	956.7		1,037.1	
Other Income	7.6		2.1	
Total Revenue		964.3		1,039.2
Expenses				
Cost of Materials Consumed	111.2		232.6	
Purchases of Stock-in-Trade	447.5		393.4	
Changes in Inventories of Finished Goods and Stock-in-Trade	(5.7)		(26.0)	
Employee Benefits Expense	95.7		109.4	
Depreciation and Amortisation Expense	1.1		1.5	
Other Expenses	268.7		269.5	
Total Expenses		918.5		980.4
Profit before Tax		45.8		58.8
Tax Expense		17.4		20.5
(Loss)/Profit for the year		28.4		38.3

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

	Year ended 31st March	
	2015	**2014**
	in ₹ million	**in ₹ million**
Net cash generated from operating activities	94.0	32.7
Net cash used in investing activities	(1.3)	(0.8)
Net cash used in financing activities	—	—
	92.7	31.9

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 twelve months ended 31st March 2015 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. Costs incurred by the Company in relation to the transactions have been shown under Extraordinary Items.

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

Signatures to Notes 1 to 53

In terms of our report of even date

For Lovelock & Lewes

Firm Registration No. 301056E
Chartered Accountants

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 27th May 2015

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

D. CHARAK
Wholetime Director
DIN: 06827519

G. TEKCHANDANI
Company Secretary & Compliance Officer

M. NOBLE
Chief Financial Officer

Mumbai, 27th May 2015

Cash Flow Statement for the year ended 31st March 2015

		Year ended 31st March 2015		Year ended 31st March 2014	
		in ₹ million	in ₹ million	in ₹ million	in ₹ million
A.	**Cash flow from operating activities**				
	Profit before Extraordinary Items and Tax		**995.6**		**899.0**
	Adjustments for –				
	Depreciation and Amortisation Expense	40.1		36.5	
	Interest Income	(796.5)		(810.9)	
	Dividend Income	(1.4)		(1.3)	
	Profit on Sale/Disposal of Fixed Assets (Net)	(1.0)		(0.4)	
	Net Gain on Sale of Current Investments	(127.9)		—	
	Provision for Doubtful Debts and Advances (Net)	(4.9)		12.0	
	Bad Debts and Advances written off	39.4		21.2	
	Interest Expense	2.1		2.7	
	Unrealised Net Loss/(Gain) on Foreign Currency Translations	3.8		(4.2)	
			(846.3)		(744.4)
	Operating profit before working capital changes		**149.3**		**154.6**
	Adjustments for –				
	Trade Receivables	(44.8)		36.4	
	Loans and Advances	(293.2)		(3.5)	
	Inventories	36.5		65.6	
	Provisions	72.8		53.8	
	Trade Payables	(53.2)		(115.1)	
	Other Liabilities	(36.2)		70.4	
			(318.1)		107.6
	Cash (used in)/generated from operations before Extraordinary Items		**(168.8)**		**262.2**
	Extraordinary expenses		(63.3)		—
	Cash (used in)/generated from operations		(232.1)		262.2
	of which (used in)/generated from discontinuing operations				
	OTC	(1.7)		182.2	
	Animal Health	94.0		32.7	
		92.3		214.9	
	Direct Taxes paid (net of refund of taxes)		(363.8)		(307.8)
	Net cash used in operating activities		**(595.9)**		**(45.6)**
B.	**Cash flow from investing activities**				
	Purchase of Fixed Assets	(46.9)		(14.5)	
	Sale of Fixed Assets	1.2		2.8	
	Sale of Non-Current Investments	128.1		—	
	Inter-corporate Deposits placed	(65,288.7)		(64,710.6)	
	Refund of Inter-corporate Deposits placed	73,551.0		64,140.6	
	Fixed deposits (placed)/liquidated	(2,001.7)		22.6	
	Interest received	845.0		779.4	
	Dividend received	1.4		1.3	
	Net cash from investing activities		**7,189.4**		**221.6**
	of which used in discontinuing operations				
	OTC	(0.4)		(0.3)	
	Animal Health	(1.3)		(0.8)	
		(1.7)		(1.1)	

Cash Flow Statement for the year ended 31st March 2015

	Year ended 31st March 2015		Year ended 31st March 2014	
	in ₹ million	in ₹ million	in ₹ million	in ₹ million
C. Cash flow from financing activities				
Repayment of Long-term Borrowings	(1.2)		(0.6)	
Interest paid	(2.1)		(2.9)	
Dividend paid	(319.1)		(320.1)	
Tax paid on Dividend	(54.3)		(54.3)	
Net cash used in financing activities		**(376.7)**		**(377.9)**
Net increase/(decrease) in cash and cash equivalents		**6,216.8**		**(201.9)**
Cash and Cash Equivalents – Opening Balance		153.5		355.4
Cash and Cash Equivalents – Closing Balance [Refer Note 16]		6,370.3		153.5

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, notified under sub-section 3(C) of Section 211 of the Companies Act, 1956 [Refer Note 1(a)].
2. Previous year figures have been regrouped where necessary.

In terms of our report of even date

For Lovelock & Lewes

Firm Registration No. 301056E
Chartered Accountants

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, 27th May 2015

For and on behalf of the Board

R. SHAHANI
Vice Chairman & Managing Director
DIN: 00103845

D. CHARAK
Wholetime Director
DIN: 06827519

G. TEKCHANDANI
Company Secretary & Compliance Officer

M. NOBLE
Chief Financial Officer

Mumbai, 27th May 2015

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NOTES

NOTES

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 67th Annual General Meeting of the Company on Thursday, July 23, 2015 at 11.30 a.m. 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 67th Annual General Meeting of the Company on Thursday, July 23, 2015 at 11.30 a.m. at Hall of Culture, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400018, and at any adjournment thereof in respect of such resolutions as are indicated below:

	Resolutions	**Optional ***	
Ordinary Business		**For**	**Against**
1	Adoption of Financial Statement for the year ended March 31, 2015		
2	Approval of dividend for the year ended March 31, 2015		

Resolutions		Optional *	
Ordinary Business		**For**	**Against**
3	Re-appointment of Mr Dinesh Charak, who retires by rotation		
4	Re-appointment of M/s Lovelock and Lewes, Chartered Accountants, as Auditors of the Company		
Special Business			
5	Re-appointment of Mr Ranjit Shahani as Vice Chairman & Managing Director		
6	Approval of remuneration payable to M/s N. I. Mehta and Co., Cost Auditors of the Company		
7	Approval for Related Party Transactions with Novartis Pharma AG, Basel, Switzerland		

Signed on the _____ day of _____ 2015

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 67th 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

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
I. INCOME, PROFIT & DIVIDEND										
Sales of Products (Net)	**8122***	8104	8465	7928	7086	6241	5995	5535	5422	5259
Profit Before Tax (PBT)	**932***	899	1694	2247	2189	1798	1729	1543	1353	1489
Profit After Tax (PAT)	**791***	985	1197	1520	1467	1160	1037	972	885	1079
Dividend	**320**	320	320	320	320	320	320	320	320	479
Dividend – ₹ per share	**10.0**	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	15.0
II. SHAREHOLDERS' FUND										
Share Capital	**160**	160	160	160	160	160	160	160	160	160
Reserves and Surplus	**9860**	9454	8842	8019	6870	5775	4987	4324	3726	3216
Net Worth (Shareholders' Fund)	**10020**	9614	9002	8179	7030	5935	5147	4484	3886	3376
III. RATIOS										
Return on Sales (PAT) %	**9.7**	12.2	14.1	19.2	20.7	18.6	17.3	17.6	16.3	20.5
Return on Shareholders' Funds (PAT) %	**7.9**	10.2	13.3	18.6	20.9	19.5	20.1	21.7	22.8	32.0
Earning Per Share (calculated on PAT) ₹	**24.75**	30.83	37.46	47.56	45.89	36.29	32.45	30.42	27.71	33.76

*Includes continuing as well as discontinuing operations

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Tel : +91 22 2495 8400/ 2495 8888, Fax : +91 22 2495 0221, Website : www.novartis.in

Name of the Member(s):	Serial No:
Registered Address:	
Folio No/ Client ID	
DP ID	

No. of shares held : …….

Please find enclosed the Annual Report along with the Notice convening the 67th Annual General Meeting ("AGM") of the Company scheduled on Thursday, July 23, 2015 at 11.30 a.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018.

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and amendments thereof and Clause 35B of the Listing Agreement, the Company is providing facility for voting by electronic means and all resolutions set forth in the Notice convening the 67th AGM of the Company may be transacted through such voting. The Company also will be providing voting facility through polling paper at the AGM and members attending the AGM who have not already cast their vote by remote e-voting may be able to exercise their voting right at the AGM. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility.

In this regard, please find below User ID and Password for e-voting:

EVEN (E-Voting Event Number)	User ID	Password

Please read the instructions printed below before exercising your vote.

Steps for e-voting

1. Obtaining User ID and Password:

   a) For the members whose email IDs are registered with the Company's Registrar & Transfer Agent/Depository Participant: You will receive an email from NSDL. Open the attached PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and Password/PIN for remote e-voting. Please note that the password is an initial password and you will be asked to change this password when you log-in for the first time. You will not receive this PDF file if you are already registered with NSDL for e-voting.

   b) The members whose email IDs are not registered with the Company's Registrar & Transfer Agent/Depository Participant: You may use User ID and Password provided above. Please note that the password is an initial password and you will be asked to change the password when you log-in for the first time

   c) If you are already registered with NSDL for e-voting: You may use your existing User ID and Password for Login. If you forgot your password, you can reset the password by using "Forgot

User Details/Password" option available on https://www.evoting.nsdl.com/ or contact NSDL at the toll free no. 1800 222 990

2. Open the internet browser and type URL: https://www.evoting.nsdl.com/

3. Click on Shareholder - Login.

4. Please enter User ID and Password provided above.

5. If you are logging in for the first time, password change menu will appear. Change the password/PIN with a new password of your choice with minimum 8 digits/characters or combination thereof. Please note your new password. Please do not share your password with any other person and take utmost care to keep your password confidential.

6. E-voting home page will open. Click on e-voting: Active Voting Cycles.

7. Select "EVEN" of Novartis India Limited.

8. Once the Cast Vote page opens, you are ready for e-voting.

9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

10. Upon confirmation, the message "Vote cast successfully" will be displayed.

11. Once you have voted on the resolution, you will not be allowed to modify your vote.

12. Institutional shareholders (i.e. members other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPEG Format) of the relevant Board resolution/ authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at contact@csakta.com with a copy marked to evoting@nsdl.co.in. The relevant Board resolution/ authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) should be mailed before the voting period ends.

13. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

14. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available from the "Downloads" section of https://www.evoting.nsdl.com/ or call on toll free no.: 1800 222 990

15. For any grievances connected with facility for e-voting members may contact:
Mr Girish Tekchandani, Company Secretary and Compliance Officer
Address: Novartis India Limited, Sandoz House, Shivsagar Estate, Dr Annie Besant Road, Worli, Mumbai 400 018, India
Tel: +91 22 2495 8400
Email: girish.tekchandani@novartis.com

General Instructions

1. The e-voting period commences on Monday, July 20, 2015 (9.00 a.m.) and will end on Wednesday, July 22, 2015 (5.00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, being of July 16, 2015, may cast their vote electronically in the manner and process as set out above. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on the resolution is cast by the member, the member shall not be allowed to change it subsequently.

2. Any person who acquires shares of the Company and becomes member of the Company after dispatch of notice of AGM and holding shares as on the cut-off date i.e. July 16, 2015 may obtain User ID and password by sending a request at evoting@nsdl.co.in. or kumresan@shareproservices.com.

3. A person whose name is recorded in the register of members or in the beneficial owners maintained by depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through polling paper.

4. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

5. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date being July 16, 2015.

6. Mr Amit Trivedi, practicing Company Secretary, (Membership No. A19738), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

7. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make not later than three (3) days of the conclusion of the AGM a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company or a person authorized by him in writing who shall countersign the same.

8. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.novartis.in and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results will also be communicated to the Bombay Stock Exchange Limited, Mumbai.

FORM A

1.	Name of the Company	Novartis India Limited
2.	Annual Financial Statements for the year ended	31st March, 2015
3.	Type of Audit Observation	Un-qualified
4.	Frequency of Observation	Not Applicable
5.	To be signed by- • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman	Refer below

Auditors of the Company

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

Asha Ramanathan

Asha Ramanathan
Partner
Membership No. 202660
Mumbai, June 22, 2015

Novartis India Limited

Ranjit Shahani
Vice Chairman and Managing Director

Jai Hiremath
Chairman of the Audit Committee

Monaz Noble
Chief Financial Officer

Mumbai, June 22, 2015