

Novartis India Limited						
Regd. off: Inspire - BKC, Part of 601 and 701, Bandra Kuria Complex, Bandra East, Mumbai 400051. www.novartis.in, CIN:L24200MH1947PLC006104						
(₹ in million)						
STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2021						
Sr. No.	Particulars	3 months ended	3 months ended	3 months ended	Year ended	Year ended
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
		(Refer Note 11 below)		(Refer Note 11 below)		
1.	Revenue from Operations	992.9	937.7	937.0	3,813.5	4,382.5
	Other Income [Refer note 6]	122.7	82.6	79.4	330.9	361.4
	Total Income	1,115.6	1,020.3	1,016.4	4,144.4	4,743.9
2.	Expenses					
	(a) Purchases of Stock-in-Trade	349.3	232.5	298.7	1,358.8	1,804.9
	(b) Changes in Inventories of Stock-in-Trade	(25.1)	188.9	(56.7)	107.4	18.3
	(c) Employee Benefits Expense	240.5	293.2	259.9	1,085.1	1,138.7
	(d) Finance Costs	27.2	16.2	18.9	76.8	63.9
	(e) Depreciation and Amortisation Expense	29.2	30.8	35.1	121.6	131.4
	(f) Other Expenses	275.5	251.9	325.0	994.3	1,300.3
	Total Expenses	896.6	1,013.5	880.9	3,744.0	4,457.5
3.	Profit before tax	219.0	6.8	135.5	400.4	286.4
4.	Tax Expense					
	Current Tax [Refer Note 7]	126.1	34.6	69.9	226.2	152.2
	Deferred Tax [Refer Note 9]	(4.1)	(20.7)	(2.2)	(34.8)	33.4
	Total Tax Expense	122.0	13.9	67.7	191.4	185.6
5.	Profit/(loss) for the period / year	97.0	(7.1)	67.8	209.0	100.8
6.	Other Comprehensive Income	(39.7)	(21.2)	(135.1)	(60.9)	(197.3)
	- Items that will not be reclassified to profit or loss					
	Remeasurements of the defined benefit plans	(53.1)	(28.3)	(180.6)	(81.4)	(263.7)
	Income tax relating to these items	13.4	7.1	45.5	20.5	66.4
7.	Total Comprehensive Income / (Loss) for the period / year	57.3	(28.3)	(67.3)	148.1	(96.5)
8.	Paid-up Equity Share Capital (Face Value ₹ 5 each)	123.4	123.4	123.4	123.4	123.4
9.	Other Equity				6,988.5	7,083.9
10.	Earnings Per Share (in ₹) (Basic & Diluted)- (of ₹ 5 each) (*not annualised)	3.93 *	(0.29)*	2.75 *	8.46	4.08

Notes:

1. Statement of Assets and Liabilities

Particulars	(₹ in million)	
	As at	As at
	31.03.2021	31.03.2020
	(Audited)	(Audited)
A Assets		
Non-Current Assets		
Property, Plant and Equipment	89.0	119.9
Right-of-Use Assets	550.1	642.9
Financial Assets		
(i) Loans	3.3	3.4
(ii) Other Financial Assets	46.3	43.6
Deferred Tax Assets	302.7	247.4
Income Tax Assets (Net)	1,437.2	1,276.4
Other Non-Current Assets	353.9	311.5
	2,782.5	2,645.1
Current Assets		
Inventories	479.5	586.8
Financial Assets		
(i) Trade Receivables	387.3	376.0
(ii) Cash and Cash Equivalents	682.7	791.2
(iii) Bank Balances other than (ii) above	4,306.1	5,027.9
(iv) Loans	0.6	0.6
(v) Other Financial Assets	457.1	510.9
Other Current Assets	918.0	827.7
	7,231.3	8,121.1
Assets held for sale	9.1	10.2
	10,022.9	10,776.4
TOTAL ASSETS	10,022.9	10,776.4
B Equity and Liabilities		
Equity		
Equity Share Capital	123.4	123.4
Other Equity	6,988.5	7,083.9
	7,111.9	7,207.3
Liabilities		
Non-Current Liabilities		
Financial Liabilities		
(i) Lease Liabilities	497.8	564.6
(ii) Other Financial Liabilities	15.7	17.3
Provisions	808.0	659.3
	1,321.5	1,241.2
Current Liabilities		
Financial Liabilities		
(i) Trade Payables		
- total outstanding dues of micro enterprises and small enterprises	9.4	7.7
- total outstanding dues of creditors other than micro enterprises and small enterprises	542.6	718.3
(ii) Lease Liabilities	127.0	118.3
(iii) Other Financial Liabilities	448.4	1,106.3
Other Current Liabilities	121.0	105.3
Provisions	219.3	185.3
Current Tax Liabilities (Net)	121.8	86.7
	1,589.5	2,327.9
TOTAL EQUITY AND LIABILITIES	10,022.9	10,776.4

2 Statement of Cash Flows:

(₹ in million)

Particulars	Year ended 31.03.2021 (Audited)	Year ended 31.03.2020 (Audited)
A. A. Cash flow from operating activities		
Profit before tax	400.4	286.4
Adjustments for -		
Depreciation and Amortisation Expense	121.6	131.4
Share Based Payments	17.4	36.8
Interest Income	(184.4)	(356.2)
Unwinding of discount on security deposits	(2.8)	(2.7)
Finance Costs	65.4	63.9
(Gain)/Loss on sale of Property, Plant and Equipment (Net)	(0.6)	0.4
Gain on sale of residential property held for sale (Net)	(44.9)	-
Unrealised (Gain) / Loss on Foreign currency translations (Net)	(3.1)	5.8
Credit Balances Written-Back	(19.4)	(0.2)
Provision for Doubtful Debts, Advances and Deposits	1.0	2.8
Operating cash flows before working capital changes	350.6	168.4
Movement in operating assets and liabilities		
Trade Receivables	(9.2)	81.4
Inventories	107.3	18.3
Financial Assets	54.0	(185.5)
Other Non-Current Assets	(42.4)	(4.6)
Other Current Assets	(90.3)	(286.0)
Trade Payables	(173.8)	(220.9)
Provisions	106.9	58.2
Non-Current Liabilities	-	(13.4)
Other Current Liabilities	15.7	26.6
Financial Liabilities	(659.0)	507.4
Cash (used in)/generated from operations	(340.2)	149.9
Income Tax Paid (Net)	(351.9)	(381.3)
Net cash used in operating activities	(692.1)	(231.4)
B. Cash flow from investing activities		
Payments for Property, Plant and Equipment	(0.9)	(10.0)
Proceeds from disposal of Property, Plant and Equipment and Assets Held for Sale	46.8	0.6
Interest received	207.8	387.0
Fixed deposits matured (Net)	697.9	181.5
Net cash from investing activities	951.6	559.1
C. Cash flow from financing activities		
Lease payments		
- Principal	(55.7)	(52.5)
- Interest	(64.6)	(62.9)
Finance cost paid	(0.8)	(1.0)
Dividends paid	(246.9)	(246.9)
Tax on Dividend	-	(50.8)
Net cash used in financing activities	(368.0)	(414.1)
Net Decrease in Cash and Cash Equivalents	(108.5)	(86.4)
Cash and Cash Equivalents - At the beginning of the year	791.2	877.6
Cash and Cash Equivalents - At the end of the year	682.7	791.2

- 3 This Statement has been reviewed by the Audit Committee at its meeting held on 17.06.2021 and approved at the meeting of the Board of Directors held on that date. The financial results for the year ended 31.03.2021 have been audited and for the quarter ended 31.03.2021 have been reviewed by the statutory auditors of the Company and they have expressed an unmodified audit opinion/ review conclusion thereon.
- 4 This Statement has been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other recognised accounting practices and policies, to the extent applicable.
- 5 The Company has a single business segment namely 'Pharmaceuticals Business'.
- 6 Other income includes ₹ 44.9 million for the quarter ended 31.12.2020 and for the year ended 31.03.2021, being profit on disposal of a residential property out of 'Assets held for sale' and ₹ 57.3 million for the quarter and the year ended 31.03.2021 being interest on income tax.
- 7 Current tax for the quarter and the year ended 31.03.2021 includes provision in respect of earlier years of ₹ 47.3 million (for the year ended 31.03.2020 : ₹ 32.5 million).
- 8 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.
- During the quarter and the year ended 31.03.2021, the Company continued to ensure uninterrupted supply of its products. The offices of the Company were open to operate under the guidelines issued by the local authorities. Sales employees had the option to work in the field subject to compliance with the guidelines issued and trainings conducted. All other associates / employees had the option to work from home on digital platforms provided by the Company with need based working from office premises taking into consideration all safety guidelines. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.
- 9 During the year ended 31.03.2020, the Company had elected to exercise the option permitted under section 115BAA of Income-tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. The Company had accordingly recognised Provision for Income tax basis the rate prescribed in the said section. The Company had during the said previous year, also re-measured its net Deferred tax Assets balance basis the aforesaid amendment, impacting the total tax expense for the year ended 31.03.2020.
- 10 The President has given his assent to the Code on Social Security, 2020 ('Code') in September 2020. On 13.11.2020 the Ministry of Labour and Employment has released draft rules for the code. The Company will assess the impact once the subject rules are notified and will give appropriate impact to its financial statements in the period in which the Code becomes effective.
- 11 The figures for the quarter ended 31.03.2021 and the quarter ended 31.03.2020 are the balancing figures between the audited figures in respect of full financial year and published year to date figures upto the third quarter of the relevant financial year which were subjected to limited review by the statutory auditors.
- 12 The Board of Directors has recommended a dividend of 200% (₹ 10 per share of ₹ 5 each) for the year ended 31.03.2021 [2020 : 200% (₹ 10 per share of ₹ 5 each)].

By Order of the Board



Sanjay Murdeshwar
Vice Chairman and Managing Director
DIN: 01481811
Mumbai, 17th June, 2021

**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, 2021 and (b) reviewed the Financial Results for the quarter ended March 31, 2021 (refer 'Other Matter' 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, 2021" 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, 2021:

- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. give 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, 2021

With respect to the Financial Results for the quarter ended March 31, 2021, 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, 2021, 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, 2021

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, 2021 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, 2021 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, 2021 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, 2021

Our objectives are to obtain reasonable assurance about whether the Financial Results for the year ended March 31, 2021 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 scepticism 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, 2021

We conducted our review of the Financial Results for the quarter ended March 31, 2021 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 Matter

The Statement includes the results for the Quarter ended March 31, 2021 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: 21102042AAAABE3940)

Place: Mumbai
Date: June 17, 2021