

## Purchase Order Terms and Conditions

1. **Terms of Purchase Order:** This Purchase Order (PO) and any document, attachments and exhibits, specifications (including the applicable Quality Assurance Agreements and Specifications), drawings, notes, instructions and other information, whether physically attached or incorporated by reference will form part of this PO and constitute the entire agreement between the Parties. These PO terms and conditions override any other terms or conditions contained in any quote, invoice, estimate or any other document issued by the Supplier ("Supplier" shall also include "Service Provider" for "Services"). Terms contained in the Supplier's response to, if any, that are additional to, or different from, the terms set forth herein (which terms would constitute a counter-offer by Supplier) are specifically rejected by Purchaser. Supplier's acceptance, acknowledgement or on commencement of performance under this PO, delivery of goods will constitute Supplier's acceptance of these terms and conditions. Notwithstanding the foregoing, if separate supply agreement and/or quality agreement or service agreement and/or its addendum (herein after collectively called as "Agreement") and/or a Statement Of Work (SOW) covering procurement of the goods, material, or services ("Deliverable") described in the PO exists between Supplier and Purchaser and there is any inconsistency between the provisions of this PO and terms of such Agreement and/or SOW, then the provisions of such Agreement or SOW shall prevail over any inconsistent terms herein.

2. **Price:** Supplier warrants that the prices quoted to the Purchaser are lower than or similar to the Deliverable sold by the Supplier to other customers and that the said quoted prices are complete and that no additional charges of any type shall be added without, Purchaser's express written consent in advance. Supplier agrees that any price reduction for these or similar Deliverable after placement of this PO but prior to payment will be applicable to this PO.

3. **General obligations:** Supplier warrant that:

- i. All Deliverable used or supplied to the Purchaser will be new and free of defect, free from faults in design and fit for the purpose for which they are supplied;
- ii. The Deliverable will not be subject to any encumbrances, including any charge, lien, pledge or as any other security for payment of monetary or other obligations;
- iii. All Deliverable shipped or delivered under this PO will be accompanied by appropriate delivery papers;
- iv. The PO number will appear on all documents and packages produced in connection with the Deliverables;
- v. It will provide Deliverables to the highest quality, level of skill, care and diligence, including in accordance with any specified timetable and the Deliverables will be free from material defects as regards their quality and performance.
- vi. The Deliverable adheres to complete specification, including test methods of the Purchaser;
- vii. The Deliverable supplied adheres to primary container specifications;
- viii. All container labeling is done with details of information on the label; Label should comply with GHS (Global Harmonized System) Format;
- ix. Details of gross and net weight and numbers of supplied components should be mentioned on invoice / packing list;
- x. For finished products, the responsibilities for supply and control of starting and packaging materials, and storage or transport conditions, including any special handling, if applicable;
- xi. Provision of an approved certificate of analysis or compliance for each lot/unit delivered;
- xii. Provision of samples/parts from the Supplier in accordance to an agreed sampling plan where required by the Purchaser;
- xiii. Requirement for notification to Purchaser in case of announced or unannounced instructions/directions from Health Authority
- xiv. Handling of and response to rejections and complaints
- xv. Written notification of changes in manufacturing process, facilities, organization, or regulatory compliance status prior to implementation
- xvi. Ensuring accurate temperature controls for shipment, if required.

Delay in receiving invoices or errors or omissions on statements or invoices shall be held to be just causes for withholding payments without losing on any discount privileges.

Purchaser does not accept any responsibility for any PO, unless issued on Purchaser PO form duly authorized by the Purchaser.

4. **Changes:** The Purchaser shall, with reasonable prior notice, have the right at any time prior to the complete delivery of the Deliverables to make any changes in packaging, time, place and schedule of delivery, method of transportation and Supplier agrees to abide by all such changes. If any such changes cause an increase or decrease in cost or the time required for delivery or performance of Deliverable, then in that event and at sole discretion of Purchaser, an itemized claim for adjustment shall be made within thirty (30) days of the notice of change in writing, and equitable adjustment will be made accordingly by the Supplier.

5. **Delivery:** Any Deliverable which are supplied under this PO shall mention the PO number on the delivery challan, invoice, packing list, Material Safety Data Sheet in GHS Format (Global Harmonized system) under the local Health Safety Environment Statutory requirement etc. along with the transporter copy of the consignment. All original documents i.e. original for Purchaser, commercial invoice, copy of delivery challan, photocopy of Lorry Receipt (LR), are to be sent to Purchaser's office address, after the dispatch of Deliverable. Delivery challan/invoice/ LR should be issued from where the Deliverable is dispatched. If any discrepancy regarding VAT or GST (CGST+SGST, IGST, UTGST) found in documents, the extra VAT or GST (CGST+SGST, IGST, UTGST) shall be borne by the Supplier. Unless otherwise agreed, all Deliverable ordered are to be supplied carriage paid to Purchaser warehouse or the receiving depot specified in the PO and no charges for packing, boxing or crating will be accepted unless authorized by this PO. Purchaser shall not be responsible for any demurrage, penalties, etc., becoming leviable on account of delay in delivery, dispatch of railway receipts, L.R or any other shipping documents or for any other reason and recovered from the Supplier. All packaging must be suitable to withstand air, truck, rail or any other shipment to its final destination, in accordance with standard commercial packing practices. A packing list must accompany all shipments. PO number, product number (if available) and quantity must appear on all packages, invoices and other documents related to a PO. Deliverable, delivered in excess of quantities ordered will not be accepted and all charges resulting from such delivery will be on Supplier's account.

6. **Cancellation:** Time being the essence of the PO, Purchaser reserves the right to cancel this PO or any part thereof if delivery of Deliverable is not made within the agreed time lines as mentioned in the PO or the Agreement, in which case Purchaser may purchase or receive Deliverable from other supplier. In that event, Supplier shall be liable to pay the extra cost incurred by Purchaser, if any. When delivery date is stipulated in the PO or where a PO is placed for the supply of Deliverable in accordance with a program, such stipulation shall be the essence of the Contract.

7. **Acceptance:** All Deliverables supplied under this PO shall in every respect be equal to the agreed description and specification and to previously approved samples (if any) and/ or submitted (if any) and shall be subject to inspection and approval of Purchaser and if rejected shall be held at Supplier's risk and must be taken back or removed by the Supplier entirely at Supplier's expenses. Further, Purchaser, or any third party nominated by Purchaser, shall have the right to inspect Deliverable at any time before dispatch and require such tests as may be required by Purchaser is to be carried out to their satisfaction and for this purpose, the Supplier shall allow Purchaser's representatives reasonable access, facilities and address to the Suppliers works and notify Purchaser when the Deliverable is ready for inspection or testing. It shall be the responsibility of the Supplier to submit pre shipment samples of Deliverable for quality analysis well in time, before delivery of the Deliverable to Purchaser. Supplier shall strictly adhere to the delivery schedule. Acceptance of pre shipment sample shall not be construed as acceptance or approval of the Deliverable. Inspection of the quality of the Deliverable shall be done after receipt of the Deliverable at Purchaser destination. The acceptance of Deliverable under the PO stands valid only on confirmation by Purchaser and/ or its Quality Assurance Department in writing, unless otherwise provided in the PO itself. The decision of Purchaser about acceptance or rejection of the Deliverable shall be final and binding on the Supplier. Any rejections of Deliverable by Purchaser must be replaced by Supplier within the delivery schedule and should be invoiced separately and not as replacement. All charges inclusive of freight and handling on replacement of rejections shall be borne by the Supplier. Without prejudice to Purchaser's rights to recover from the Supplier any amounts advanced and/or expenses incurred by Purchaser upon failure of the Supplier to take delivery of the rejected Deliverable or returned as above, Purchaser shall be entitled to sell or dispose of the Deliverable

at any time on the account and risk of the Supplier either by public auction or by private sale without any further notice to the Supplier.

If Purchaser products are recalled due to quality, manufacturing defect of Supplier's Deliverable, then Supplier shall replace such Deliverable and indemnify, defend and hold Purchaser (including all its affiliates, officers, directors, employees) harmless from all claims. The packing conditions prescribed in the goods tariff should be strictly observed. By delivering the Deliverables or undertaking any other similar activity in response to this PO, Supplier agree to accept and be bound by these terms and conditions and wherever applicable shall be read along with terms of such Agreement and/or SOW. Payment made for Deliverable received or yet to be received as per this PO prior to inspection shall not constitute an acceptance of the Deliverable.

A) In the event of formulation batch failure during production or market recall due to contamination or any other problem which is clearly attributable to the input Active Pharmaceutical Ingredients (API) then the API Supplier should replace (free of cost) the quantity of API used in production along with the unused API in stock with Purchaser.

B) Further, if there is any market recall by Purchaser due to violation of the following points by the Supplier, then the Supplier should reimburse Purchaser the sales loss due to the said market recall.

1. Supplier shall utilize a documented system for the control of unplanned changes to its manufacturing facilities, equipment, manufacturing processes, materials, packaging components, other materials used in the production of the Deliverable, sampling, test methods, specifications, and release requirements.

Supplier shall communicate to Purchaser any significant planned change which may have an impact on the quality of the Materials, as defined in the International Pharmaceutical Excipients Council-Americas "Significant Change Guide for Bulk Pharmaceutical excipients", including, without limitation, changes related to its manufacturing facilities, equipment, manufacturing processes, materials, sampling, test methods, specifications, release requirements, and Information and Technology, at least one hundred and eighty (180) days prior to such change. This communication shall be made in writing in English to the Purchaser contact persons listed in Enclosure A.

2. Supplier shall ensure that the change is reviewed and approved by Purchaser prior to any change implementation. Supplier and Purchaser shall agree on a reasonable change implementation timeline.

9. **Quality Assurance and Service Levels:** Supplier shall ensure that all quality specifications or the committed service levels as set out in the relevant Agreement or the SOW or this PO, are met at all the times during the PO period, in absence of which, the Supplier shall be levied penalty for non-adherence of quality specifications or service levels, as may be applicable, as per this PO or Agreement/SOW.

10. **Warranty:** The Supplier warrants that the Deliverable supplied under this PO are free from all manufacturing and workmanship defects including, but not limited to, any latent defects. The Supplier shall for a period of 36 months from delivery of the Deliverable, the date of installation or from the manufacturer's standard warranty period, whichever is the longer shall replace or repair the Deliverable without any cost to the Purchaser.

The warranty for the Deliverable shall cover all updates, regular bug fixes and patches for any software (if applicable/required) embedded under the Deliverable during the said term of the warranty. If Purchaser notifies Supplier of error or defects in the Deliverable and provides a description allowing the error or defects to be repeated, Supplier will, at Supplier's cost and at Purchaser's option, either: (i) provide the Purchaser with a correction or replacement Deliverable; or (ii) make instructions available to Purchaser to modify the Deliverables. Supplier warrants that any software embedded under the Deliverables provided under this PO does not contain any viruses and free from all viruses prior to delivery. The Supplier further represents and warrants to Purchaser that the Deliverable supplied or provided, do not infringe any third party intellectual property rights, including patent, design or trademark, copyright of any nature whatsoever.

11. **Force Majeure:** Neither party shall be liable to the other party for any failure to perform any obligation on its part hereunder to the extent that such failure is due to any Force Majeure Event or circumstances beyond its control which it could not have avoided by the exercise of reasonable diligence. The affected Party shall however notify the other Party as soon as practicable of the occurrence of any such circumstance, and the Parties shall meet to consider what steps, if any, can be taken to overcome any issues. Purchaser reserves the right to cancel this PO or any part thereof if a stoppage at its office/factory/warehouse occurs due to fire, strikes, lockout, flood, earthquake, elements of nature or acts of God, acts of state, acts of war, terrorism, riots, civil disorders, rebellions or revolutions, quarantines, embargoes and other similar governmental action (each a "Force Majeure Event") or from any other cause or causes beyond Purchaser control or from any cause or causes, due to acts or demands of the Government or as a consequence of war or outbreak of hostilities. If the Force Majeure Event continues for more than 7 days, Purchaser shall have the right to terminate the agreement forthwith

12. **Insurance:** Supplier agrees at its own expense to maintain insurance (including, without limitation, workman compensation, errors and omissions, and any other insurance) in an amount consistent with Supplier's industry practice. Each policy shall name Purchaser as a loss payee or additional insured, as appropriate to secure and maintain insurance providing adequate coverage for any indemnification obligations under the PO or the Agreement and liabilities to third parties for bodily injury (personal injury) or death and damage to property in amounts sufficient to protect the Purchaser in the event of any such injury, death or damage, and will be in compliance with any and all laws, regulations or orders addressing the liabilities of an employer to its employees for injuries and disease suffered in connection with employment. The Deliverable shall be insured by the Supplier against all transit risks till the delivery at warehouse or such other location as may be notified by Purchaser. Transit damages/shortages have to be informed in writing by Purchaser within 30 days from the date of receipt of Deliverable. Consignees are supposed to take open delivery certificate from the carrier in case they notice any damages. Supplier further will maintain such additional types and limits of insurance as is customary for a company of similar size and similar operations or services provided by the Supplier in the jurisdiction or jurisdictions in which the Purchaser is receiving the Deliverable.

13. **Confidentiality and Proprietary Information:** Supplier agrees not to publicize that Purchaser has contracted with Supplier and not to disclose any details or other information about the PO. Unless otherwise known to the public, all information disclosed by Purchaser to Supplier is confidential and proprietary and Supplier agrees that it shall not be disclosed or used except for the purpose of performing this PO. All things (such as drawings, documents, etc.) containing such Information are the property of Purchaser and are to be delivered to it upon demand. All Deliverable manufactured by the Supplier according to Purchaser's specification, blueprints, drawings/ designs/ manufacturing data or information pertaining to therein furnished to the Supplier by Purchaser shall not be utilized by the Supplier or anyone on its behalf for sale, manufacture or for any other purpose save as agreed by Purchaser in writing. All blueprints, drawings, designs, prototypes, blocks, etc., entrusted by Purchaser to the Supplier shall be Purchaser property and are returnable to Purchaser on demand.

14. **Term and Termination:** The PO will remain in effect with respect to any Agreement/SOW already issued prior to expiration of the term of the PO, until such Agreement/SOW is either terminated or the work is completed and accepted. Purchaser may terminate this PO, for convenience, in whole or in part, for no reason or for any reason, upon thirty days written notice to Supplier. Upon receipt of notice of such termination, Supplier will inform Purchaser of the extent to which it has completed performance as of the date of the notice, and Supplier will collect and deliver to Purchaser whatever work then exists. Unless such termination is due to default of Supplier or failure of Supplier to assure adequate performance, Purchaser shall pay Supplier the undisputed fee on a pro rata basis for the work completed as of the date of termination and upon such payment all equipment, materials, work-in-progress, finished goods, drawings, information and other things for which Purchaser has paid shall at Purchaser's option become the property of Purchaser and be released by Supplier to Purchaser upon demand for pick-up and removal. The provisions of this clause are without prejudice to any other rights or remedies of Purchaser including those resulting from default by Supplier. Purchaser will have no further payment obligation in connection with any termination. Purchaser may terminate the

PO, immediately by delivering written notice to the Supplier upon the occurrence of any of the following events: (i) a court receiver is appointed for the Supplier or its property; (ii) Supplier makes a general assignment for the benefit of its creditors; (iii) proceedings under any bankruptcy, insolvency or debtor's relief law, if such proceedings are not dismissed within 30 days; or (iv) Supplier is liquidating, dissolving, or ceasing to do business with notice of 30 (thirty) days to the Supplier.

**15. Applicable Law and Jurisdiction:** Unless agreed otherwise in any Agreement executed between the Purchaser and Supplier, all disputes or differences whatsoever arising between the Parties, out of or in relation to the construction, meaning and operation or effect of this PO/ Agreement/SOW or breach thereof, shall be decided by a competent Court in Mumbai only and shall be subject to, the jurisdiction of Mumbai Courts.

**16. Third Party Risk Management:** Purchaser expects Suppliers with whom Purchaser works to comply with the law, to adhere to ethical business practices and to observe the Third Party Code. The Third Party Code, policies and guidelines can be found at <https://www.novartis.com/about-us/corporate-responsibility/resources-news/codes-policies-guidelines>. Suppliers shall familiarize themselves with these codes, policies and guidelines and provide information/documentation on reasonable request to Purchaser, its affiliated companies and respective representatives to allow Purchaser to verify compliance with the Third Party Code and policies, in the form requested. Suppliers will rectify identified non-compliances with the Third party Code and policies (where capable of remedy) and report remediation progress to Purchaser, its affiliated companies and respective representatives on request. Supplier shall ensure that where Supplier affiliates and/or sub-contractors/agents of Supplier and its affiliates have been pre-approved by Purchaser to provide the Services that such third parties also comply with the above requirement relating to Third Party Code, policies and guidelines. Supplier acknowledges and agrees that the Third Party Code forms an integral part of this PO and understands that failure to adhere to these standards and/or obstructing/refusing Purchaser' audit rights as stated in the Third Party Code shall constitute a material breach of this PO and failure to adhere to these standards shall entitle Purchaser to terminate forthwith by written notice without compensation. Supplier confirms that it has read and understood the Third Party Code and policies.

**17. Audit:** At its sole discretion, Purchaser has the right to perform periodic audits at the supplier up to five years following completion of the PO. In this regard, Supplier will provide all reasonable cooperation and provide all the necessary records to demonstrate Supplier's compliance with this PO. Supplier will promptly correct any other Supplier deficiencies discovered as a result of the audit.

**18. Indemnity:** The Supplier undertakes to indemnify, defend and hold harmless Purchaser (including all its officers, directors, employees, contractors and agents) against any actions, judgments, decrees, costs, claims, demands, causes, damages, losses and expenses including attorney's fees ("**Claims**") arising out of, incidental to, or resulting directly or indirectly from any actual or alleged intellectual property right infringements, any manufacturing defect in the Deliverable, and/or due to breach by the Supplier of any of its warranties, representations, covenants and obligations under this P.O, MSA/SOW. The Supplier further undertakes at its own expense to defend or assist in the defense or any suit or action which may be brought against Purchaser in this connection. The Supplier shall be responsible and liable for manufacturing defect and product liability of the Deliverable supplied to Purchaser and/or for deficiency in Deliverable.

**19. Pre-estimated loss:** In the event that the Supplier is delayed in making delivery or services of the Deliverable, the Supplier agrees that the loss suffered by Purchaser on account of such delay would be difficult to determine accurately. Accordingly, if due to the fault of the Supplier, the Deliverables have not been delivered or provided at dates and/or levels agreed upon, the Supplier agrees to, without demur, pay Purchaser a sum equivalent to 1% per day (subject to a maximum of 10%) of the accepted contract amount by way of genuine pre-estimate of the loss suffered by Purchaser for such delayed and/or deficiency and not as penalty. The payment of the aforementioned amount shall not release the Supplier from its obligation to continuously

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deliver quality Deliverable nor shall it preclude Purchaser for seeking any other remedy under the PO, Agreement or SOW as the case may be.

20. **Tax (For Local Procurement of Goods or Services):** The Supplier must issue invoices compliant to the tax laws applicable to the transaction. In case Purchaser is denied any credit of tax by the tax authorities on account of improper/incomplete invoice under any of the laws applicable, the same would be recovered from the Supplier. The Supplier must specify on its invoice correct and complete registration number(s) as applicable under the laws governing the transaction. The Supplier must ensure to comply with the provisions of CGST Act,2017,SGST Act,2017 of respective State (Intra-State Supply) and IGST Act, 2017 (Inter-State Supply) including filing of statutory returns and payment of applicable GST taxes on due dates for the supply of Deliverable. Any non-compliance of the provisions of aforesaid Acts or/ and applicable Rules made thereunder on the part of Supplier towards the supply of Deliverable resulting in disallowance of Input Tax Credit, the same shall be recovered along with appropriate interest. This is without prejudice to the rights and remedies that Purchaser has under law.

(Optional – relevant under Indian Law where Supplier is a foreign entity). In case of Foreign (Outside India) Service Provider.

21. **Tax (For Import of Services)** Necessary GST compliance as per prevailing provisions of GST Acts and Rules will be made by Purchaser including payment of tax under Reverse Charge Mechanism ('RCM') being import of services. GST under RCM will be paid by Purchaser. However, if there is a change in provisions GST Acts or Rules made thereunder for such rendition of services by Supplier, the same will be communicated to Supplier for proper GST compliance including payment of taxes, if any.

- a) Purchaser shall deduct withholding tax as per prevailing tax laws in India. In the event Purchaser makes such deductions, Purchaser shall deliver to Supplier the payment receipts for all such amount deducted. Purchaser agrees to reimburse any such loss, claim or liability (of tax, interest and penalty) arising due to not providing proof of deduction.

To apply beneficial withholding tax rate, Purchaser will require from Supplier following documentation:

1. Tax residency Certificate issued by revenue authorities of Supplier. (The date of certificate should match with Invoice. Further if the TRC is in language other than English, then a translation copy should also be provided.)
2. Form no 10F duly filled up and signed. (Draft format attached)
3. A no PE declaration (Draft format attached)
4. Permanent Account Number copy (India Tax Identification number if available)