

(₹ in million)

**STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2020**

Sr. No.	Particulars	3 months ended 31.03.2020	3 months ended 31.12.2019	3 months ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
		(Unaudited) [Refer Note 13 below]	(Unaudited)	(Unaudited) [Refer Note 13 below]	(Audited)	(Audited)
1.	Revenue from Operations [Refer Note 8] Other Income [Refer Note 6]	937.0 79.4	1,174.6 73.0	1,103.8 134.3	4,382.5 361.4	4,906.8 782.6
	<b>Total Income</b>	<b>1,016.4</b>	<b>1,247.6</b>	<b>1,238.1</b>	<b>4,743.9</b>	<b>5,689.4</b>
2.	Expenses					
	(a) Purchases of Stock-in-Trade	298.7	348.6	435.0	1,804.9	2,026.0
	(b) Changes in Inventories of Stock-in-Trade [Refer Note 8]	(56.7)	124.0	(118.2)	18.3	(39.5)
	(c) Employee Benefits Expense	259.9	304.6	205.1	1,138.7	1,171.1
	(d) Finance Costs [Refer Note 7 and Note 9]	18.9	16.6	-	63.9	15.9
	(e) Depreciation and Amortisation Expense [Refer Note 9]	35.1	32.7	9.1	131.4	31.8
	(f) Other Expenses [Refer Note 9]	325.0	307.3	383.3	1,300.3	1,626.4
	<b>Total Expenses</b>	<b>880.9</b>	<b>1,133.8</b>	<b>914.3</b>	<b>4,457.5</b>	<b>4,831.7</b>
3.	Profit before tax	135.5	113.8	323.8	286.4	857.7
4.	Tax Expense [Refer Note 10 and Note 11]					
	Current Tax	69.9	68.3	111.9	152.2	332.7
	Deferred Tax	(2.2)	(31.8)	16.6	33.4	7.3
	<b>Total Tax Expense</b>	<b>67.7</b>	<b>36.5</b>	<b>128.5</b>	<b>185.6</b>	<b>340.0</b>
5.	Profit for the period / year	67.8	77.3	195.3	100.8	517.7
6.	Other Comprehensive Income	(135.1)	(35.3)	(7.2)	(197.3)	16.2
	- Items that will not be reclassified to profit or loss					
	Remeasurements of the defined benefit plans	(180.6)	(47.1)	(11.1)	(263.7)	24.9
	Income tax relating to these items	45.5	11.8	3.9	66.4	(8.7)
7.	<b>Total Comprehensive (Loss) / Income for the period / year</b>	<b>(67.3)</b>	<b>42.0</b>	<b>188.1</b>	<b>(96.5)</b>	<b>533.9</b>
8.	Paid-up Equity Share Capital (Face Value ₹ 5 each)	123.4	123.4	123.4	123.4	123.4
9.	Other Equity				7,083.9	7,468.5
10.	Earnings Per Share (in ₹) (Basic & Diluted)- (of ₹ 5 each) (*not annualised)	2.75*	3.13*	7.91*	4.08	20.97

## Notes:

## 1. Statement of Assets and Liabilities

Particulars	(₹ in million)	
	As at	As at
	31.03.2020 (Audited)	31.03.2019 (Audited)
<b>A Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	119.9	149.8
Right-of-Use Assets [Refer Note 9]	642.9	-
Financial Assets		
(i) Loans	3.4	6.4
(ii) Other Financial Assets	43.6	34.0
Deferred Tax Assets [Refer Note 10]	247.4	214.4
Income Tax Assets (Net)	1,276.4	1,048.0
Other Non-Current Assets	311.5	307.1
	<b>2,645.1</b>	<b>1,759.7</b>
<b>Current Assets</b>		
Inventories [Refer Note 8]	586.8	605.1
Financial Assets		
(i) Trade Receivables	376.0	455.9
(ii) Cash and Cash Equivalents	791.2	877.6
(iii) Bank Balances other than (ii) above	5,027.9	5,242.6
(iv) Loans	0.6	0.6
(v) Other Financial Assets	510.9	328.1
Other Current Assets	827.7	544.6
	<b>8,121.1</b>	<b>8,054.5</b>
Assets held for sale	10.2	10.2
<b>TOTAL ASSETS</b>	<b>10,776.4</b>	<b>9,824.4</b>
<b>B Equity and Liabilities</b>		
<b>Equity</b>		
Equity Share Capital	123.4	123.4
Other Equity	7,083.9	7,468.5
	<b>7,207.3</b>	<b>7,591.9</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Financial Liabilities		
(i) Lease Liabilities [Refer Note 9]	564.6	-
(ii) Other Financial Liabilities	17.3	18.7
Provisions	659.3	350.3
Other Non-Current Liabilities	-	13.4
	<b>1,241.2</b>	<b>382.4</b>
<b>Current Liabilities</b>		
Financial Liabilities		
(i) Trade Payables		
- total outstanding dues of micro enterprises and small enterprises	7.7	6.0
- total outstanding dues of creditors other than micro enterprises and small enterprises	718.3	908.0
(ii) Lease Liabilities [Refer Note 9]	118.3	-
(iii) Other Financial Liabilities	1,106.3	597.5
Other Current Liabilities	105.3	78.7
Provisions [Refer Note 8]	185.3	172.5
Current Tax Liabilities (Net)	86.7	87.4
	<b>2,327.9</b>	<b>1,850.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,776.4</b>	<b>9,824.4</b>

**2 Statement of Cash Flows:**

(₹ in million)

Particulars	Year ended 31.03.2020 (Audited)	Year ended 31.03.2019 (Audited)
<b>A. A. Cash flow from operating activities</b>		
Profit before tax	286.4	857.7
<b>Adjustments for -</b>		
Depreciation and Amortisation Expense	131.4	31.8
Share Based Payments	36.8	(7.6)
Interest Income	(356.2)	(445.1)
Unwinding of discount on security deposits	(2.7)	(11.2)
Finance Costs	63.9	15.9
(Gain)/Loss on sale of Property, Plant and Equipment (Net)	0.4	(0.2)
Gain on sale of certain assets out of assets held for sale (Net)	-	(307.3)
Unrealised Loss/(Gain) on Foreign currency translations (Net)	5.8	(7.0)
Provisions no Longer Required Written-Back	(0.2)	(4.5)
Provision for Doubtful Debts, Advances and Deposits	2.8	8.6
<b>Operating profit before working capital changes</b>	<b>168.4</b>	<b>131.1</b>
<b>Change in operating assets and liabilities</b>		
Decrease/(Increase) in Trade Receivables	81.4	(24.2)
Decrease/(Increase) in Inventories	18.3	(39.5)
Decrease in Trade Payables	(220.9)	(108.7)
Increase in Financial Assets	(185.5)	(37.5)
(Increase)/Decrease in Other Non-Current Assets	(4.6)	11.6
Increase in Other Current Assets	(286.0)	(45.0)
Increase/(Decrease) in Provisions	58.2	(44.8)
Decrease in Other Non-Current Liabilities	(13.4)	(13.4)
Increase/(Decrease) in Other Current Liabilities	26.6	(373.9)
Increase/(Decrease) in Financial Liabilities	507.4	(942.2)
<b>Cash generated from/(used in) operations</b>	<b>149.9</b>	<b>(1,486.5)</b>
Income Tax Paid (Net)	(381.3)	(456.3)
<b>Net cash used in operating activities</b>	<b>(231.4)</b>	<b>(1,942.8)</b>
<b>B. Cash flow from investing activities</b>		
Payments for Property, Plant and Equipment	(10.0)	(140.6)
Proceeds from disposal of Property, Plant and Equipment and Assets Held for Sale	0.6	302.1
Interest received	387.0	443.9
Fixed deposits matured (net)	181.5	2,136.9
<b>Net cash from investing activities</b>	<b>559.1</b>	<b>2,742.3</b>
<b>C. Cash flow from financing activities</b>		
Lease payments		
- Principal	(52.5)	-
- Interest	(62.9)	-
Finance cost paid	(1.0)	-
Dividends paid	(246.9)	(247.4)
Tax on Dividend	(50.8)	(50.8)
<b>Net cash used in financing activities</b>	<b>(414.1)</b>	<b>(298.2)</b>
Net (Decrease)/Increase in Cash and Cash Equivalents	<b>(86.4)</b>	<b>501.3</b>
Cash and Cash Equivalents - At the beginning of the year	<b>877.6</b>	<b>376.3</b>
Cash and Cash Equivalents - At the end of the year	<b>791.2</b>	<b>877.6</b>

- This Statement has been reviewed by the Audit Committee at its meeting held on 19.06.2020 and approved at the meeting of the Board of Directors held on that date. The financials results for the year ended 31.03.2020 have been audited and for the quarter ended 31.03.2020 have been reviewed by the statutory auditors of the Company and they have expressed an unmodified audit opinion / review conclusion thereon.
- This Statement has been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other recognised accounting practices and policies, to the extent applicable.
- The Company has a single business segment namely 'Pharmaceuticals Business'.
- Other income includes ₹ 307.3 million for the year ended 31.03.2019 being profit on disposal of certain assets classified under Assets held for sale.
- During the year ended 31.03.2018, the Company had received interest on refund of Income tax for AY 1995-96 in respect of which the Company had sought clarification with appropriate authorities for interest working. During the previous year ended 31.03.2019, based on the rectification order received, the Company repaid the excess amount of ₹ 384.6 million included under "Other current liabilities" along with the interest of ₹ 14.6 million which was recognised under finance costs.
- Consequent to notices received during the previous year from Drugs Licensing Authority, Daman to the supplier of a product, the Company suspended sale of the relevant product. The supplier has contested the notices and the matter is sub judice before the Hon'ble Delhi High Court. The Company had, based on stock statements received from significant portion of its stockists, arrived at the stock position and accordingly made a provision for expected accelerated sales returns and stocks, relating thereto aggregating to ₹ 56.1 million as at 31.03.2019. As at 31.03.2020, the provision carried in the books of account in this respect aggregate ₹ 41.9 million.
- Effective 01.04.2019, the Company adopted Ind AS 116 "Leases", with respect to lease contracts outstanding as on 01.04.2019 with the transition option of not retrospectively adjusting the prior periods presented and recognising the Right-of-Use asset at an amount equal to the lease liability as on 01.04.2019. The financial results for the quarter and year ended 31.03.2019 have accordingly not been retrospectively adjusted. The effect of this adoption on the Profit for the period and earnings per share is not significant. The nature of expenses in respect of operating leases has changed from lease rent, included in other expenses, in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.
- The Company has elected to exercise the option permitted u/s 115BAA of the Income- tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. The Company has accordingly recognised Provision for Income tax for the year ended 31.03.2020 and re-measured its net Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognized in the Statement of Profit and Loss for the year ended 31.03.2020.
- Current tax for the quarter ended 31.12.2019 and for the full year ended 31.03.2020 includes provision in respect of earlier years of ₹ 32.5 million.

12. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventories, receivables and other assets. In assessing the recoverability of the assets, the Company has considered internal and external sources of information, available as at the date of approval of these financial results, including subsequent recoveries, credit risk profile, macroeconomic forecasts, latest selling prices of products, orders on hand, margins etc. Based on the above assessment, the Company is of the view that the carrying amounts of the assets will be realised. The impact of COVID-19 on the Company's financial results may be different from that estimated as at the date of approval of these financial results, and the Company will continue to closely monitor the developments.
13. The figures for the quarter ended 31.03.2020 and quarter ended 31.03.2019 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the relevant financial year which were subjected to limited review by the auditors.
14. The Board of Directors has recommended a dividend of 200% (₹ 10 per share of ₹ 5 each) for the year ended 31.03.2020 [2019: 200% (₹ 10 per share of ₹ 5 each)].

By Order of the Board

Sanjay Murdeshwar  
Vice Chairman and Managing Director  
DIN: 01481811  
Mumbai, 19th June, 2020

**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL FINANCIAL RESULTS  
AND REVIEW OF QUARTERLY FINANCIAL RESULTS**

**TO THE BOARD OF DIRECTORS OF  
NOVARTIS INDIA LIMITED**

**Opinion and Conclusion**

We have (a) audited the Financial Results for the year ended March 31, 2020 and (b) reviewed the Financial Results for the quarter ended March 31, 2020 (refer 'Other Matters' section below), which were subject to limited review by us, both included in the accompanying "Statement of Financial Results for the Quarter and Year Ended March 31, 2020" of **NOVARTIS INDIA LIMITED** ("the Company")("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

**(a) Opinion on Annual Financial Results**

In our opinion and to the best of our information and according to the explanations given to us, the Financial Results for the year ended March 31, 2020:

- i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the year then ended.

**(b) Conclusion on Unaudited Financial Results for the quarter ended March 31, 2020**

With respect to the Financial Results for the quarter ended March 31, 2020, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the Financial Results for the quarter ended March 31, 2020, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**Basis for Opinion on the Audited Financial Results for the year ended March 31, 2020**

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under Section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in paragraph (a) of Auditor’s Responsibilities section below. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“the ICAI”) together with the ethical requirements that are relevant to our audit of the Financial Results for the year ended March 31, 2020 under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

**Management’s Responsibilities for the Statement**

This Statement which includes the Financial Results is the responsibility of the Company’s Board of Directors and has been approved by them for the issuance. The Financial Results for the year ended March 31, 2020 has been compiled from the related audited financial statements. This responsibility includes the preparation and presentation of the Financial Results for the quarter and year ended March 31, 2020 that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the 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 Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Results, the Board of Directors are responsible for assessing the Company’s ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

## **Auditor's Responsibilities**

### **(a) Audit of the Financial Results for the year ended March 31, 2020**

Our objectives are to obtain reasonable assurance about whether the Financial Results for the year ended March 31, 2020 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Annual Financial Results, including the disclosures, and whether the Annual Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Financial Results of the Company to express an opinion on the Annual Financial Results.

Materiality is the magnitude of misstatements in the Annual Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**(b) Review of the Financial Results for the quarter ended March 31, 2020**

We conducted our review of the Financial Results for the quarter ended March 31, 2022 in accordance with the Standard on Review Engagements ("SRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the ICAI. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with SAs specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Other Matters**

- As stated in Note 13 of the Statement, the figures for the corresponding quarter ended March 31, 2019 are the balancing figures between the annual audited figures for the year then ended and the year to date figures for the 9 months period ended December 31, 2018. We have not issued a separate limited review report on the results and figures for the quarter ended March 31, 2019. Our report on the Statement is not modified in respect of this matter.
- The Statement includes the results for the Quarter ended March 31, 2020 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our report on the Statement is not modified in respect of this matter.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma

Partner

(Membership No. 102042)

(UDIN: 20102042AAAABA6043)

Place: Mumbai

Date: 19<sup>th</sup> June, 2020