

74th AGM – Novartis India Limited, 29 July 2022

0 Mr. Nikhil Malpani - Company Secretary:

- 0 Good morning, ladies and gentlemen. I extend a warm welcome to you all for the 74th Annual General Meeting of Novartis India Limited. I am Nikhil Malpani, Company Secretary of the Company. Before the Chairman commences the meeting, I would like to draw your attention to a few important points. Like previous year, today's Annual General Meeting is being held through virtual means in compliance with the recent circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. In order to ensure maximum participation from the shareholders for this meeting, we have provided the facility to update the email id and contact details of the shareholders with the help of our Registrar and Transfer Agent, NSDL and CDSL. The Company has provided the e-voting facility which commenced from 9:00 a.m. Indian Standard Time on Tuesday July 26, 2022 and ended at 5:00 pm Indian Standard Time on Thursday, July 28, 2022. Instructions on how to login and cast the vote were sent to the shareholders on email. Similar details are also mentioned in the Notice to the AGM. The cut-off date for determining the members entitled to vote on the resolutions set forth in the Notice of Annual General Meeting was Friday, July 22, 2022. Those shareholders who have not cast their votes during the remote e-voting period may cast their votes today once the e-voting has commenced.
- 0 To avoid any disturbances from the background, all the shareholders who have joined this meeting by default are placed on mute. Speaker shareholders who have registered with the Company will be allowed to speak once their name is announced during the 'Question and Answer' session. For better interaction, you may use your earphones, minimize background noise and use good quality internet. During the AGM if any member is facing any technical issue, they may kindly contact the helpline number which is mentioned in the Notice of AGM.
- 0 With this, I now hand over the proceedings to the Chairperson. Thank you very much.

0 Mr. Christopher Snook – Chairperson of the Board:

- 0 Thank you, Nikhil. And good morning, ladies and gentlemen. On behalf of the Board of Directors of Novartis India Limited, I extend a very warm welcome to each one of you present here at the 74th Annual General Meeting of the Company. This meeting is being held through video conferencing and other audiovisual mode which complies with the circulars issued by the Ministry of Corporate Affairs of the Government of India and the Securities and Exchange Board of India. The Company has taken all possible steps to ensure that the shareholders are provided with an opportunity to participate at the Annual General Meeting and also to vote. We are very pleased to have your virtual

presence here today. As the requisite quorum is present, I now declare this meeting as open. The Register of Directors and Key Managerial Personnel and their shareholding and the Register of Contracts or Arrangements in which Directors are interested are available and these will remain accessible to the members for inspection electronically if they so desire.

0 I Christopher Snook, Chairperson of the Board, hereby state that I am participating in this virtual Annual General Meeting from my residence in Thailand. I look forward to interacting with you all in today's meeting. I would now request my fellow directors to introduce themselves one by one.

0 **Mr. Sanjay Murdeshwar - Vice Chairman and Managing Director:**

0 Thank you, Mr. Snook. A very good morning to all shareholders, fellow directors and participants. I hope each one of you is keeping safe and staying healthy. I am Sanjay Murdeshwar, Vice Chairman and Managing Director of the Company and I am participating in this 74th Annual General Meeting from the Registered Office of the Company located in BKC, Mumbai. I am also the Chairperson of the CSR Committee and a member of the Stakeholders Relationships Committee of the Board. I look forward to interacting with you all day. Thank you very much.

0 **Ms. Monaz Noble - Non-Independent and Non-Executive Director:**

0 Good morning everyone. I am Monaz Noble, Non-independent and Non-Executive Director of the Company. I am participating in this Annual General Meeting from the Registered Office of the Company located in Mumbai. I am also the Chairperson of the Stakeholders Relationship Committee and a member of the Corporate Social Responsibility Committee and the Risk Management Committee of the Board. Thank you.

0 **Mr. Jai Hiremath - Independent Director:**

0 I am Jai Hiremath, Independent Director of the company. I am participating in this Annual General Meeting from my residence in Mumbai. I am the Chairperson of the Risk Management Committee and a member of the Audit Committee and Nomination and Remuneration Committee of the Board.

0 **Ms. Sandra Martyres - Independent Director:**

0 Good morning, everyone. I am Sandra Martyres, Independent Director of the company. I am participating in this Annual General Body Meeting from the registered office of the Company located in BKC, Mumbai. I am the Chairperson of the Audit Committee and Nomination and Remuneration Committee and the member of the CSR Committee of the Board. Thank you.

0 **Mr. Sanker Parameswaran - Independent Director:**

0 Good morning, everyone. I am Sanker Parameswaran, Independent Director of the company. I am participating in the Annual General Meeting from the registered office of the Company located in BKC, Mumbai. I am a member of the Audit Committee, the Risk Management Committee and the Stakeholders Relation Committee of the Board. Thank you.

0 **Ms. Shilpa Joshi - Chief Financial Officer:**

0 Good morning, everyone. I am Shilpa Joshi, Chief Financial Officer of the Company. I am participating in this Annual General Meeting from the registered office of the Company located in BKC, Mumbai. I am also a member of the Risk Management Committee of the Board.

0 **Mr. Christopher Snook – Chairman of the Board:**

0 Thank you to all the Directors. I wish to confirm that Ms. Shilpa Joshi- Chief Financial Officer, Mr. Nikhil Malpani- Company Secretary and the representatives of the Statutory Auditors and the Secretarial Auditors are also attending this virtual meeting. I request all members to extend their full support and cooperation for a smooth and systematic conduct of the proceedings of this virtual meeting today.

0 The Notice of this meeting has been with you and, with your permission, I take it as read. The Auditor's report on the financial statement for the financial year 2021-2022 does not contain any qualifications, reservations, adverse remarks, observations or comments. And, again with your permission, I also take the Auditor's report as read.

0 Let me now brief members present on the key highlights and events during the last financial year.

0 Dear Shareholders, once again a very good morning to all of you and a warm welcome to the 74th Annual General Meeting of Novartis India Limited. I have hoped my opening note this year would begin by bidding goodbye to the COVID-19 pandemic. Unfortunately, we are still playing hosts to this unwelcomed virus as it continues to impose unsolicited changes upon humankind. Our intrinsic nature as a social being was put to a very tough test, let alone the emotional and physical anxieties that we endured. The young were denied the chance of making new friends and going to school while the older were struck with untimely fears. Many lost their means to their livelihood and, most sadly of all, the lives of their loved ones. Despite these most exacting challenges, the pandemic did bring to fore an astonishing fortitude of people across the world and together we unlearned our ways of the past and we are adapting. Personally, for me, the silver lining is the much-

deserved prominence gained by health and its care, not only by the governments and healthcare industries but by people like you and me. I am humbled by the unprecedented contribution and collaboration of the healthcare ecosystem to battle the pandemic. Even as the industry itself was greatly impacted by, India demonstrated a worthy success in producing three indigenous vaccines, affordable home-based diagnostics, and truly reengineered healthcare delivery. As a society, as an economy, as individuals while we are still grappling with the aftermath, our resilience has led to some revival and recovery.

- 0 Global public health crisis has had an impact on the global economy and today's industries across the world are on the path to rediscover, reengineer and to reimagine their ways of working. The rapid embrace of the very latest technologies has proven fruitful and comes with a promise to go a long way in strengthening health care delivery in India. The priority is dictated by the management of the COVID-19 virus led to a reprioritization of other health conditions which negatively impacted health outcomes, especially the non-communicable diseases, transplant, treatable blindness among others.
- 0 The agility in rolling out the tele-consultation policy by the Government of India, at the very onset of the pandemic, redefines the way our patients are receiving care today. This technique to bridge the gap between the physical and digital worlds has opened opportunities to enable the uptake of Pharmacoeconomics to ensure health care accessibility leading to improved health outcomes.
- 0 I have watched, with interest, the introduction of the National Digital Health Mission, the NDHM by honorable Prime Minister Mr. Narendra Modi last year. This gives India an opportunity for evidence-based policy decisions that would aid in developing systems to assess new and existing health technologies and bring us closer to realizing the universal health coverage.
- 0 The Indian government also announced over ₹ 86,000 crore outlay for the health care sector over six years in the Union Budget 2022-23 to strengthen the existing National Health Mission. I believe these efforts can improve access to health care for Indian patients as well as drive economic growth by enhancing India's global competitiveness. However, we still need to traverse a long journey to reduce the added pocket expenditure thereby minimizing inequality in health care services.
- 0 At Novartis India Limited, we have been committed to improving and expanding people's lives by reimagining patient and customer access. Putting our purpose into action, we signed an exclusive sales and distribution arrangement with Reddy's laboratories for some of our brands in established medicines.
- 0 This Annual Report provides a glimpse to how we overcame challenges to reimagine access to our medicines. Coming to the performance of the Company, I am certain that you would have gone through the Annual Report sent to you. It provides an overview of the company for the period under review. You will be happy to note that the Net revenue

from operations stood close to ₹ 4 billion representing an increase of 4.9% over the previous year. This was achieved owing to the efforts of businesses to ensure business continuity along with high employee engagement while driving growth. Challenges in import clearance, local supply-chain activities, product substitution were all addressed and reversed. Loss before tax for the year, stood at ₹ 38.2 million after adjusting exceptional expenses of ₹ 496.4 million towards its erstwhile associates of the established medicines division under the Employee Separation Scheme.

- 0 The Company continued to amplify its innovative digital engagement with physicians to ensure high brand recall and to disseminate key scientific messages. Innovative co-marketing initiatives focusing on prevention of infection helped grow transplant business by gaining induction therapy patient share. Gradually, patients also started overcoming their fear of COVID-19 and the transplant surgeries returned to normalcy. .
- 0 I am glad to inform you that the Company continues with its steady dividend policy and has maintained the final dividend at ₹ 10 per equity share of ₹ 5 each for the financial year 2021-2022, subject, of course, to your approval.
- 0 With respect to Corporate Social Responsibility initiatives, you may be pleased to note that the Company continues to actively support various initiatives in the area of health. Our focus on leprosy continues and we hope this will add to the government's efforts to eliminate this disease. The Company also continued to support a non-profit organisation in Telangana to set up an Integrated Health Management System for digitization of leprosy records, in the hope that this data will eventually serve to drive early diagnosis of leprosy. We hope also that you, our shareholders, will play a role in spreading awareness of the disease so that together we can make a difference.
- 0 As a Company, we are acutely aware of our responsibility to provide affordable medicines and also to improve access to health care, particularly to the rural poor. I am pleased to share with you that the Company continued its health awareness initiatives through its Healthy Families Program 'Arogya Parivar', reaching out to more than 5.86 million individuals across rural India and conducted 3,38,130 health education meetings and 1061 camps in the year under review.
- 0 Other efforts of the Company on CSR and Business Responsibility activities are explained in the Annual Report, and in the interest of time, I request the shareholders to glance through the same at their convenience.
- 0 On behalf of the entire Board, I take this opportunity to thank all our stakeholders, beginning with you, our shareholders. Without your support our success would simply not have been possible. Special thanks to all our patients who are a reason for being, our parent company Novartis AG for their support whenever needed, the medical community for their faith in our Company and the value and the benefits that our products bring to their patients. We would also like to extend our thanks to all of our business partners for

their continued collaboration and services. And last but not least, all of our India employees. I am confident that the Board will continue to repose their complete trust in you.

0 Thank you for your continued confidence in our company, again. I look forward to the same in the years ahead.

0 Before I proceed to the 'Question and Answer' session, I would request Mr. Murdeshwar to address the shareholders and to also share his thoughts.

0 **Mr. Sanjay Murdeshwar - Vice Chairman and Managing Director:**

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0 Thank you, Mr. Chairman. A very good morning to your shareholders. We are grateful to you for taking the time out to attend this 74th Annual General Meeting of Novartis India Limited. I would like to also thank for the trust you have reposed in the Company over the years. Together we have always shouldered the responsibility to help improve access to medicines and health care for underserved communities and those in need.

0 Mr. Snook very rightly spoke about the spotlight that health and its care has garnered owing to the COVID-19 pandemic. As we all understand, access to healthcare varies across countries, communities and individuals influenced by socio-economic conditions as well as health policies. With the kind of unique challenges that India faces, I have no doubt that we need to evolve our own systems and find solutions that work.

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0 Today, I would like to take the opportunity to actually share a presentation on the business update to all the shareholders of our Company so that you have a better perspective on what we would like to do and where we are as Novartis India Limited.

0 Next slide please. Just to be very clear, as a disclaimer, this presentation is general in nature and should not be read or deemed as containing forward looking statements in respect the Company. The presentation deals with views on Pharma industry and its growth in general or implied discussions regarding potential new products, potential new indications or regarding potential future or by discussions of strategy, plans, expectations in respect of Pharma industry in general. This presentation is based on the current beliefs and expectations of management regarding future events and are subject to significant known and unknown risks and uncertainties as is applicable to all industries. No undue reliance to be placed on presentation's statements and the same should not be considered as any promise, assurance, indicator or strategy for charter for Novartis India Limited.

- 0 Next slide, please. Today I'll take the agenda through giving up snapshot on the India Healthcare overview, the business, little about the NIL strategy and a little about the Novartis India Limited financials.

- 0 Next slide please. Next slide, please. So, let me begin by saying that the Pharma market prognosis, in general, remains strong. India is a large country with nearly 1.3 billion people spread across various villages, towns, cities. We have still a long way to go but the Pharma industry will be ensuring that we can reach as many patients as possible and it is expected to grow at approximately 9% given plus or minus 2% over the next 3-4 years. That has been the estimate of external groups like IQVIA who do these analyses. The reasons for the growth are very clearly improved access, both because of private insurance as well as, as pointed by Mr. Snook in his remarks, the intervention of the government in various formats. This broader market penetration where partnerships between MNCs and Indian pharmaceuticals, expansion of the e-pharmacy chains which you may have noted in your day-to-day lives and of course more of OTC regulations coming in forth. Of course, there are some headwinds, a very critical one being that there's always going to be a huge pressure on price and due to Margin cap expansion, that will happen.

- 0 Next slide, please. But as indicated earlier, the healthcare access is though will be witnessing a huge paradigm shift due to two major or three major issues; the Ayushman Bharat which has been introduced by the government of India and an increase in private sector financing. Our government health expenditure is to increase to 2.5% of GDP by 2025 and I can see all of the aspects of the government working towards ensuring universal health as early as possible. The Ayushman Bharat, as you know, is already providing 7000 U.S. Dollars or approximately Rs. 5 lakh per household to approximately 500 million beneficiaries. Already more than 100 million beneficiaries have signed up to take advantage of the scheme as well as more than 25,000 hospitals and clinics around the country who have already empaneled to be part of Ayushman Bharat. This progress will keep on continuing over the next foreseeable future. A number of comprehensive Primary Care Centers is also being set up by the government in a very sustained, aggressive manner which will provide important growth and access of health care. On the private health sector financing, as you may have already seen, the health insurance sector is growing at nearly 25% and this is really specific to specialty policies which are more disease specific and better out of pocket coverage. A lot of innovative, out of pocket financing schemes are coming into play whether they're medical loans, health credit cards, saving accounts, crowdfunding. All these different schemes are really improving and helping healthcare access to as many people in India as possible.

- 0 Next slide, please and, most importantly, the reimburse segment. In year - 2017 private insurance was just covering 8% of population. In year - 2025 we are expecting it to cover 15% of the population. Expenditure from 5% to 14%. Private insurance in year - 2017 just covered 100 million patients or people. But private insurance in year 2025 is expected to double to 217 million people. The government covered insurances or reimbursement in year - 2017 was covering 335 million people and in year - 2025 is expected to cover 867

million people specifically driven by Ayushman Bharat, which I noted earlier, will cover nearly half a billion people across the country. Out of pocket expenditure, nearly 900 of our population were using out of pocket expenditure on a day-to-day basis for medicines and health care. That is to be dropped by year - 2025 and only 360 million is expected if they become part of the Private Insurance schemes or become part of Ayushman Bharat or all other government schemes to ensure that lesser number of people are dependent upon their daily wages or daily livelihood to take care of their health care needs.

- 0 Next slide, please. But, of course, the regulatory environment is expected to get more stringent. You would have heard in the newspapers that there is a New Drugs and Clinical Trial Act coming in place. The last time the Drug And Regulatory Acts were in place was in year - 1940. So, after a long period of time the government is relooking at all of the regulatory policies to ensure that quality, efficacious, safe medicines are available to as many patients as possible in our country. This clarity on the list of reference countries also to be noted for various clinical trials. On quality standards, for the benefit of the population of the country, standards are going to become more and more stringent. Barcoding for sale in India may become mandatory for the top 300 brands or products in our country which will ensure that miscellaneous or not so good quality products are removed from the market and there is very clear understanding on the brand, its quality and what it stands for. Last but not the least promotion, as you all know, no direct promotion of prescription drug happens to consumers of these medicine. Rightly so and, therefore, there's a voluntary marketing code for promotion of medicines to doctors which is, I think, an excellent step in the right direction to ensure that the physicians, the health care community take the right benefits and access needs of the patient when they provide health care to each and every one of them.
- 0 Next slide, please. The big challenge is the pricing pressure. As you know, we have the DPCO products which are products part of what we call as the National List of Essential Medicine or non-DPCO products which are not regulated but are still controlled in different manners. On the control for pricing section, which is on the left-hand side of your slide as you see it, you will see that nearly 400 molecules are already part of this list where the government prescribes the exact price of the product.
- 0 When you see on the right-hand side, the non-DPCO products, the government allows an annual price increase capped at only 10%. And this is an important element to ensure there's always a price capping risk. You would have heard in the newspapers the government is looking at Trade Margin rationalization so that better pricing products can be available to as many consumers and patients all over the country. And added to it, is the sharp increase in raw material costs due to various events happening around the world and the impact on supply-chain whether due to Covid or other external sources or our environment. All of this put together is really putting an impact on pricing pressure which is on the rise, day in and day out.

- 0 Next slide please. A very important element which is happening in our country is that exurban cities and towns are becoming more and more inclusive and becoming part of the entire healthcare group. As you will see, the pharmaceutical market obviously gives access to patients and medicines to across the country. But for a large moment of time, it's only the urban cities had huge access but you will see the light blue bars, as you will see, is becoming bigger and bigger and growing faster which is excellent so that more people in our towns and villages are getting access to medicines faster and that's where the growth of the Pharmaceutical industry is really taking place.
- 0 Next slide, please. Coming back to Novartis, of course, we have a very strong legacy in Pain Management, and we offer a comprehensive solution for all types of non-steroidal medicines especially for pain. Our history is huge and each and every product which has been built under the Voveran brand provides important and specific solutions to patients and their needs and their pains for various types. Starting from year 1986 all the way until now, we have managed to launch product on product to ensure that specific needs of patients are taken care of all under the brand name of Voveran. But, of course, under that you have Athermal gel or so many other brands that are also solving specific problems of patients.
- 0 Next slide please. So, if you look at the NSAD market, which is the market in which Voveran competes, is expected to grow at approximately 9% over the next few years, say year 2025. But this is driven mostly by oral combination segment. You will see that very clearly which is the section in the dark blue area, and this is one area where Novartis as a company can expand beyond where we are in the plane market where we enjoy a nice majority. So, we are pretty strong in the oral plane, the injectable and topical area. Oral combinations, is a huge segment growing very fast where we believe Novartis can do much better and keep on launching products so that we can benefit from the needs of the patients and unmet needs of the patients.
- 0 Next slide, please. But more importantly we have the NSAD prescribers, the physicians. They are nearly 340,000 of them which is nearly 3,40,000 prescribers of these medicines but Novartis only covers 90,000 of them in year - 2021. So, obviously there was a huge number of physicians which were still uncovered, and they were uncovered specialties by our organization. So, there was huge scope for Novartis India Limited to increase reach within focus and for uncovered specialties, which we did not do in the past, in the most effective and the most productive manner.
- 0 Next slide, please. If you look at transplants which is another segment of a business, if you'll note the yellow bars in year - 2020 and year - 2021 this was one disease areas which were sharply impacted by Covid. As you can imagine, most and all transplants take place in hospitals and during these two years especially not too many transplants were taking place due to various rules and regulations by the government and, of course, patients who needed transplant could not even come to the hospitals due to the fact that they were used for COVID patients. You could see a huge impact in 2020-2021 but we already

see a recovery in the year 2022 and going forward we feel that is going to be steadied as more and more transplants happen in our country. We have a pretty strong Transplant portfolio. We are in the top three companies providing transplant medicines and we believe we can build on that.

- 0 Next slide, please. The Neurology market is the third market that we are part of and is expected to grow and continue its steady growth trend till at least year - 2025; more than 12-13%. and that is a huge opportunity for us too as we look at our products- the Exelon Patch, Trioptal, Tegrital, which provides very specific solutions to our patients.
- 0 Next slide, please. But more importantly what is really changing in the industry and the Pharmaceutical market is, the adoption of innovative models for reach. Whether it is co-promotion which is now very common where multinational companies are striking co-promotion deals with more than one Indian player to augment their reach or augmentation of rep-selling where access to prescribers will be increased by using technology, by using digitalization to make sure that we can cover as many physicians as possible to provide them information about the product so that they can benefit the patient. Last but not least, investments in Patient Outreach. Very clearly a huge part of our country needs or there's a lack of disease awareness and disease awareness is very important to ensure that we can continue to shape the market and patients can benefit from ensuring that their disease can be tracked earlier and can be treated faster, and digital technology and other technologies are very important to be used here too. And, therefore, you can see that companies all across are adopting innovative Business and Consumer Outreach Models to increase both reach and adoption.
- 0 Next slide, please. So, if you look at our strategy. What we're trying to do is for the bone and pain segment, which is Voveran, Calcium Sandoz and so on and so forth, is to gain market share by two means- by portfolio expansion into faster growing segments, which I noted earlier, is the combination market and of course to increase reach to as many prescribers as possible where we had lacked that earlier and to many towns and villages across the country. For the transplant business and for the neurology business we'll continue to leverage our innovative positioning and differentiation to show very steady growth as we continue to build on the growth of the market itself.
- 0 Next slide, please. So, as part of this, you will see for the portfolio expansion for the fast-growing combination market we have already launched Voveran 1ml AQ in 2019. In year 2020 we launched Voltaflam TH and in year 2021 we launched Macalvit Forte 500, again, ensuring that we can have portfolio expansion in this fast-growing combination market which is really the chunk of where a lot of the bone and pain segment is.
- 0 Next slide please. And on the other side we talked about reach, and this is where, as you are well aware, we entered into an exclusive sales and marketing arrangement which was found to be the best business model for achieving wider region access. So, Novartis India Limited entered an exclusive sales and marketing arrangement with Dr. Reddy's in

February of year 2022 where few of our established medicines brands including the Voveran range, the Calcium range and Methergine in range included. This arrangement aims for further broadening access of these medicines beyond the erstwhile geography is covered by Novartis India to benefit many more patients. This would be done through significantly extending the reach of health care professionals, through an expanded field force for a broad and efficient access. And this really brings together the manufacturing and developments energies of NIL. The trademarks are owned by Novartis with the sales and distribution strengths of Dr. Reddy's.

- 0 Next slide, please. So, just to give a cap on the Company's financials. As you would have already looked at the Annual Report, but to give you a little perspective here for the Financial Year 21-22. Our Revenue from operations grew by approximately 5%. Profit before Exceptional items and Tax actually from 2020-2021 to Financial Year 21-22 also increased by one percentage point; from 10.5% to 11.5%. But, as you all know, we had to take an exceptional item of nearly 496 million and due to which a Profit After Tax reduced by a percentage point and it's -0.9% and this was declared in the financial results earlier.

- 0 Next slide, please. But coming to a financial performance of Q1 22-23, which we just announced a couple of days ago. You will see that the Revenue from operations, and what we have tried to show in this slide, if you look at on the left-hand are three columns. First column is the Q1 21-22. The second column is Q4 21-22 and, of course, the third column is Q1 22-23. What we wanted to do is ensure that all of our shareholders clearly appreciate and understand the journey that we have been taking not only over Q1 21-22 but just the last quarter which had ended. And, as you will note, we have grown by nearly 23% whether we compare ourselves to Q1 21-22 or Q4 21-22 or in our first quarter of 22-23. I just would like to, though, be very transparent in bringing to all of your attention that the Q1 of 21-22 of last year to some extent had a base effect. That's because as you all know the Delta variant of Covid was rampant everywhere and for products like transplant to some extent the hospitals were not available and this, I think, is important for everybody to note which is now steadily stabilizing of which the impact can be seen in Q1 22-23. As we look at our Profit before exceptional items and taxes starting from Q1 21-22 where it was approximately 10%, we improved that Q4 21-22 to 18.6% and this year Q1 22-23 it is up to 46.7%. But, here too, we really like to be very transparent in sharing that approximately ₹ 349 million is due to the underlying operations of the company and ₹ 216 million is due to one-time exceptional refund that we got from the Income Tax authorities. But even if we took just the operating profit before exceptional items and taxes, it still has a ratio of approximately 29% which shows the steady improvement in our efficiency and effectiveness of a business which translates into Profit After Tax which is the third diagram on the right-hand side where all of the operating profits and the one-time impact due to Income Tax refund is shown very clearly in Profit After Tax. I would like to share here is that the number of steps of understanding new business models, in understanding the new ways in effectively driving business, in ensuring that we can go to as many customers as possible, in making sure that we look at various business models to improve our access to patients and therefore improving effective health of the company

is slowly bearing fruits. We, of course, will keep on watching and work hard over the next quarters to continue the momentum. But barring unforeseen circumstances, we believe the cost structure, as we talk, is of course going to be quite steady but we'll watch out for how the market develops over the next quarters to really ensure that we have a steady business as we move along.

Mr. Sanjay Murdeshwar - Vice Chairman and Managing Director:

- 0 So, here I just would like to just say that I'm very optimistic that this increased focus and our best efforts coupled with innovative lifecycle management, harnessing technology, capability building, and meaningful partnerships we are poised to benefit many more patients.
- 0 I take this opportunity again to thank you for the confidence you've placed in the Company and your continued trust and loyalty. Thank you.

0 **Mr. Christopher Snook – Chairman of the Board,**

- 0 Thank You Mr. Murdeshwar for your enlightening perspectives on the current performance and most importantly on the future outlook, an optimism which I also share. So, before I invite speakers to share their views in this 'Question and Answer' session, I would like to go through a few important points. Only those speakers who have registered in advance with the company would be allowed to speak. However, other shareholders may use the chat box to raise their queries and questions. The name of each speaker, in the order of sequence, will be announced by the Moderator. Once the Moderator announces the name of the speaker, he or she may kindly unmute their mic and switch on their camera while speaking. As I mentioned before, we want to ensure that each shareholder has their opportunity to put their questions to the Board and to the management team. Therefore, I would like to request that each participating speaker will limit their speech to a maximum of three minutes and in particular only raise those queries which have not already been raised by other fellow shareholders. If for any technical reason the speaker is unable to communicate, the next speaker will be invited to speak and as soon as the technical issue has been rectified the earlier speaker would be given the opportunity to rejoin and his or her name would be announced by the Moderator. Questions of the speakers as well as those raised in the chat box will be answered after all speakers have had the opportunity to speak. So, I would now ask the moderator to kindly announce the first speaker shareholder. Thank you.

0 **Ms. Lekha Shah- Shareholder:**

- 0 Hello?

0 **Moderator:**

0 Hi Ma'am, we can hear you.

0 **Ms. Lekha Shah- Shareholder::**

0 Hello? Sorry Madam, there's some problem. I am trying to fix it from my end. Even I can't hear properly. I am extremely sorry. Can you hear me now?

0 **Moderator:**

0 Yes Ma'am, we can hear you.

0 **Ms. Lekha Shah- Shareholder:**

0 Thank you, Ma'am. Respected Chairman Sir, Board of Directors and my fellow members, good morning to all of you. Myself, Lekha Shah from Mumbai. First of all, I would like to welcome our new Company Secretary, Nikhil Sir, on the Board and also I'm thankful to Nikhil Sir for extending very good investor services and also sending the AGM notice well in time which is full of knowledge, fact and figures in place. Thank you, Sanjay Sir, for such informative and wonderful presentation. I would like to congratulate all the person of the company for receiving awards some recognition by the various plan during the year year 21 and year 22. And, also, I'm glad the company is doing very well in the field of CSR activities. Sir, I would like to ask few questions. My first question is, has there been an impact of Covid second wave on the operations? My second question is, are we going to expand R&D? My third question is, has our company has any medicine for Covid during the year? So, I would like to say I strongly support all the resolutions for meeting and my best wishes for our company and its prosperity. Thank you, Sir.

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 Thank you very much indeed.

0 **Moderator:**

0 Thank you for your question, Ma'am. Inviting the next speaker, Mr. Hiranand Kotwani. Hello. Hello Sir.

0 **Mr. Hiranand Kotwani – Shareholder:**

0 Yes, am I audible?

0 **Moderator:**

0 Yes Sir, you are audible.

0 **Mr. Hiranand Kotwani – Shareholder:**

0 Hello? Yes, it's a great pleasure to join you. Good morning to all. I convey my greetings to Chairman Mr. Christopher Snook, other dignitaries. Am I audible? Am I visible also? The picture is not coming. Hello? Am I audible? Hello?

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 Yes, indeed. We can hear you. Thank you.

0 **Moderator:**

0 Yes Sir. Yes Sir, you are audible

0 **Mr. Hiranand Kotwani – Shareholder:**

0 Okay-okay. Gentlemen, it is a great pleasure to join you. Certainly, I have some concerns. I am a very old shareholder of this organization. This is just a diminishing. We are selling our products. Our brand is a global footprint. Well known in India but we are selling all these slowly and gradually. What are the reasons? Why don't you do manufacturing, because you have great potential? Because only one brand you can buy 10 to 12 plants in small India and enhance that the growth and prosperity, of the organization and of India also because I've seen...What was this one-time special separate cost for this...some imply separation costs. What does this imply separation cost, I want to know? And why loss is coming? This gentleman, MD, has said something was exceptional, what was this exceptional? Please throw some light, how we are going to increase the growth and increase the product? You are well known, and I salute your products. But, certainly, the manufacture...actually I really feel you should manufacture in India and grow. New government, new policies are coming which are very friendly and there's a huge financial market, both Indian market and Global market. You know better and I don't try to say anything but how you are going to increase our value and establish in India? Thank you and good luck, gentlemen. It's a great pleasure to join you. Convey good wishes to all the people. Thank you.

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 Thank you, Mr. Kotwani.

0 **Moderator:**

0 Thank you, Sir. Inviting the next speaker, Mr. Yusuf Rangwala. Hello Sir. Sir, I request you to please unmute your microphone and turn on your camera. Are you with us, Sir?

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 Can I suggest we move on to the next speaker and we come back to Mr. Rangwala later on?

0 **Moderator:**

0 Yes Sir, sure. Inviting Speaker number four, Ms. Seema Chaturvedi. Hello ma'am.

0 **Ms. Seema Chaturvedi – Shareholder:**

0 Hello, Mr. Snook and all participants in the meeting. I'm Seema Chaturvedi. As a fellow CA and CS, I have observed certain governance issues while going through the Annual Report. I would like to make a mention of these. Is Novartis India Limited fulfilling the going concern concept i.e., to carry out operations without the threat of liquidation? Is there a perpetual succession i.e. continuation of business existence despite any change in management, transfer, sale of products etcetera. at NIL? Marketing needs small people but you have terminated 400 people. With own employees, you have failed to create value for shareholders. We have no confidence that with outsourcing you can achieve this. Moreover, Sanjay Murdeshwar has a bad record of management. It is proved in Astra and he has proved here again. He failed once again to get the work done. Instead, he terminates employees to show that he has acted. Regarding Profit Before Tax, it would have been a record Rs. 534 million if not for making a provision for Rs. 496.4 million to check out 400 employees at NIL. And what was the role of Independent Directors to avoid such unpleasant situation? Further, as per market information, there are legal cases challenging the termination of 400 employees which was hidden by a NIL management and not to be found in NIL Annual Report. Why this concealment? And why this has not been disclosed in Annual Report of an NIL? I hope appropriate reply and actions be taken in the interest of shareholders. Thank you.

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 Thank you very much. Yes, as mentioned earlier, we will be addressing all of the questions that are raised once each speaker has put their questions to the board and to the management. Thank you very much for raising those points.

0 **Moderator:**

0 Thank you, Ma'am. Inviting the next speaker, Ms. Padmaja Vemulakonda. Hello Ma'am.

0 **Ms. Padmaja Vemulakonda – Shareholder:**

0 Hello.

0 **Moderator:**

0 Hi Ma'am.

0 **Ms. Padmaja Vemulakonda – Shareholder:**

0 Good morning, everyone. This is Padmaja Vemulakonda. Thank you for this opportunity. I will take two minutes. My first question is, you have hidden about the pending legal cases by 400 Novartis employees, is the Novartis brand of transparency and the corporate governance? My second question is, Novartis is a Pharma marketing company and all Pharma digital initiatives to reach doctors have failed in India. You have cut down your employees from 539 to 71 in March, 2022. A Pharma marketing needs more of own people and not outside people. It now is evident and appears that you want to close down Novartis India. My third question is, in last 20 years you have shown step motherly treatment in launching Novartis research products in ah, No, Novartis India Limited. Our research shows plenty of research products are launched and you are 100% listed company. NIL is on the verge of closure, in my opinion, and still you do not serve the interests of Novartis India Limited. Please, answer my questions.

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 We will indeed. Thank you very much.

0 **Moderator:**

0 Thank you, Ma'am. Inviting the next speaker, Mr. Santosh Kumar Saraf. Hello, Sir. Sir, I request you to place your device at an angle where we can see your face and unmute your microphone before you start speaking. Sir, can you hear us? It appears we're experiencing some difficulty with Mr. Saraf.

0 **Mr. Santosh Kumar Saraf – Shareholder:**

0 Namaskar.

0 **Moderator:**

0 Sir, can we move on to the...

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 Yeah.

0 **Mr. Santosh Kumar Saraf – Shareholder:**

0 Hello? This is Santosh Kumar Saraf speaking, Sir.

0 **Moderator:**

0 Hello Sir.

0 **Mr. Santosh Kumar Saraf – Shareholder:**

0 Respected Chairman and all the other dignitaries present, I am Santosh Kumar Saraf from Kolkata. My hello to all. Respected Chairman Sir, I am speaking in English for you. I hope you are safe and in good health, Sir. Namaste, Sir. I am from Kolkata. Sir, my name is Santosh Kumar. Hope you are in the good health and shape, Sir. Nice to see you in the today meeting, Sir, your company has performed very good. Nothing to worry. Very hard and very good return and share price is very high, Sir. One thing I want to know, Sir, your female employees are very less, so I request you to improve the gap of the female employees because your female employees very less, Sir. In this regard, I request you to reduce the gap of female employees and increase the percent of female employees, Sir. Next, I want to know what steps you have taken for rainwater harvesting, what steps taken for renewable energy sources, Sir? Because renewal resources like solar panels, wind power must be used nowadays, Sir. Next, Sir, single is plastic. I want to know what steps you have taken to stop single use plastic in our factory, in our office and other places? Sir, next my question for booster doses. Hope all our employees have taken the booster dose, Sir. Sir, I already sent some queries on email and hope they received that and will forwarded to you. Sir, one thing I want to know that do you have any acquisition plan in the future for the growth or competition? What new products you launched last year, Sir? And nothing more. Mr. Snook Sir, once again I wish for you and your family and all directors and all our employees, all managers, all staff and all workers for their family a happy, healthy, wealthy, prosperous and safe 2022-23. Sir, I last one request to you. Next year what will we have - physical meeting or VC meeting? Sir, if physical meeting, it is not possible for us to attend your meeting from Kolkata. So, I request you, Sir, if physical meeting will be held, simultaneously in the same meeting, conduct hybrid meeting. Combination of both is very good for us and all our directors. I see and I listen so many directors are attending the meeting from various places. It is only possible due to VC meeting, Sir. So, next time I request that physical plus VC meeting should be considered, so I can see our results and also wish for you and all employees, and I can convey my heartfelt thanks for them for their good work. Thank you, Sir, for giving me the opportunity. Namaskar. Namaste.

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 Thank you very much for your kind wishes and for your questions.

0 **Moderator:**

0 Thank you, Sir. Inviting the next speaker, Mr. Bharat Vyas. Hello Sir.

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 Yes, we can hear you now. Thank you.

0 **Moderator:**

0 Sir, we can hear you.

0 **Mr. Bharat Vyas – Shareholder:**

0 Okay. Okay. Okay. Good afternoon, Sir.

0 **Mr. Christopher Snook – Chairman, Novartis India Limited:**

0 Good afternoon.

0 **Mr. Bharat Vyas – Shareholder:**

- Under astute leadership of Vas Narasimhan Novartis made acquisition of more than \$50 billion and open modern BioMedical Research Center in Hyderabad. He was also responsible for innovative carti cell therapy. He also introduced injection Zolgensma and KYMRIAH world's costless injection costing Rs.18 crores and Rs. 5 crores respectively. Novartis Indian scientists are trying to make KYMRIAH available at Rs. 25 lakhs instead of Rs. 5 crores and it will be a great achievement. And Novartis also give free medicine to TB, Leprosy and Cancer patients in India. During Corona period Novartis gave free 150 million dose of hydroxychloroquine to W.H.O. Now my question now, yesterday this Annual Report came. If IT refund of only Rs. 25 crore raises Novartis India by Rs. 110, yesterday Rs. 760 on 20th July. Then inclusion of copyright medicine in Novartis India from Novartis healthcare and Sandoz will bring whooping Rs. 6000 crores in the Balance Sheet of Novartis India and price of Novartis will go to Rs.24,000 more than ever because Rs.6000 crores is coming to Novartis India's Balance Sheet. So, now my question is, why in the last 25 years Novartis India has not included any copyrights in India? Is Novartis India your stepson? Novartis India's price was Rs.1200 in '2000 but in '2022 it is Rs.700. So, return is 0% in the last 20 years. Why? Now, Novartis AG has listed entity Novartis

India and all listed entity Novartis Healthcare, Sandoz and Bauer International. Novartis listed entity employs only 500 persons while all listed entity employs 10,000 employees – why? Listed Novartis sells 40-year-old outdated low priced generic medicine like Voveran unlisted healthcare and Sandoz sells costly modern medicine like Vymada, Femara, Galvus. Now listed Novartis is treated like a stepson and Novartis Healthcare and Sandoz are real sons of Novartis AG as can be seen in the following line, listed Novartis annual sales is 450 crores while unlisted Novartis Healthcare and Sandoz sales is 6000 crores. And Novartis Healthcare and Sandoz includes your copyright medicines like Vymada, Femara, Lucentis, etc. So why such discrimination for Novartis India. How has Novartis India harmed you? In the last 25 years not a single copyright in the balance sheet of Novartis India. Indian copyright is at par with USA, Japan and Europe. So now what is your now shortcoming in modern Indian IPR law? What is shortcoming in India IPR law? That you have not putting any copyrights in Novartis India but in Novartis Healthcare. Now this question is to Sanjay Murdeshwar who was in Astra Zeneca. 10 years back when in USA Pfizer wanted to takeover Astra Zeneca, Astra Zeneca price shot up from 32 to 85\$ in 2 months. Sweden Health Minister on TV announced that Astra Zeneca is pride of Sweden and pride cannot be sold at any price. Novartis India is 0% return in last 20 years. No bonus, no FT dividend, no share price, while Sanofi has given 5000% in dividend, Merck 4400%, Pfizer 3500% against Novartis 200%. Now question is can Novartis AG Switzerland say that Novartis India is pride of India. Can Novartis AG say that Novartis India is pride of India? Abbott reached maximum 24000, Sanofi 9000 rupees, Merck 7000 rupees, Pfizer 6000 rupees and Astra Zeneca 5000 rupees. But Novartis has reached in last 20 years only 1200 rupees. It is working like sick public sector unit. So I am just asking you why Novartis performance is so pathetic in the last 20 years, there is no improvement in share prices in last 20 years. Vas Narasimhan in 2019 interview said that we will introduce 15-20 new medicines by the end of December '19. Has he introduced 15-20 new medicines? If introduced whether it is in Novartis India or in Novartis Healthcare? Sanofi gave 700 rupees dividend this year. And Novartis price is only 700 rupees, dividend of Sanofi is more than the share price of Novartis. Similarly with Merck, Merck gave 450 rupees dividend and Novartis price 420 in 2022. So, Merck dividend price is more than share price of Novartis. Even small pharma like White gave 1500% dividend, and Novartis is giving 200%. Why, why Novartis is not giving 5000% like this thing? I am sorry to say Novartis is working like Pappu of MNC Pharma. Personally, I feel Novartis India should be shareholder friendly like Novartis AG USA, both in performance and price wise. Novartis USA includes only copyright, no generics, while India Novartis India includes only generics no copyrights. Even inclusion of Vymada will take Novartis to 2500 rupees in 3 months because Vimada sale is 650 crores annually in India and it is the best drug for heart failure. Thank you, sir.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you very much, Mr. Vyas. I have made a note of the points and the questions that you have raised, and I am sure my colleagues in Mumbai have been doing similarly. And as we pointed out at the beginning, we will address as many of all shareholders questions

as possible once we have concluded with the last shareholder speaker. Thank you once again.

– **Moderator:**

– Inviting the next speaker, Ms. Prakashini Shenoy. Hello, ma'am.

– **Ms. Prakashini Shenoy – Shareholder:**

– Can you hear me?

– **Moderator:**

– Yes, ma'am.

– **Ms. Prakashini Shenoy – Shareholder:**

– I am Prakashini Ganesha Shenoy from Bombay. Respected honourable chairman, Mr. Christopher sir, other dignitaries on the board and my fellow shareholders, good afternoon to all of you. First of all, I want to welcome Mr. Nikhil Malpani, welcome you, sir, Mr. Company Secretary and I hope you bring brightness to the company. I received the annual report well in time, which is colourful, informative, transparent and contains all the information as per the corporate governance. I thank Mr. Nikhil for the same and his team for the same. I am thankful to the Chairman for giving a beautiful speech regarding the company and also thankful to Mr. Sanjay Murdeshwar for giving a brief about the company along with the slides which was very informative and excellent. I am thankful to the board for recommending dividend for the financial year 21-22. I am glad that the company is doing outstanding work in the field of CSR activities. At the outset I thank the management for receiving various awards during the year. Sir, now I have few questions, what is the roadmap for the next two years? What is the capex program? Is there any new product in the pipeline? Next question is, are we going to expand the existing R&D if yes, what shall be the cost or are we planning to have a new R&D, if it so then please let me know the cost? My last question is how the company is planning to progress towards digital future, I wish the company good luck for a bright future and pray God that the profit of the company shall reach the peak in due course. Sir, I wholeheartedly and strongly support all the resolutions put forth in today's meeting. Thank you, sir.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you, indeed, thank you.

– **Moderator:**

– Thank you, ma'am. Inviting the next speaker, Ms. Vaidehi Kulkarni. Hello, ma'am.

– **Ms. Vaidehi Kulkarni – Shareholder:**

- Hello, good afternoon. This is Vaidehi Kulkarni.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Yes, we can hear you, ma'am.
- **Ms. Vaidehi Kulkarni – Shareholder:**
- No security to minority shareholders, no created value to the shareholders interested desired, shareholders in the past have also asked for separate management for NIL, what happened. Thank you.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Thank you very much.
- **Moderator:**
- Thank you for your question, ma'am. Inviting the next speaker, Mr. Shashi Bhushan Chaturvedi. Hello, sir.
- **Mr. Shashi Bhushan Chaturvedi – Shareholder:**
- Can you hear me?
- **Moderator:**
- Yes, sir.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Yes, we can hear you.
- **Mr. Shashi Bhushan Chaturvedi – Shareholder:**
- Okay, while going through this annual report I have certain observations and certain queries also and I would like that the board should respond to my queries. The first observation is that total number of employees has dropped from 539 in 2021 to 81 in March 2022. This appears as a deceitful intent of Novartis India Limited management to wind up NIL, is it so. Second one, scaling down NIL operations so as to promote the interest of Novartis Healthcare Pvt. Ltd. NIL was used by NHPL to gain foothold in India, after gaining foothold using NIL resources and capitalizing on the brand Novartis established by NIL, NIL was decimated solely to promote 100% listed company of Novartis. Then, no sensible company would divest so many brands. More than 50 brands in quick succession were sold out or given for co-promotion or outsourced from the company. Now you tell me in this evolving market unless we launch new products in sync with market how do we grow and what is the way out. And I would like to know the role of independent directors in preventing such an unpleasant and pathetic situation. And if this is the way why don't you distribute the cash reserves among shareholders. And if we

go by the last page of the balance sheet, what has happened in the year of 2013 financial year I mean 2012-13, the sales of products was 8465 now we have come down to 3754. What kind of management we are doing? Our profit, everything has gone down for the last 10 years. What are the corrective measures that management has taken? And can we expect that the proper recourse will be done so that we improve and we come to a proper level as other shareholders are expressing or are also expressing their opinion. Thank you.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you very much.

– **Moderator:**

– Thank you, sir. It appears speaker no. 11, Mr. Jamshed Patel has not joined us. So moving on to the next speaker, Mr. Kaushik Shahukar. Hello, sir.

– **Mr. Kaushik Shahukar – Shareholder:**

– Hello, am I audible?

– **Moderator:**

– Yes, you are audible.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Yes, you are audible.

– **Mr. Kaushik Shahukar – Shareholder:**

– Thank you. Good afternoon, everyone. First of all I would thank the board of directors for giving me opportunity again to speak in this forum. Many of you would remember me from the conversation in the past years. So I will keep both my ask and introduction brief. I hope I am clearly audible?

– **Moderator:**

– Yes, sir, you are clearly audible.

– **Mr. Kaushik Shahukar – Shareholder:**

– Thank you. Myself Kaushik Shahukar, I am a qualified and practising chartered accountant from Mumbai. I have been suffering from dystonia which has rendered 55% of my body paralysed impacting my right hand, my right leg and my speech. While I have not let that come in my way of becoming a chartered accountant and a practising one, I do require your support in helping me to continue to be self-reliant. I was optimistic after our conversation we had last year about me working for our organization on certification of work including Form 15 [3B]. However, nothing has progressed since. While I understand things may not have progressed due to pandemic situation last year, I do hope that after

our conversation today our organization will start engaging me in this area as soon as possible. Once again thank you for the opportunity to speak today and I hope to see a positive movement forward with my ask. I support all the resolutions and also request you to please provide a reply for my ask. Thank you so much.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you very much, thank you.

– **Moderator:**

– Thank you, sir. Inviting the next speaker, Mr. Ankur Chanda. Hello, sir.

– **Mr. Ankur Chanda – Shareholder:**

– Hello.

– **Moderator:**

– Hi, sir.

– **Mr. Ankur Chanda – Shareholder:**

– Good afternoon. I want to say that our corporate governance is good. We do have faith in you, yes, there are a few problems, but I think that all will work out well. My only request is that the small investors get some good returns. And the secretarial department is giving us good service, and now there is Nikhilji who has come in and who is doing a good job. If there are some improvements, it will be good. Thank you.

– **Moderator:**

– Thank you, sir.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you.

– **Moderator:**

– It appears speaker no. 14 Mr. Santosh Chopra has not joined us yet. Moving on to the next speaker, Mr. Rishikesh Chopra. Hello, sir. Sir, I request you to unmute your microphone and please say something.

– **Mr. Rishikesh Chopra – Shareholder:**

– Can you hear me?

– **Moderator:**

– Yes, sir.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Yes, we can.

– **Mr. Rishikesh Chopra – Shareholder:**

– Mr. Christopher Snook, Sanjay Murdeshwar, Monaz Noble, Jai Hiremath, Sandra Martyres and Sanker Parmeswaran if I am able to pronounce his name perfectly, and Shilpa Joshi. Now I am a shareholder from the last 7 years unfortunately. Now every year you come up with the balance sheet, you tell something here and there, but you don't talk about the forward-looking thing that what is going to change within the company, how you are going to take the company to the next phase of growth first of all. This is very unfortunate. In the last 3 AGMs we have spoken about this, and you have not given any emphasis on the same. Please write on your annual report like few other details like other companies like Glaxo, Abbott or Sun or Dr. Reddy writes. You know, stock price is one different thing we will talk about that also but you must give all the details about forward looking things at least to the long-term shareholders. And the management must do a call even after the December quarter numbers so that we get two opportunities in a year to speak to the management and learn the dynamics of the company. Now coming back to the annual report on page no. 136 you have written that you have paid a dividend of 17.45 CR again to the Novartis AG, then we have done purchases of 750 million which is up from 550 million from Novartis AG. Again and again, we are requesting that this transfer pricing thing and how you are doing, if we are not profitable why are we paying a hefty premium to your parent company for these purchases. Please look into the same and independent directors must do something about this or have a...And more over and above on page no. 131 your other expenses, your legal fees is 50 million which is above the Abbott and other companies we see other multinational companies whose market cap is 10,000 crores they are not even paying the same kind of fees, and apart from that you have got a big employees fees here also, employees expenses. I must say that you must be having a small team of legal here also. Other outside services of 311 million and a royalty. So what are these things please give all details. We are not able to access the top 500 shareholders online right now so I request the company secretary to send me the same by email as soon as possible and the KMP notice, key managerial personnel notice with the mobile numbers and email ids of the independent directors. Now as Mr. Bharat, Dr. Bharat Vyas and Seema Chaturvedi my previous speakers have spoken, what are the reasons our return on capital employed is less than 3% in the last 5 years on moving average basis, our sales are not so great in the last ten years. To cut a long story short, first of all you did a hiring of Mr. Sanjay Murdeshwar, you know, he was not having a great track record as Seema Chaturvedi said, I have myself attended the 5 AGMs of Astra Zeneca India when Sanjay was there. And you know, after he resigned next year the Gagandeep the new CEO came and the stock is 3 times after that. You need to relearn from the mistakes you have done, you know, everybody wants results at the end of the day. And I request board of directors, the median to his salary is 5.8:1 means if the average salary is 1 of all the employees in Novartis his salary is 5.8 times of that. Not to cut his salary but give a salary of this with a growth in the business, with a growth in net profit, with a bonus like means

just like a commission. Don't cut his salary once you have appointed the person but to do it give 50% in the salary part and 50% in the commission part. He should be part of the salary and he should be part of the growth story with us, as simple as that. He should not as Dr. Bharat Vyas said that he should not be a Pappu of the big bosses in your parent company. And if you are not able to perform in next 2-3 years or 3 years you know as a long term shareholder, we can hold for 5 years 7 years. But if you really go to the church or temple next year and you see your face in the morning in the mirror you must look into that that you have not acquired a curse of the minority shareholders for your next generation. I must say, I am sorry I am going personal, but these things are going to affect us in a long run. We have kept your shares with a lot of confidence with a lot of, your earlier team, which was there, now we need a result and which needs to be done with full transparency for the sake of minority shareholders. And the communication from the Company Secretary team should be also great, it should be transparent and whenever we want a meeting or this thing the opportunity should be given to us. And what are the new products and since Sanjay has said that Q1 was great, this is one-off thing I believe, this won't remain over a long period of time. So, if this growth story has to continue what will be the triggers of that if you can explain in detail and put a PowerPoint presentation on the website and with a lot of product wise details to us. And there were a few shareholders who maybe the ex-employees, so don't take a curse of them whatsoever payment needs to be done or whatsoever means you have removed 400 employees so whatever is the reason for that if you can explain that and even if we have employed new employees, please give us a detail of that. And what are the new sectors and this thing. And one more thing we have called your secretarial department and your sales teams also as a shareholder, I am not talking about myself, I don't have any disease or this thing, or if any shareholder who is 2-3 years old needs some guidance you should be having a special team to guide them how to go about that. I am not talking about discount but at least to guide them that what needs to be done in a medical field, if you are an expert in that. That's it from my side, thank you.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you, Mr. Chopra, thank you.

– **Moderator:**

– Thank you, sir. It appears speaker no. 16, Mr. Kapil Chopra and speaker no. 17, Mr. Kirti Shah have not joined us. So moving onto speaker no. 18, Mr. Rahul Kapur. Hello, sir. Sir, I request you to unmute yourself and please say something.

– **Mr. Rahul Kapur – Shareholder:**

– Hello.

– **Moderator:**

– Hello, sir.

– **Mr. Rahul Kapur – Shareholder:**

– **Moderator:**

– Can you please shift to a more stable network? It appears we are experiencing technical difficulty with Mr. Kapur.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– That's very unfortunate, I think we should give an opportunity to address the technical challenges there and let's move to the next speaker please and we will come back to Mr. Kapur hopefully he will be able to resolve the technical difficulties there, thanks.

– **Moderator:**

– Inviting speaker no. 19 Mr. Ashok Kulkarni. Hello, sir. Sir, I request you to tilt your device, okay.

– **Mr. Ashok Kulkarni – Shareholder:**

– Yeah. Chairman and members of board, my name is Ashok Kulkarni. I am a shareholder for close to 25 years. Notwithstanding the presentation made by Sanjay Murdeshwar I have certain corporate governance issues which I want the entire board to address. Question no. 1, concerns on stagnation of product portfolio. While a lot of products have gone with NHPL which is 100% subsidiary, not even a single research molecule has come into the Novartis India fold for the last 15 years. And I don't know on what basis you are determining this. It is a clear cut erosion of value for Indian shareholders and minority shareholders like us. Also please let me know how many products research molecules have been launched through NHPL compared to Novartis India in the last 5 years. Why there has been no successful product launches in Novartis India though we have access to the global portfolio? And my question no. 2, lack of dedicated management bandwidth for Novartis India. Why do NHPL and NHPL should have the same person acting as head of the organization in this case, Mr. Sanjay Murdeshwar. He is drawing 4.5 crores from NHPL and hardly salary of 0.72 crores from listed entities. As shareholders we are really concerned about management not prioritizing operations of Novartis India instead spending more time on NHPL business. How much time is being spent by senior management on Novartis India? Is the ability to spend more time not compromised due to dual responsibilities? What is the view of independent board members of Novartis India on this arrangement? Do they believe that this is the right kind of corporate governance? It is for the independent directors also to answer and I will come to it little later. And lack of investment into growth of Novartis India including employees? See while you have a huge reserve why are you not spending it to improve business, you haven't made any business forget the manufacturing point. Government has allowed so many things, there is Make in India, there are so many incentives which are attached to the manufacturing base. Novartis India has never made any attempt to have their own manufacturing base so that the import from NHPL or other places can be reduced and

profitability for the shareholders can go up. And if you look at the total expenditure in the headcount which is only coming down. Brand spend as a percentage of revenue are down significantly over the period. We are concerned about the absence of plan to grow the business on all fronts in spite of the presentation made by Mr. Sanjay Murdeshwar. If a sales force does not have enough products to sell, how can revenue growth come back. All other MNC pharma companies in India have grown their revenue over the same period. And I also have a very interesting observation to make from the balance sheet, from the annual report, this is regarding related party transaction and having the same auditor for both the companies. See we see related party transactions between Novartis India and Novartis Healthcare with commission income being booked by Novartis India. What risks are being assumed by Novartis India on behalf of NHPL in process of providing infrastructure and distribution services? See my questions are why is this nature of engagement continuing where the MD of both the companies are the same person but only one business is growing. Is it because he tilts more towards an unlisted entity or he is not able to spend more time for the growth of Novartis India harming the interest of minority shareholders like us. Second, why is the auditor remunerations same for both the entities when the scale of business is vastly different, unlisted subsidiary is almost 9 times the revenue of the listed entity. Why are you paying the same amount? Is this to free Novartis India being used to subsidize the higher scope of audit work in Novartis Healthcare. Coming to the financials presented by Mr. Sanjay Murdeshwar, I have certain queries. A company of Novartis repute which has a global presence is also known for its values and also knows for the way they respect human resources and employees. Employees are the biggest asset for any organization. One Sanjay Murdeshwar cannot run an organization, he needs to have dedicated, committed employees. Chopping off employees in the name of anything is not going to yield results. And the entire board of independent directors be it very respected Mr. Jai Hiremath, I am sure since he is also there I have a great respect for Mr. Jai Hiremath, he would never have run Hikal like this, okay. And Sanker Parmeswaran would never have allowed ICICI to be like this. And even Sandra Martyres. I don't want to talk about the executive director, after all she is an employee of the same company, she goes by the dictate of the majority shareholders. We must always understand it is not about money alone, it is also about the way values are held up in the organization. Today if Novartis as a whole is respected all along, it is only because it has held on to its value during difficult periods. So in short, I only want to say there has been a failure of corporate governance and the independent directors, all three independent directors have failed in their duties. And it is high time, Chairman, that this entire board has to be dissolved so that a fresh talent....

– **Moderator:**

– Sorry to interrupt, sir, I request you to wrap up your question, because your time is up.

– **Mr. Ashok Kulkarni – Shareholder:**

– Yeah, yeah one second. I'll just complete don't interrupt me, see that will take away a lot of time. After all we get one opportunity to talk once in 365 days and don't try to avoid

uncomfortable questions as a shareholder, I have a right ask. Of course, we have respect for the board. So, I'll reiterate in short, my observation is there has been a failure in corporate governance and the Independent Directors have not played their role. The entire board has failed in managing the business and these forward-looking statements are different from the realities of the market, hence this Board has to be dissolved and a new Board has to set-up so that they take care of the interest of minority shareholders. Thank you, Chairman and the Board.

– **Moderator:**

– Thank you, Sir. inviting the next speaker, Mr. Om Prakash Kejriwal. Hello Sir.

– **Mr. Om Prakash Kejriwal – Shareholder:**

– Hello.

– **Moderator:**

– Hi Sir.

– **Mr. Om Prakash Kejriwal – Shareholder:**

– Hello?

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Yes, we can hear you Mr. Kejriwal.

– **Mr. Om Prakash Kejriwal – Shareholder:**

– Thank you. Thank you, Sir for providing me the platform to speak before you. Sir, you are a multinational company, but I'm sorry to say that return on investment is not a multinational Sir. your turnover is 100 crores approx. it is a stagnant, no up down, your net profit for financial 21-22 was loss, 4 crores. In present quarter, you have shown EPS ₹21 out of other income, it is excellent performance, no doubt. You are maintaining ₹10 dividend; it is also excellent for minority shareholder like me. Thank you, Sir. You're working is zigzag. In 17-18 your EPS is ₹ 28, in 18-19 your EPS is ₹ 21, in 19-20 your EPS is ₹4, in 20-21 your EPS is ₹8, in 21-22 your EPS is -1.5. it is zigzag, why so Sir? you are not in a seasonal business. There is no consistency in your business, in your profitability, so please tell me where is the problem? Any new drug development please tell me. Sir, I have some problem, I am holding physical shares in three foliose jointly with my wife Sandhya Kejriwal, but I'm not getting dividend from financial year 15-16, in all the three folios. Before financial year 15-16, we were we got dividend by ECS, directly in my bank account in all three folios, why so Sir? Please look into the matter seriously Sir. second thing, transfer of shares. We send our physical shares for transfer in 2018, but they returned the shares by saying there is no signature available in their record, is it possible

Sir? in this computer age how did signature disappeared from your computer? how we are safe Sir? we are talking for supercomputer, but we cannot keep data intact, I am feeling harassment Sir. Please look into matter and help me, so that our shares can be transferred or demat our dividend can get. Thank you, Sir. Please look into the matter seriously Sir.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you very much.

– **Moderator:**

– Thank you, Sir. inviting the next speaker, Mr. Praful Chavda. Hello Sir.

– **Mr. Praful Chavda – Shareholder:**

– Hello. Am I audible?

– **Moderator:**

– Yes Sir.

– **Mr. Praful Chavda – Shareholder:**

– Thank you, Sir. Chairman Sir, Board of Directors, now I heard the talks of 20 members. Whatever questions were there in my mind have been asked, so I want to say that the company is moving zigzag, sometimes up, sometimes down. At one time, the EPS was at ₹64, ₹ 62, but next time it does not come like that. So, why this is happening in the company, please observe this and please solve the problems put forth by the previous shareholders and try to help the company to prosper. Board of Directors should work hard towards this, employees should also work hard, and try to prosper the company. Thank you, Sir.

– **Moderator:**

– Thank you, Sir. inviting the next speaker, Mr. Mayank Mishra. Hello Sir?

– **Mr. Mayank Mishra – Shareholder:**

– Hello ma'am. Good afternoon to you all. First of all, I have seen that many of our shareholders are asking and they are continuing demand for the separate management for NIL and NHPL because jointly managing NIL and NHPL, the management is more rescued to the interest of NHPL, not NIL. It is unfair and morally incorrect to meet both and cannibalize NIL, so as to promote the interest of 100% holding company NHPL and my second question 10 years of outsourcing many bands has proved that outsourcing only roast shareholders value and somewhere in your speech, Mr. Murdeshwar was

saying that he had only 90,000 doctor to cover and you have just terminated 400 employees, what is the reason behind of that? as per your past track record in your previous companies you was continuing terminated the employees, you are continuing to putting your drawback on your employees is it the right way to put organization in growth and lastly I just demand for the separate management for the NIL and NHPL. Thank you.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you, Mr. Mishra.

– **Moderator:**

– Thank you, Sir. inviting the next speaker, Mr. Sharad Upadhyay. Hello Sir? Sir are you with us? I request you to unmute your microphone and say something.

– **Mr. Sharad Upadhyay – Shareholder:**

– Yeah. I am audible ma'am?

– **Moderator:**

– Yes, Sir.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Yes, we can hear you.

– **Mr. Sharad Upadhyay – Shareholder:**

– Good afternoon to all of you. My question is ma'am market researcher and shareholders interest protection activist in India have studied to prove that NHPL gets every new products or research product while Novartis India Limited get a step motherly treatment and denied all research products in Novartis pipelines. My second question is professionals doesn't run NIL it is my observation. In a vested interest who have the sole interest of promoting Novartis 100% listing company interested by discriminating public listed company like Novartis India Limited. Information gathered plainly shows that last 20 years all research products of Novartis have been launched in 100% Novartis holding company and none in Novartis India Limited man, and lastly ma'am from last so many meetings, shareholders in the past also have asked for a separate management for NIL, what happened ma'am? Thank you.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you very much.

- **Moderator:**
- Thank you, Sir. inviting the next speaker, Mr. Manoj Bagadia. Hello, Sir.
- **Mr. Manoj Bagadia – Shareholder:**
- Hello. Can you hear me?
- **Moderator:**
- Yes Sir.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Yes, we can.
- **Mr. Manoj Bagadia – Shareholder:**
- Yeah. Thank you for the opportunity to speak at the AGM. I've been a shareholder for more than 10 years now and happy to see the first quarter results after a long time seeing the growth and hope it's a sustainable growth with good margins. Sir, my first question is whatever growth we got in first quarter is it sustainable going forward and are the margins sustainable. Second question is whatever VRS we had done last year and the employee cost savings what we are seeing in the first quarter is this all accounted for or there could be further more savings on the employee cost per quarter or whatever we are seeing. Third thing is we have done marketing tie up with Dr. Reddy's, so just wanted to understand broad contours of that in terms of are they just getting the marketing margin compared to what we are doing earlier or this is a much broader tie up and what would be the sales coming through this tie up actually or whatever is the additional sales we would be getting through Dr. Reddy's till now whatever we have seen since the contract was entered into. My third question is about the line extensions. We have planned for growth line extension I think three or four years back and are we seeing momentum in terms of whatever we have introduced and are there lot more to come. So, in terms of the growth strategy is it going to be the land extension or we'll see many more products across other categories also, so if we can throw light on the growth strategy. Other question is what is the size of the field force of the marketing and sales team post VRS what we had done as of now with the company apart from what contract we have with Dr. Reddy's and finally what is the outlook for coming 3-4 years Sir? thanks a lot for the opportunity again.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Thank you.
- **Moderator:**

- Thank you, Sir. Chairman Sir we had experienced technical difficulties with some of the speaker shareholders. May I please invite some of them once again.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Please do.
- **Moderator:**
- Inviting speaker #3, Mr. Yusuf Rangwala. Hello Sir.
- **Mr. Yusuf Rangwala – Shareholder:**
- Yeah. Good afternoon Sir. Can you hear my voice Sir? Am I audible Sir?
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Yes, we hear you.
- **Mr. Yusuf Rangwala – Shareholder:**
- Good afternoon Sir. Sir am I audible?
- **Moderator:**
- Yes Sir. you are audible.
- **Mr. Yusuf Rangwala – Shareholder:**
- Sir, I want to thank the Company Secretary Sir for his hard working. We have taken Sandoz. Sir our brand of Sandoz which after coming to Novartis, Sir if possible, please try to arrange that product for us as a sample. Next year it will be our 75th year. Sir you have given the dividend of ₹10 and I thank you for that and also our Rahul Sir for his service and your full team is also very nice Sir, I don't have any words for them. Today, there are many meetings going on. Novartis is a very good company. This is a Sandoz group of company Sir. today your rate is 760. Sir I know that next year when we will meet for 75th Silver Jubilee year. We want a small get together because we don't have a factory, ours is all outsourced. So, it possible have a small get together in your company or in a hotel call all the speaker shareholders for celebration and if possible, please give us a small gift from the company. Thank you very much. Jai hind. Jai Maharashtra. Vande Mataram. Bharat Mata Ki Jai. I want to wish you for the 15th of August. If you have any plans of 15th August festival, please call us. Thank you, Sir. Jai Hind.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Thank you very much.

- **Moderator:**
- Thank you, Sir. inviting speaker number 18, Mr. Rahul Kapur. Hello Sir. Sir, I think you're on mute. It appears we're continuing to experience technical difficulty with Mr. Kapur.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Same here.
- **Moderator:**
- Sir, in that case that concludes -- I think Mr. Kapur has joined us again.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Yeah just one moment. Mr. Kapur can you hear us? We can't hear you, I'm afraid.
- **Mr. Rahul Kapoor – Shareholder:**
- Yeah, I can hear you. Yeah. Good morning to everyone.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Yeah, now we can hear you.
- **Mr. Rahul Kapoor – Shareholder:**
- Yeah. Okay, great. So, I've been listening to all the shareholders and some very interesting questions being raised about growth, about cash distribution, and about the arrangement we've entered into with Dr. Reddy's. So, my question also is first about the cash distribution. 500 crores do we plan to disburse this by way of dividend, a buyback or do we want to use this to invest in manufacturing facilities, some of the schemes in with the Government of India as announced regarding export incentives under the PLI scheme, do we want to take advantage of that because growth is something in the company, in fact there's been a degrowth over 5-6 years and it's been very, very frustrating as a shareholder. The second question is about our arrangement with Dr. Reddy's. Calcium Sandoz is one of the best calcium brand in our country. Unfortunately, some of the rival brands have taken away the market share, so what exactly is the arrangement? Does Dr. Reddy's plan to revive the brand through marketing and brand building and if yes what is the arrangement? would Novartis India reimburse Dr. Reddy's for the brand launch? Next question is about Q1 we reported some amazing growth, now is it one time because probably the company has shipped a lot of medicines to Dr. Reddy's and maybe we are not likely to see this kind of growth that is something, which one would like to understand because this has been pretty exciting.. 25% growth up growth after a long time, so why this growth which we experienced? Last question is about the regulatory environment which Mr. Murdeshwar spoke about, that we're seeing a better regulatory environment

and hence some of these smaller players or some of the unprofessional players in the industrial maybe they might suffer and does it mean that a company like Novartis should benefit because of this? So, these are the 3-4 questions I would like you to answer, but specifically on calcium Sandoz and how does Dr. Reddy's plan to relaunch it, if yes? Thank you so much.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

– Thank you very much. I'm glad we were able to reconnect.

– **Moderator:**

– Thank you, Sir. Sir that concludes all the speaker shareholder addresses. Over to you.

– **Mr. Christopher Snook – Chairman of the Board:**

– Thank you very much. So, thank you for all of your contributions. We have had an unprecedented number of shareholders participating today putting their points. What I would do now is to invite the Managing Director along with his key managerial personnel who are available to him and myself would start answering your questions. So, therefore I request Mr. Murdeshwar and his team to start sharing their responses and comments to the shareholders. Thank you.

– **Mr. Sanjay Murdeshwar – Vice Chairman & Managing Director:**

– Thank you so much for all of the comments, suggestions of all of the shareholders. We appreciate it and we will make our endeavor to answer as many questions as possible, in fact all questions as possible. What we have done here, I have taken down all of the questions and we have bucketed them, so that we can address to the best of our abilities. He also stated that a lot of the questions were already answered as part of the presentation that I had earlier given, so I won't repeat myself in the interest of time and for the shareholders benefits, but let me take it one by one in no particular order I'll try to address these questions.

– [So, I think first of all just to be very clear, Novartis India Limited and Novartis Healthcare Private Limited have totally different focus areas and are not comparable. Several factors including market environment, gestation period etc. influence the entity in which any product is launched, and such decisions are taken by the IP owner Novartis again in this case on a case to case basis. The NHPL or Novartis Healthcare Private Limited Organization just so that I can educate and provide information to all shareholders. Yes, they include some commercial operations, but they also provide global capability services and support from Hyderabad to various global development functions, product lifecycle functions, technical operations, group quality, group drug development functions, external supply operations, digital services, IT, HR, financial reporting, accounting, procurement, real estate, and so on and so forth. So, you can well imagine this is the

support provided and our global functions and services to Novartis Institutes across the world. So, to that extent they're very different focus areas with some commercial business absolutely in NHPL and as noted earlier several factors are taken into consideration by the IP owner. Sandoz just to be very clear is also a very separate entity and only engages in manufacturing for exports in India and is a separate organization altogether and therefore not compatible. A number of questions on the exclusive distribution with DRL. I'll just try to elaborate it as much as possible. I tried to elaborate it during my presentation. I'll give more details, so as noted the company entered into exclusive sales and distribution arrangement with DRL for some of our established medicines and reasonably I think it has been good growth initially. Of course, we have as part of this decision had to separate 400 associates this is strategic business decision due to roll redundancies. The company has actually extended a severance package as well as other compassionate assistant programs like the outplacement services so that they can get jobs outside Novartis to all impacted Novartis India Limited associates. Many of the associates have already accepted the severance package and the separation documents and processes have already been concluded. I think the idea really here is that Novartis India is constantly looking at ways to best meet our patients needs and I gave a lengthy brief during our presentation on the market of NSAID or for Voveran, which is much, much, much larger and therefore what is the best and most productive way for all of the shareholders to meet as many physicians as possible, as many patients as possible across the country. So, access is most important and we had to partner with a company which has a very strong footprint in India, has strong presence in the bone and women's health portfolio, their geographic reach is extensive, which will help ensure that these medicines benefit many more patients and of course they have noncompeting brands, so it made a lot of sense. Just to be very clear, the marketing authorization and the brands are owned by Novartis, DRL performs the sales and marketing duties for these brands. So, that is the arrangement due to which there is a certain marketing margin that is given. I think there was some mention about hiding, pending legal cases of separation of 400 employees just like to make it very clear, there's one case by the union and not 400 cases as alleged. We have followed all legal processes while taking action and the matter is of course subjudice at this moment and we have full faith and confidence in the judiciary as we develop our thoughts and as I mentioned earlier, I think the company has extended a severance package as well as other compassionate assistant programs like outplacement services to all impacted Novartis India associates and I think to the point made by I think one of the shareholders, I apologize I don't recollect the name, most of these costs are the one time cost therefore have been taken in the previous quarter and therefore there's no recurring cost to that to that extent and of course once this cost has been removed from the system it is sustainable, so that we can build access in the most effective manner to as many patients as possible across the country. I think there's some questions on dividends just to make sure that we're clear here is that the deployment and use of all cash generated is considered at board meetings and in the best interest of the shareholders in the company as a whole and the company we have announced it, we always follow a steady dividend policy and we will continue to will to do that. I think there was some pros and negatives and digitalization. I think let's be very clear. I think the future is going to be

digitalization. There was some concern by a shareholder talking about ineffectiveness of digital initiatives, I think we can very clearly talk about digitization of the entire world from a black landline phone, we have a mobile phone, which was the first step and so many other things, so the world has progressed, and we Novartis will keep on assessing business models. So, the company therefore is in fact amplified these innovative digital engagements for the physicians to ensure high brand recall and for the dissemination of key scientific messages. This was done by developing innovative campaigns, which were implemented by rep-triggered emails using secure video call platforms. This really increases the agility and resilience of how we can reach as many patients as possible excuse me as many health care professionals as possible so they can benefit more and more patients across. Upon the element of new medicines, as I had also shared in my presentation new products were launched in Novartis Voveran 1 ml in Q2 of 2019-20. Voltaflam TH in Q3 2021, and Macalvit Forte 500 in Q2, 21-22. I think there was some questions on interest in physical meetings, as you can imagine I think by conducting a virtual meeting first of all the cost is nearly 50% less, but more importantly I think we have shareholders from across the country and this gives opportunity for our shareholders across the country to participate and ensure that they can be part of their AGM and ask the management all of the questions that are required and provide their valuable comments. Of course, and we will continue do so, we will follow the guidelines given by the government and the regulatory authorities and proceed accordingly. I think there were some questions on COVID vaccines, well first of all we have encouraged our associates to take the COVID-19 vaccine both the first and the second dose, we provided them, and we've facilitated the process by organizing vaccination drives in Mumbai, Hyderabad, Chennai, Delhi, Bengaluru, Vishakhapatnam, Kolkata, Jaipur, and Vijayawada. We have done everything possible to ensure that our associates are safe and will benefit from the COVID vaccine. There were some questions on disputed income tax cases pending, so on a regular basis of course the company reviews the tax position taken in the past on open litigations and corresponding tax provisions in the books, adjustments in the tax provisions are made based on changing landscape, of course in the tax law we had VAT earlier, we had CST, and sales tax, and now we are into the GST regime as and when settlement scheme is introduced by the tax department, the company of course reviews the same and takes advantage of eligible cases if any. So, wherever possible of course the company follows up with the tax department, court for early hearing and resolution of dispute. Our endeavor is obviously to make sure that we do what is the right thing and optimize our taxation at the same time follow all of the rules and regulation of taxation in our country, but also so that it benefits Novartis shareholders. I think there was some question on environmental, so I'll just talk a little about it. so as per the Novartis Global Environment and Sustainability program, which is in place, the energy and water consumption are being tracked, the NIL office is a multitenant building, however, this building is IG BC certified building, it's a green building certified and rainwater harvesting is in place and some projects on energy conservations of course are in discussion. There was some question on the number of employees covered on insurances and so on and so forth, just to provide a clarity, all insurance policies or rather our insurance policies are applicable to all employees of Novartis India Limited. There was some question on

reduction of gender ratio of male and female employees, of course the company is recognized internally and externally for the diversity of its employees and its inclusive culture driven by the diversity and inclusion strategy designed to drive business outcomes. The environment empowers employees to contribute constructively to the achievement of company goals. We have a strong focus on talent management and rewards and recognition while building a pipeline for future growth. I think there was some question on why not manufacturing in Novartis India Limited, I think clearly Novartis India Limited does not have its own manufacturing facility, but also let me give you some information here, actually most companies in fact including domestic Indian companies for their local domestic formulation also use contract manufacturers. It is the most elegant, efficient, effective, and quality controlled way in which we can bring medicine to as many patients as possible. Even domestic Indian companies usually have the manufacturing mostly for exports. It is not for domestic reasons, they usually work with I do not want like to name companies, but if you look at the top five Indian companies, they probably have 60 to 70 contract manufacturers. I think is the company going to have R&D, I think very clearly NIL does not have any spend on R&D. Of course, we benefit from our global R&D efforts. We spend globally around \$9.5 billion on R&D and whenever the Novartis have very clear medicines that have been developed which fall into the specific disease areas of our focus in Novartis India Limited in bone and pain, and transplant, and so on and so forth. We, obviously Novartis India benefits from that. I think there was a question on employee separation costs, I think as we talked about that in this regard the company has already made a provision of ₹750 million in the year 21-22 towards its erstwhile associates under the employee separation scheme, this was of course due to the separation of the approximately 400 associates due to our sales and marketing distribution arrangement with DRL and the profit and loss for the year 21-22 includes an expense of 496 million net of revaluation of retirement obligations under the employee separation scheme. I think just to correct maybe some information gaps, all of the brands Voveran, Calcium, Methergine are owned by Novartis, still we have only entered into an exclusive sales and distribution agreement with Dr. Reddy's and this arrangement is to further broaden access of these medicines beyond the current geographies to benefit many more patients more efficiently by expanding and extending the reach of healthcare professionals to an expanded field force and barring unforeseen circumstances, this is the potential to drive value for all shareholders of NIL. I think there was a question on was there an impact of COVID on Novartis, as I mentioned in the first quarter of last year during the delta wave, there was some impact. I mentioned it during our presentation because a lot of the transplants could not be conducted in the hospitals and therefore some of our transplant businesses medicines could not be used, but I think subsequently, I think it is much more stable now and we do not have any major impact on any other business as of now. I think there was some question on the last 25 years about NIL not including in copywrite. I would like to talk about I think three points. I think first of all, there're several factors, I think we mentioned about that where on the case to base basis the Novartis target takes into consideration and decides on which entities and on businesses they would like to do. Further a substantial portfolio of the company is under drug price control which impacts the sales revenues over the years. It has been positive

over the last couple of quarters probably also because the wholesale price index has been approximately 10%, the extent to which one can take a price and I think that's critical to know. I think how we will take company to the next phase of growth. I think I mentioned some of it during my presentations earlier in the day. I think there was some question on transfer pricing and the basis of that, just to be very clear that all our related party transactions are at arm's length pricing. A uniform fair operating structure is adopted for all transactions with various entities, benchmarks for comparable transactions are duly reviewed by the audit committee and audited by statutory auditors. Further specific arm's length studies are conducted during the year through one of the reputed audit firms for both domestic and import of our goods and services. With this, we ensure all compliances are followed for all related party transactions and more details of those transactions are available in the annual report for your concerns -- for your review. I think there was a question of whether we pass the test of going concern this question early in the question earlier in the speeches given by our honorable shareholders, well first of all the management assesses the company's ability to remain as a going concern, to make this evaluation the size and complexity of entity, the nature and condition of its business, and the degree to which it is affected by external factors is considered appropriately and we are very confident on where we are in this journey. I think there were some questions on auditors and auditor remuneration, just to be very clear Novartis India Limited is a listed entity and to that extent, we have more frequent reviews by the Statutory Auditors while Novartis Healthcare Private Limited being a private limited entity though of course as per Novartis standards, we follow all rules and regulations and authorities is obviously slightly less onerous, if I may say that. Of course, we are unable to comment on the manner of determination of NHPLs auditor remuneration but wish to state that of course that it's unlisted company, which requires only one annual audit. As you probably know the Board of Directors upon recommendation from audit committee have approved appointment of BSR & Company as Chartered Accountants. Chartered Accountants has the statutory auditors of the company for the term of five years from the conclusion of the 74th AGM till the conclusion of the seventy 79th AGM, of course upon the approval of the shareholders. I think I talked about manufacturing already. I think there was some questions on the scaling down of the operation in NIL and use to promote NHPL, I think I've already mentioned this earlier that there are totally two different entities with different focuses, and I provided my answers then. I think there was a question on is the growth and margin sustainable of quarter 1, 22 or 23, I think Mr. Manoj asked this question, correctly as I pointed out is that I think we usually do not make a forward-looking statements, but I think less to say that at this moment in time, we are with a very good partner with whom we believe we can access many more patients and many more physicians across the country. We will be continuously monitoring the developing relationship that we have. Further, I think the cost component of course is most sustainable in nature and therefore to that extent we will continue to monitor the business as we move along, as things steadies as COVID is hopefully on the back burner and more and more people seek different other healthcare solutions in transplant and Neurology and so on and so forth. I think there was a question on why the EPS for the last few years has been impacted and has been zigzag if I may call so by a shareholder,

well first of all I think the DPCO impact on the substantial portfolio of the company was important. It happened a few years ago and a number of our products came under NLEM. There was also as mentioned earlier global divestment of our OTC and animal health businesses and in some years due to an exceptional income i.e. as you can note in the first quarter of this year income tax refunds, number of these cases take a long period of time to resolve and sometimes whenever it comes through, we are very prompt in immediately sharing this with our shareholders, so that there's full transparency in what we do. I think there was some question on DRL arrangements, I think I've mentioned and given a lot of detail on that already. Also, a lot of detail on the outlook for the 3-4 years was provided in my initial presentation where I talked about the growth of the market in NASD, the growth in the Neurology market, and growth of the transplant market, and of course efforts of the company to make sure that we can benefit from the market growth and work towards it. I think I've tried to answer as many questions as possible. There could be some questions which I would ask the Company Secretary to answer and with that I'll hand over to Mr. Malpani, please.

– **Mr. Nikhil Malpani – Company Secretary, Novartis India Limited:**

- Thank you for the queries raised by the shareholders. There was one common query which we received pertaining to the separate management of NIL, so on that I would like to state that NIL has a separate management for its business and operations. Pursuant to Section 203, subsection 3 of the Companies Act 2013, a company can appoint a person as Managing Director, if he is the MD of not more than one other and unanimous consent of the Board of Directors is received.
- I Believe that the Company benefits taking into consideration Sanjay Murdeshwar's vast experience in pharmaceutical business, I would like to also take couple of queries raised by Mr. Rishikesh Chopra, who asked us for the top five under shareholders list. Happy to state that we will provide you the same at the earliest. Also, queries based on Om Prakash Kejriwal's questions, on the share transfer and dividend, we will get in touch with you with the RTA of the company to resolve the issues. Thank you. Over to you, Chairman.

– **Mr. Christopher Snook – Chairman, Novartis India Limited:**

- Thank you very much. Before, we proceed I also have a couple of observations and answers to queries.
- I have also a couple of observations to make and also answer to other questions that were raised. First of all because it is so important to the business of DRL, and the number of shareholders raised questions about how we considered the arrangement with DRL to be performing and so forth. I think it's fair to say that whilst we are very encouraged by the initial performance metrics, it is still early days, so we are very closely monitoring secondary sales in market, and we also regularly meet of course with DRL to discuss performance milestones and also to satisfy both parties that expectations of both parties are being fully delivered. There was a question raised concerning the role of Independent

Directors. We see this as our Independent Directors are supporting the business of NIL in various capacities of course, but they are both a guide, coach, and mentor to the Board and to the Executive Management. They help to protect and improve corporate credibility and governance and to ensure appropriate management. They also are involved in all committees of the company, this as prescribed by the regulatory authorities to help in this regard. On strategy and performance, risk management, resources, key appointments, and standards of conduct, the Independent Directors play a very important role and while evaluating the performance of the board and management, the Independent Directors bring a wholly objective view. This is an important part of their role. They check on the integrity of the financial information that we present and to ensure that financial controls and systems as prescribed are in place and rigorously adhered to and I can say having worked together with the Independent Directors for several years now, that I am always impressed at their diligence in this regard and so I can share that confidence with the shareholders that are participating in today's AGM. In any situation, where a difference of opinion might exist between management and shareholders, the Independent Directors always work towards solutions considering the best interests of the company and therefore by extension all shareholders. Finally, I would like to make a personal observation and that is of course, we encourage a broad participation in the AGM. We set that out in the beginning as an objective and I think we have delivered on that today by taking so many observations and questions from as many shareholders who apply to us to join the AGM today and of course all participants are entitled to their opinion and we do ensure that many shareholders are possible can air their opinions and put their questions. In the most part both observations and questions are legitimate and very well put, however, its unfortunate sometimes highly personal observations are made about individuals and I'd like to assure all shareholders that as Chairman, I have full confidence in both the professional integrity and the capability of NIL Board and its Executive Management and we are most fortunate to call upon the wealth of expertise and experience that they bring. I say that in all honesty and conviction and it's as I say unfortunate that opinions might differ, but that is a personal view and that I wanted to share with the shareholders as well. Well, thank you for the opportunity to do that. I'd like to thank Mr. Murdeshwar, Mr. Malpani, and the team for answering as many questions as possible within the time available. Thank you, shareholders for your incredible patience and support. We hope we have been able to answer the many questions that you raised. Should you have any further questions, however, after today's meeting, please write to the investor e-mail ID of the company and our team will respond to you.

- We will now proceed to the resolutions. We have seven resolutions for approval at this Annual General Meeting as per the notice of the Annual General Meeting dated June 23rd, 2022, which was sent to all the shareholders. I would like to invite members to cast their vote on all seven resolutions. Members may please note that those who have not cast their vote earlier may cast their vote now. The NSDL e-voting platform will be open for another 15 minutes. Mr. S. N. Ananthasubramanian and failing him, Mr. S. N. Viswanathan, Practicing Company Secretaries, are appointed as scrutinizers to scrutinize

the e-voting during e-voting period and during the e-voting of the Annual General Meeting and to ensure that the process is conducted in a fair and transparent manner. The results of the voting will be announced not later than two working days following the conclusion of this Annual General Meeting and the same will be placed in the website of the company. The Bombay Stock Exchange Limited and NSDL e-voting. I sincerely thank each shareholder for all of your comments, support, and patience in successfully conducting this virtual Annual General Meeting of the company. I wish you all a very safe and healthy rest of the year. I also thank each Director for their participation and support during the year, this is always appreciated. Thank you. I would like also to thank each member of the organizing team for ensuring a successful virtual meeting and with your permission and all the Directors that I will now log out. The company secretarial team will be online for some more time until the e-voting concludes. With there being no other business, the meeting shall be deemed as concluded with the last vote. I thank you all once again. It's been a pleasure and I wish you all the best for the future. Thank you.

End of Transcript