



**Novartis India Limited**  
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CIN No. L24200MH1947PLC006104  
Website: [www.novartis.com](http://www.novartis.com)

July 05, 2024

To,  
The Secretary  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

Scrip Code: 500672

Dear Sir/ Madam,

**Sub.: Annual Report for the financial year 2023-24 and Notice convening the 76<sup>th</sup> Annual General Meeting of Novartis India Limited ('the Company')**

This is further to our letter dated May 10, 2024, wherein we had informed that the 76<sup>th</sup> Annual General Meeting ('AGM') of the Company is scheduled to be held on **Wednesday, July 31, 2024, at 11:00 A.M. (IST)** through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM') in compliance with the relevant Circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India ('SEBI') from time to time.

In terms of the requirements of Regulations 30 and 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), we submit herewith the Annual Report for the financial year 2023-24 along with the Notice of 76<sup>th</sup> AGM of the Company, which is also being sent to the Members through an electronic mode.

The Annual Report for the financial year 2023-24 containing the Notice of 76<sup>th</sup> AGM of the Company is also available on the website of the Company at:

<https://www.novartis.com/in-en/investors/novartis-india-financials#tabannual-reports-6996>

Further, in terms of Section 108 of the Companies Act, 2013 read Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the SEBI Listing Regulations, the remote e-voting period will commence from **Sunday, July 28, 2024 at 9:00 a.m. (IST)** and will end on **Tuesday, July 30, 2024 at 5:00 p.m. (IST)**. During this period, the members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. **Tuesday, July 23, 2024**, may cast their vote by remote e-voting. Members attending the AGM who could not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM.

You are requested to take the above information on record.

Thanking you

Yours Sincerely,

**For Novartis India Limited**

**Maru Chandni**  
Digitally signed by Maru Chandni  
DN: dc=com, dc=novartis,  
ou=people, ou=LE,  
serialNumber=3190945, cn=Maru  
Chandni  
Date: 2024.07.05 15:27:43 +05'30'

**Chandni Maru**  
**Company Secretary and Compliance Officer**

**Encl.: Annual Report for the financial year 2023-24 containing Notice of 76<sup>th</sup> AGM**

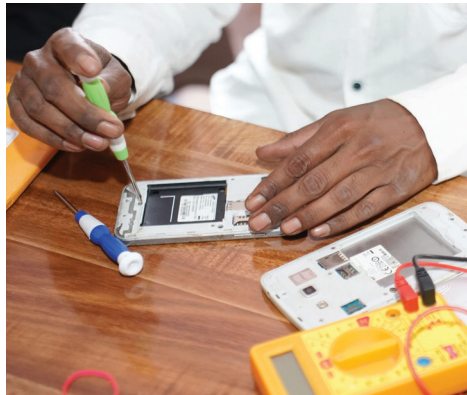




NOVARTIS INDIA LIMITED  
ANNUAL REPORT 2023-24







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## BOARD OF DIRECTORS

Christopher Snook	Chairperson
Sanjay Murdeshwar	Vice Chairman and Managing Director (ceased w.e.f closing hours of April 02, 2024)
Jai Hiremath	Independent Director (ceased w.e.f closing hours of March 31, 2024)
Sandra Martyres	Independent Director
Sanker Parameswaran	Independent Director
Gira Sardesai	Independent Director (appointed w.e.f March 31, 2024)
Shilpa Joshi	Whole-Time Director and Chief Financial Officer
Falin Majmudar	Additional Whole-Time Director (appointed w.e.f June 28, 2024)

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Chandni Maru	Company Secretary and Compliance Officer (appointed w.e.f May 08, 2024)
Nikhil Malpani	Company Secretary and Compliance Officer (ceased w.e.f. April 30, 2024)

CIN L24200MH1947PLC006104

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Website www.novartis.in

Registrar And Transfer Agents Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg  
Vikhroli (West), Mumbai 400 083

Telephone Nos. +91 22 4918 6000

Fax +91 22 4918 6060

E-mail rnt.helpdesk@linkintime.co.in

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### Annual General Meeting

11.00 a.m. Wednesday, July 31, 2024

For detailed instructions to join the AGM through Video Conference (VC) / Other Audio Visual Means (OAVM) and the procedure to raise questions / seek clarifications with respect to the Annual Report, please refer Note 16 on Page No. 30 of this Report.

Members are requested to join the virtual AGM by 10:45 A.M. Please keep a soft copy of the Annual Report handy during the meeting proceedings. Members who wish to speak at the AGM are requested to write to the Company in advance at india.investors@novartis.com







Dear Shareholders,

It gives me great pleasure to present the Annual Report for Novartis India Limited for the year 2024. This year, India finds itself on the brink of a significant economic transformation. The International Monetary Fund (IMF) projects a GDP growth rate of 6.8% for India in 2024<sup>1</sup>. This growth is driven by increased domestic consumption, strategic reforms, and remarkable advancements in the digital landscape. As our economy expands, it is clear that healthcare is poised to be a critical driver of this growth narrative. In recent years, the government has placed renewed focus on healthcare, exemplified by initiatives such as Ayushman Bharat and increased public health expenditure. These efforts underscore the essential role of a healthy populace in fostering economic prosperity.

In 2024, key healthcare trends that I believe are significantly reshaping the Indian landscape are:

**a. Increase in Private Insurance**

**Adoption:** India's growing middle class and increased awareness of healthcare needs have resulted in a surge in private health insurance adoption. In fact, the gross written premium is anticipated to experience a compound annual growth rate (CAGR) of 6.76% between 2024 and 2028.<sup>2</sup> This shift not only provides financial security to millions but also drives the demand for quality healthcare services and innovative treatments.

**b. Empowered Patients Making Informed Decisions:**

The digital revolution and easy access to information have empowered patients to make informed healthcare decisions. This patient-centric care trend strengthens the healthcare ecosystem and transforms the doctor-patient relationship by fostering transparency and improving health outcomes.

**c. Value and outcome-based decision-making over price:**

As patients and caregivers increasingly have a voice in their treatment, they seek the best health outcomes. Many of them have gradually started demanding innovative and advanced treatment options. One can also correlate this trend with the evident increase in income levels. With this higher quality care and competitive pricing, India has also emerged as a preferred destination for medical tourism, attracting patients from around the world. For instance, given the advances in medical technology and expertise, organ transplants have been on the rise in India.

At Novartis India Limited, we believe that true progress encompasses not only financial success but also contributions to societal well-being. Our commitment to social responsibility is unwavering, and we are guided by principles of sustainable development and equity. Our continued dedication to eradicating leprosy and supporting rehabilitation initiatives exemplifies this philosophy.

Despite significant progress in reducing the prevalence of leprosy, India still accounts for 60% of the world's leprosy cases. Leprosy, often accompanied by stigma and discrimination, necessitates a comprehensive approach that involves early detection, effective treatment, and socio-economic rehabilitation for those affected. Aligned with Sustainable Development Goal 3, which aims to ensure healthy lives and promote well-being for all at all ages, Novartis India Limited has intensified support for such initiatives. As you read the testimonial stories of beneficiaries in this report, I am confident that you will share in my pride.



Before concluding, I would like to take a moment to acknowledge the resilience demonstrated by Novartis India Limited. One can't ignore the sustained headwinds faced by the pharmaceutical industry in India owing to both policy and operating environments. Despite that, our journey continues to be guided by a deep sense of purpose and responsibility towards our stakeholders, our community, and the planet. I extend heartfelt gratitude to our employees, partners, and shareholders for their unwavering support and dedication. Together, we will continue to inspire and positively impact lives, ensuring a healthier and more equitable future for all.

On behalf of the Board of Directors, I am pleased to reiterate our commitment to delivering shareholder value. Therefore, the Company's Board of Directors propose ₹ 25 per equity share of ₹ 5 face value per equity share at the upcoming Annual General Meeting, subject to approval by the shareholders of the Company.

Thank you for your continued confidence in our Company. I eagerly anticipate your ongoing support in the years ahead.

Sincerely,  
Christopher Snook  
Chairman

1. India and the IMF

2. Health insurance - India | Statista Market Forecast











# Championing Sustainable Livelihoods

## For people affected by leprosy

Almost two decades ago, in 2005, India declared that it had successfully eliminated leprosy. Since then, support for many leprosy programs dwindled and resources were redirected to other health priorities. However, today, the prevalence of the disease continues to rise, with India accounting for over half (almost 60%) of the global leprosy load. According to the World Health Organization (WHO), India registered 1,03,819 new leprosy cases in 2022-23<sup>1</sup>. India also has approximately 750 'leprosy colonies' where more than 2,00,000 people live marginalized lives. This prevalence is only on the rise.

Maharashtra, where our headquarters are based, is a state which has one of the highest prevalence rates of leprosy; as many as 83,281 cases of leprosy were reported between January 1, 2019, and December 31, 2023<sup>2</sup>. In fact, leprosy remains endemic in several States and Union Territories

of India, according to *the Indian Journal of Medical Research*<sup>3</sup>.

Treatment alone is not the solution for this deep-rooted issue. The social stigma that is associated with leprosy is a larger battle in this journey. Those who are affected by leprosy, either themselves or because they come from leprosy families, are often excluded from mainstream society. This limits their ability to generate income and access opportunities and dampens their self-confidence. As a result, many get stuck in a cycle of generational poverty.

Dr Poonam Khetrpal Singh, World Health Organization (WHO) Regional Director for South-East Asia, said, back in 2019: "Leprosy-related discrimination, stigma and prejudice are the most powerful barriers to ending leprosy for good, especially given the disease is 100% curable when detected early."<sup>4</sup>

Recognizing this issue, Novartis India Limited, as part of our Corporate Social Responsibility (CSR) initiative, partnered with The Leprosy Mission Trust India (TLMTI). TLMTI, established in 1874, is a non-profit organization that works with people affected by leprosy and other marginalized communities with a focus on sustainable livelihood, community empowerment, advocacy & communication, and research & training.

With an aim to empower those affected by leprosy with sustainable livelihoods and help them stand on their own feet, this program funds skill development for those impacted.

This commitment to providing sustainable livelihoods for those in need has transformed the lives of close to 300 direct beneficiaries overall while also having a ripple effect on their families. For every person who undergoes livelihood training, at least

1. <https://www.newindianexpress.com/states/tamil-nadu/2024/Feb/03/is-zero-leprosy-a-daydream-or-realistic-goal>

2. <https://indianexpress.com/article/cities/mumbai/leprosy-gender-divide-women-brunt-maharashtra-9114132/>

3. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10057374/#:~:text=Even%20nowadays%2C%20a%20sizeable%20number,leprosy%20in%20certain%20pockets%20of>

4. <https://www.who.int/southeastasia/news/detail/25-01-2019-eliminate-leprosy-related-discrimination-prejudice-and-stigma-to-end-leprosy-for-good#:~:text=By%20Dr%20Poonam%20Khetrpal%20Singh,100%25%20curable%20when%20detected%20early.>



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This commitment to providing sustainable livelihoods for those in need has transformed the lives of close to 300 direct beneficiaries overall while also having a ripple effect on their families.

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four family members benefit from their improved incomes. Over time, this lifestyle upgradation may have the potential to impact generations.

Since 2022, the program has witnessed two phases.

#### **Phase 1**

### **VOCATIONAL TRAINING FOR STUDENTS**

The first phase of this program, which began in 2022, involved TLMTI's Vocational Training Centers (VTCs) in Nashik (Maharashtra) and Vizianagaram (Andhra Pradesh). The courses that these

VTCs provide are focused on students who have dropped out of mainstream education. These include skills like motor mechanics, computer operation, and tailoring. With their boarding and lodging covered, they have the opportunity to really focus on their future training coupled with holistic job-readiness and soft skills sessions that prepare students to join and succeed in the workforce.

However, even with the right training, there is still a risk of exclusion. We work with students to provide appropriate opportunities catered to their skills. Some choose to work in organizations and others choose entrepreneurship. TLMTI develops partnerships with potential





employers, sensitising them to encourage inclusive employment. An alumni association that TMLTI has established helps graduates remain in touch with colleagues and support each other.

Over the last two years, this program has seen 180 students successfully trained, with more than 80% being offered placements in their field of study. Many of them, who were either working as daily wage earners or were unemployed in the past, are now earning three times more than their previous wages. They are not just surviving but thriving.

## Phase 2

### EXPANDING INTO THE COMMUNITY

Following the success of the first phase, we decided to replicate, strengthen and expand this model into the larger communities, which have pockets of leprosy colonies. These men and women are older than the students trained at the VTCs, but due to the impact of leprosy, they have been relegated to either being unemployed or being daily wage earners for years.

The vocational training they receive gives them an opportunity to gain a new lease on life. In the last year, over 100 people have been trained in various courses – tailoring, beautician and mobile phone repair. Gender equity is a key factor, with girls being encouraged to choose any course that attracts them. For instance, women are increasingly signing up for mobile repair courses. There is also a hand-holding period after the course to help students settle into their professional streams. This involves emotional support and concrete assistance.



Many of them, who were either working as daily wage earners or were unemployed in the past, are now earning three times more than their previous wages. They are not just surviving but thriving.





Another unique aspect of this program is its ease of accessibility. Where students are required to visit training centers but do not have the means to, transport is provided. In some situations, a 'College on Wheels' – a mobile van designed for digital literacy – goes into the communities to conduct classes.

### **HOLISTIC IMPACT**

These programs have been able to boost the quality of life for leprosy-afflicted families through the enhanced incomes that their new skills bring. At a deeper level, however, other remarkable changes are taking place; the beneficiaries are gaining confidence

and a new-found zest for life that helps them deal with the stigma that has traditionally surrounded leprosy.

As Mahatma Gandhi once asked, back in 1965: "Why should there be a stigma about leprosy any more than any other illness?"<sup>5</sup>. The question is even more relevant today now that leprosy is a curable disease if detected early.

The skill development training and confidence that the beneficiaries have gained have transformed not just their own lives but also those of their families and communities. The impact has been tremendous, and their stories are a testament to this.

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At a deeper level, however, other remarkable changes are taking place; the beneficiaries are gaining confidence and a new-found zest for life that helps them deal with the stigma that has traditionally surrounded leprosy.

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5. <https://www.collectorbazar.com/item/india-1965-leprosy-is-curable-mahatma-gandhi-quotation-special-cover-23325-d-54693>





## LEPROSY CHAMPION

### SHEETAL

When Sheetal, a resident of Amravati, was diagnosed with leprosy, she was just a child in the third standard, growing up in a household where money was scarce. Over time, things got progressively worse. Sheetal's *bhabhi* (sister-in-law) and father both passed away in 2021 and 2023, respectively, and her elder brother, a laborer, supported the family with an annual income of just ₹31,000. Illness-related debts ran high.

Despite her ill health, Sheetal studied up to the 12<sup>th</sup> standard, but prospects of further education were remote. Then, in her late 20s, she had the

good fortune to meet the TLMTI staff, who were conducting a pre-admission counselling session. They told her about the courses they were running in Nashik for leprosy-afflicted families, and in August 2022, Sheetal jumped at the opportunity to join the tailoring and beautician courses that ran for three months each. Now, aged 30, she earns ₹16,000 a month working as the Chief Development Organizer (CDO) at TLMTI's Children Unite for Action (CUFA) program, spreading awareness and talking about her story, driving hope in the community. She supports her family financially, including her brother's children, and

has paid off most of the pending loans.

"People are scared to admit they have leprosy because of the stigma," Sheetal observes. "When I first learned I had leprosy, I was also scared. People said it could be spread by touch and asked why I had it when no one else in the family did. But I learned that this is not true – leprosy does not spread through touch – and I told everyone this at home. My own mother initially told me not to let anyone know I had leprosy, but now she herself tells people that I have had it and there is no problem – everyone in the family is fine!"

Disclaimer: Names of the people concerned in the case studies have been changed.

# STITCHING A NEW LIFE

ANITA



In the Ghoti village of the Igatpuri *tehsil* in Nashik, a few minutes' walk up an uneven, unpaved path, a colourful banner outside one of the modest homes takes you by surprise. The poster, which announces a tailoring service, belongs to Anita, a woman in her mid-30s with four children aged nine to twelve. With her husband earning a little working as a truck loader and she herself working for six years in a brick factory, life for her leprosy-afflicted family was hard.

In January 2024, Anita found new hope. Thanks to the TLMTI's efforts, she signed up for a three-month tailoring course where, between 12 noon and 3 p.m., she learned to stitch everything from Punjabi suits to dresses and saree blouses.

Now, in her small home, a sewing machine takes pride of place, and Anita says with a smile that she can earn double the amount she used to earn at the brick factory – all without leaving her house.

# QUICK ON THE BUTTON

PRIYANKA

At 28, Priyanka is clear about her priorities. The mother of two girls, aged five and two, she had studied till the 10<sup>th</sup> standard in Mumbai before her marriage in 2017, and motherhood, consumed her life.

When Priyanka, now a resident of Pegalwadi village in Trimbakeshwar, first learned of TLMTI's programs, she completed the beautician course. Then she realised that training in mobile repairs offered even better prospects. As her instructor points out, being able to do hardware repairs offers earning

potential of ₹ 20,000-25,000 per month, and in a day, you could earn a minimum of ₹ 600.

What made mobile repairs an exciting choice for her was that most shops offering the service were approximately 25 kilometers away, in Nashik, so customers would welcome closer options. "Plus, Pegalwadi has a famous waterfall, so people visit it and then drop their mobiles in the water," she laughs.

Having done a beautician course – a more traditional option for women – does she ever get asked if she is competent enough to do mobile repairs? "That is exactly what I need

to prove!" she declares. She adds: "If women don't do these things, how can we teach our children to be better?"



Disclaimer: Image used is for representative purpose only.

Disclaimer: Names of the people concerned in the case studies have been changed.





## LIVE WIRE, DREAMING BIG!

**RAJU**

When 24-year-old Raju emerges from a busy construction site in the heart of Nashik, face covered in dust, his smile outshines the sun. Born into a leprosy-affected farm laborer's family in Amravati, Raju has seen some truly hard times. Watching his parents and younger brother working on the farm, he dreamed of a better life. However, Raju was at a loss; he could not study beyond the 12<sup>th</sup> standard because of financial difficulties and found himself idling at home for two years, wondering what to do.

His luck turned when a Leprosy Mission doctor visited his village and told him about the Vocational Training Center in Nashik. Raju joined the electrician's course immediately in 2022 and enthusiastically completed his training. Today, he works with a local builder to set up the electrical wiring in new homes, earning much more than he would have at the farm.

Raju knows the experience he is gaining is vital and takes a long-term view. "I still have a lot to learn," he says, "but one day, I will get four people to work with me and start my own electrical business!" The confidence in his voice meets the smile in his eyes.

Disclaimer: Names of the people concerned in the case studies have been changed.



## FAST FORWARD

### RAMESH

Ramesh, now in his mid-20s, is an apprentice with the Maharashtra State Road Transport Corporation, living with his parents in his village with dignity and pride and contributing to the household finances. The social status that his job has given him is a far cry from the discrimination that he and his family faced as he was growing up.

Ramesh, a son of poor farm laborers, was still studying when he was diagnosed with leprosy – a life-altering situation that forced him to discontinue his education. The family, which survived on just ₹35,000 a year, found themselves in even more dire straits after the diagnosis; thanks to the stigma, they were even deprived of free rations.

Despite the twin tragedies of poverty and leprosy, Ramesh was determined to turn his life around. He joined TLMTI's motor mechanics vehicle course and graduated in 2023. In the process of doing this program, he not only acquired new skills but also regained his self-esteem through life skill classes and counseling sessions.

Ramesh earns three times the income that his parents could, but his biggest reward is the change in villagers' attitudes towards him and his family; he and his family no longer face the stigma that they once did. For him, that is the most valuable thing of all.



## WELDING A NEW WORLD

### VINOD

Though Nashik is far from his hometown in Punjab, 25-year-old Vinod found a new life here, at TLMTI's Vocational Training Center. With both parents affected by leprosy and begging to help feed the family, Vinod has had a hard life. He studied up to the 10<sup>th</sup> standard, but financial constraints meant he could not study further. "I had no idea what to do," he recalls.

Then, he learned of the residential training that the VTC provided and signed up for the welding course. "I have been here for a year, and our Principal ma'am (Shyla Francis) has given me so much confidence and support," he says.

Vinod is currently working in a car workshop, gaining experience, and hoping to start his own business one day. "For now, I want to study more," he declares. "For instance, when I was trying to fix the alignment for solar panels, it took me three hours, but someone with more experience did it in five minutes. I can start my own business when I know enough to earn ₹ 1000-1500 in a day from one customer."

There was a time when Vinod would never admit his circumstances, even to his closest friends. Now, he freely acknowledges he is from a leprosy-afflicted family. "Jo hai sach hai (The truth is what it is)," he says matter-of-factly. Vinod is also a mentor to others who have faced similar challenges. "I advise them not to give up," he explains. "If you want to do something, you can."

Disclaimer: Names of the people concerned in the case studies have been changed.



## A TALE OF TWO SISTERS

### SEEMA AND MALTI

Though it has only been a few months since their banner announcing beauty services went up, life for Seema (28) and her sister Malti (24) is looking good. Both have young children; Seema, who has studied until the 12<sup>th</sup> standard, has an eight-year-old daughter and a five-year-old son, while Malti, a Commerce graduate, has a three-and-a-half-year-old boy. Being caregivers to these children and coming from leprosy-afflicted families meant they needed to be home much of the time.

In January, they signed up for TLMTI's three-month beautician course. Now, having completed the program, they regularly visit homes, individually or together, to offer hair, make-up, and other beauty treatments; sometimes, clients come to them too. In Seema's living room, a dressing table laden with cosmetics and other beauty parlour paraphernalia stands testimony to their growing business. Recently, they earned ₹ 3,000 doing a bridal service and immediately invested the money in buying a crimping machine and other equipment. During the wedding season, they earned ₹ 7,000-8,000 – a small fortune for the two women. Word-of-mouth has boosted their business, and the sisters use Instagram and WhatsApp to promote their work.

This transformation in their lifestyle has given them new-found confidence and a zest for life. They are smart enough, however, to recognize that there is no room for complacency; the training they have acquired is just the beginning. Now, they want to learn new skills, such as professional saree draping. Seema visits YouTube regularly to acquaint herself with new hairstyles that she can suggest to clients.

Seema describes how earlier, after her family members went to work and school, she would spend her time either sleeping or whiling away time on her mobile. The training she has received, however, has sparked her self-esteem; she knows she is a good beautician and is delighted to earn her own money. Malti, too, says that she has gained tremendous confidence since acquiring her new skills; she used to experiment with make-up as a college student, but learning it formally has made all the difference.

Disclaimer: Names of the people concerned in the case studies have been changed.

## EMBRACING LIFE

### SUJATA

Sujata, now in her early 30s, is a physiotherapy assistant earning ₹ 13,000 a month. For the young leprosy survivor from a remote village in the Srikakulam district of Andhra Pradesh, the transformation in her life is nothing short of a miracle. Sujata, who had a clawed hand, not only had to battle leprosy and the associated stigma, but she also had a handicapped husband and two children to look after.

Her life changed when she sought treatment, underwent reconstructive surgery and then joined the tailoring program at TLMTI's Vocational Training Centre. The surgery ensured that she no longer had a visible disability, and her tailoring skills helped her gain confidence and a means of livelihood. Her job as a physiotherapy assistant gives her the satisfaction of helping others who face challenges.

Sujata dreams of securing a government job and providing a better life for her children. She has already proved she has the tenacity and determination to make this happen.



Disclaimer: Image used is for representative purpose only.







# Notice

**NOVARTIS INDIA LIMITED**  
**CIN: L24200MH1947PLC006104**  
**Regd. Office: Inspire BKC, 7<sup>th</sup> Floor, Bandra Kurla Complex,**  
**Bandra East, Mumbai – 400051**  
**Tel: +91 22-50243000; Fax: +91 22-50243005**  
**Email: india.investors@novartis.com; Website: www.novartis.com/in-en**

NOTICE is hereby given that the 76<sup>th</sup> Annual General Meeting ('AGM') of **NOVARTIS INDIA LIMITED** (hereinafter referred to as 'the Company') is scheduled to be held on Wednesday, July 31, 2024 at 11:00 A.M. (IST), through Video Conferencing/ Other Audio-Visual Means (hereinafter referred to as 'VC') without the physical presence of the Members at a common venue in conformity with the regulatory provisions and the circulars issued by Ministry of Corporate Affairs, Government of India to transact the businesses mentioned below:

## Ordinary Business

1. **To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended March 31, 2024, together with the Reports of the Board and the Auditors thereon by passing the following Resolution as *Ordinary Resolution*:**

“**RESOLVED THAT**, the Audited Financial Statement of the Company for the financial year ended March 31, 2024 and the Reports of the Board and Auditors thereon as circulated to the Members along with the Notice of the AGM be and are hereby considered and adopted.”

2. **To declare dividend for the financial year ended March 31, 2024 by passing the following Resolution as *Ordinary Resolution*:**

“**RESOLVED THAT**, dividend of INR 25/- (INR Twenty-Five Only) per equity share of the face value INR 5/- (INR Five Only) each for the financial year ended March 31, 2024, be and is hereby declared and will be payable to all those beneficial owners/members whose names appear in the Register of Members as on the record date for payment of dividend.”

3. **To appoint Ms. Shilpa Joshi (DIN: 09775615) as Director, who retires by rotation and being eligible, offers herself for re-appointment by passing the following Resolution as *Ordinary Resolution*:**

“**RESOLVED THAT**, pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of members of the Company, be and is hereby accorded to re-appoint Ms. Shilpa Joshi (DIN: 09775615) as a Director, who is liable to retire by rotation.”

## Special Business

4. **Appointment of Mr. Falin Majmudar (DIN: 10681030) as the Director of the company:**

To consider and, if thought fit, to pass the following resolution as an ***Ordinary Resolution***:

“**RESOLVED THAT** Mr. Falin Majmudar (DIN:- 10681030) who was appointed as an Additional Director of the Company, by the Board of Directors in their Meeting held on June 28, 2024 be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company including any Committee constituted by the Board be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, proper or desirable for the purpose of giving effect to this Resolution”.



5. **Appointment of Mr. Falin Majmudar (DIN: 10681030) as Whole-Time Director of the Company:**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 (‘the Act’), read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule V of the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), approval of the Members be and is hereby accorded for the appointment of Mr. Falin Majmudar (DIN: 10681030) as a Whole-Time Director of the Company, liable to retire by rotation, for a period of 5 (five) years commencing from June 28, 2024 till June 27, 2029 (both days inclusive), on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice (and those stipulated in the employment agreement executed for purposes of giving effect to the said appointment).

**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination and Remuneration Committee of the Board) be and is hereby authorised to revise the remuneration of Mr. Falin Majmudar from time to time to the extent the Board of Directors may deem appropriate, provided that such revision is within the maximum limits of remuneration approved by the Members of the Company.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary herein contained, wherein in any financial year during the currency of his tenure, the Company has no profits or the profits are inadequate, Mr. Falin Majmudar be paid minimum remuneration within the ceiling limit prescribed under Schedule V to the Act or any modification or re-enactment thereof subject to requisite compliance and disclosure.

**RESOLVED FURTHER THAT** the Board or any Committee constituted or to be constituted by the Board be and is hereby authorized to delegate the powers to any officer of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, expedient or desirable in order to give effect to this resolution or otherwise considered by the Board in the best interest of the Company, as it may deem fit.

By Order of the Board of Directors

SHILPA JOSHI  
Whole-Time Director and  
Chief Financial Officer  
DIN: 09775615

**Registered Office**

**Novartis India Limited**

Inspire BKC, 7<sup>th</sup> Floor,  
Bandra Kurla Complex,  
Bandra East,  
Mumbai – 400051

Date: June 28, 2024

Place: Mumbai



## NOTES:

1. An Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 in respect of special business of the Company is appended and forms part of the Notice.
2. Meeting through VC
  - i. Ministry of Corporate Affairs ('MCA') vide its General Circular No. 09/2023 dated September 25, 2023 and SEBI vide its Circular No. SEBI/HO/CFD/ PoD-2/P/ CIR/2023/4 dated October 07, 2023 and other relevant Circulars (collectively referred to as 'Circulars'), dispensed the listed companies from dispatching of hard copies of Annual Report due in the year 2024 (i.e. till September 30, 2024) to the members of the Company and allowed the companies to conduct their AGMs through VC.
  - ii. In compliance with the provisions of the Circulars, the 76<sup>th</sup> AGM of the Company is being held through VC. Since, the AGM will be held through VC, the route map is not annexed to this Notice.
  - iii. Pursuant to MCA Circular mentioned above, the Members will not be allowed to attend the AGM in person. Members logging-in to the VC facility using the remote e-voting credentials will be reckoned for the purpose of quorum for the AGM under Section 103 of the Companies Act, 2013 ('the Act').
  - iv. The Registered Office of the Company shall be deemed to be the venue for the AGM.
3. Electronic copy of Annual Report along with the Notice of AGM
  - i. Members may note that in compliance with the aforesaid Circulars, Notice of AGM along with the Annual Report for the financial year 2023-2024 are being sent only through an electronic mode (by email) to those members whose email addresses/ email IDs are registered with the Company/Depositories.
  - ii. Members may note that the Notice of AGM and Annual Report for the financial year 2023-2024 will also be available on the website of the Company at [www.novartis.com/in-en](http://www.novartis.com/in-en), website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com); and on the e-voting website of National Securities Depository Limited ('NSDL') at <https://www.evoting.nsdl.com>
4. Register your e-mail IDs to receive communication electronically

Members who have not registered their email address as a consequence of which the Annual Report, Notice of AGM and e-voting instructions could not be serviced or who have become members post sending of Notice of AGM may register the same in the following manner:

- i. Members holding equity share(s) in physical mode can register their email ID by sending request to the Registrar and Transfer Agent of the Company viz. Link Intime India Private Limited ('RTA') at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) providing Form ISR-1 along with supporting documents. The said form is available on the website of the Company at <https://www.novartis.com/in-en/investors/shareholders-information>, Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card). Alternatively, shareholder could use the link [https://liiplweb.linkintime.co.in/EmailReg/Email\\_Register.html](https://liiplweb.linkintime.co.in/EmailReg/Email_Register.html) for updating their details online.

- ii. Members holding equity share(s) in an electronic mode are requested to register/ update their email address with their respective Depository Participants ('DPs') for receiving all communications from the Company electronically.
5. Proxy

Members may note that since the AGM is being held through VC, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members under Section 105 will not be available for the 76<sup>th</sup> AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Authorised Representative

Institutional/Corporate shareholders (i.e. other than individuals/HUF/NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. with attested specimen signature of the duly authorised signatory (ies) who are authorised to vote, to the Scrutinizer by email to [scrutinizer@snaco.net](mailto:scrutinizer@snaco.net) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney/ Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-voting" tab in their login.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least seven days before the date of the meeting through email on [india.investors@novartis.com](mailto:india.investors@novartis.com). Please note that members' question will be answered only if they continue to hold the shares as on cut-off date i.e. July 24, 2024.
8. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and Secretarial Standard on General Meetings ('Secretarial Standard – 2'), the details of Director seeking re-appointment at the AGM is enclosed in explanatory statement.
9. Book Closure

The Register of Members and Share Transfer Books will remain closed on all days from Wednesday, July 24, 2024 to Wednesday, July 31, 2024 (both days inclusive).
10. Information related to dividend
  - i. Payment of dividend for the financial year ended March 31, 2024 as recommended by the Board, if approved at the meeting, will be payable within 30 (thirty) days from the date of its declaration to the shareholders whose names appear in the Register of Members of the Company as on the close of business hours on Tuesday, July 23, 2024 and to those whose names appear as beneficial owners as on end of the day on Tuesday, July 23, 2024.
  - ii. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the RTA in case the shares are held by them in physical form.
11. Taxability of dividend
  - i. Members may note that pursuant to the Finance Act, 2020, dividends paid or distributed by a Company with effect from April 1, 2020 shall be taxable in the hands of the members. The Company shall therefore be required to deduct tax



at source at the prescribed rates at the time of making payment of the said total dividend. For the prescribed rates for various categories, the members are requested to refer to the Finance Act, 2020 and amendments thereof, if any.

- ii. Necessary communication in this regard will be sent separately to all the shareholders on their registered email IDs. A copy of the said communication will also be placed on the website of the Company at <https://www.novartis.com/in-en/>
- iii. Shareholders are requested to furnish appropriate declarations and documents by 11:59 p.m. (IST) on Friday, July 19, 2024 by email to [novartisdivtax@linkintime.co.in](mailto:novartisdivtax@linkintime.co.in) Alternatively, shareholder could use the link <https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> for submission of appropriate documents in order to enable the Company to determine and deduct appropriate TDS/ withholding tax rate. No communication/ documents shall be considered post 12.00 a.m. on Saturday, July 20, 2024.
- iv. For Resident shareholders

Category of shareholder	Tax Deduction Rate	Exemption applicability/Documentation requirement
Any Resident shareholder	10%	Update the PAN if not already done with depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agent – Link Intime India Private Limited (in case of shares held in physical mode)  No deduction of taxes in the following cases – <ul style="list-style-type: none"> <li>• If dividend income to a resident Individual shareholder during the financial year 2023–24 does not exceed Rs. 5,000</li> <li>• If the shareholder is exempted from TDS provisions through any circular or notification and provides an attested copy of the PAN along with documentary evidence in relation to the same</li> </ul>
Resident individuals submitting Form 15G/ 15H	Nil	Shareholders providing <b>Form 15G</b> (applicable to individuals below 60 years)/ <b>Form 15H</b> (applicable to individuals above the age of 60 years) – on fulfilment of prescribed conditions
Other resident shareholders without registration of PAN or having invalid PAN	20%	Update the PAN if not already done with depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agent – Link Intime India Private Limited (in case of shares held in physical mode)

- v. Recording of the valid Permanent Account Number (PAN) for the registered Folio No./DP ID – Client ID is mandatory. In absence of a valid PAN, the tax will be deducted at a higher rate of 20% as per Section 206AA of the IT Act.

- vi. Non-filers of income-tax return in India will be subject to twice the applicable rate of tax as per Section 206AB of the IT Act if considered as a 'specified person' as per definition provided therein
  - vii. Shareholders holding shares under multiple accounts under different status/ category and with single PAN, may note that higher of tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different account. (The PAN needs to be updated for each account).
  - viii. Non-Resident shareholders can avail beneficial tax rates under the tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. The Company is not obligated to apply the beneficial tax treaty rates at the time of Tax deduction/withholding on dividend amounts. Application of beneficial tax treaty rates shall depend upon the completeness of the documents submitted by the non-resident shareholders and review to the satisfaction of the Company and in case of ambiguity, the Company reserves its right to deduct the TDS as per the provisions of the IT Act.
12. Information related to Investor Education and Protection Fund ('IEPF')
- i. Pursuant to the provisions of Section 124(6) of the Act, and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereto, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed by members for seven consecutive years or more, in the Demat Account of IEPF Authority set up by the Central Government. Adhering to requirements set out in the said Rules, the Company has taken appropriate action and transferred the shares to the IEPF Authority on September 29, 2023 for the financial year 2015-16.
  - ii. The details of shareholders, whose shares have been transferred to IEPF, are placed on the website of the Company at <https://www.novartis.com/in-en/>
  - iii. Pursuant to the provisions of Sections 124 and 125 of the Act, dividends, which remain unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account, are required to be transferred to the IEPF authority established by the Central Government. The details of unpaid dividend are placed on the website of the Company at <https://www.novartis.com/in-en/>
  - iv. Concerned shareholders may note that, upon such transfer, both the unclaimed dividend and the shares transferred to the IEPF Authority including all benefits accruing on such shares, if any, can be claimed by making an online application to the IEPF Authority in e-Form IEPF- 5 available on [www.iepf.gov.in](http://www.iepf.gov.in)
  - v. Members who have not encashed dividend warrant(s) for the financial year 2015-16 and onwards are requested to make their claims directly to the Company or to the Company's Registrar & Share Transfer Agent, Link Intime India Private Limited, at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083, without any delay.
  - vi. The Securities and Exchange Board of India ("SEBI") and the Ministry of Corporate Affairs have made it mandatory for all the Listed Companies to offer Electronic Clearing Service ("ECS"), NEFT, RTGS facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders account, elimination of loss of instruments in transit or fraudulent encashment, etc. Bank account details given by Members to their Depository Participant(s) (DPs) and passed on to the Company by such DPs would be printed



on the demand drafts of the concerned Members. Members who hold shares in dematerialized form must, therefore, give instructions regarding their bank account details to their DPs. The Company will not act on any request received directly from Members for changes in their bank account details. Further, instructions, if any, given by Members for shares held in physical form will not be applicable to the dividend paid on shares held in electronic form.

- vii. Following are the due dates for transfer of unclaimed dividends to the IEPF

Financial Year	Dividend Rate per share (in ₹)	Date of declaration	Due date for transfer to IEPF
2015-16	10	29.07.2016	03.09.2023
2016-17	10	28.07.2017	02.09.2024
2017-18	10	27.07.2018	01.09.2025
2018-19	10	09.08.2019	15.09.2026
2019-20	10	07.08.2020	13.09.2027
2020-21	10	27.08.2021	02.10.2028
2021-22	10	29.07.2022	03.09.2029
2022-23	10	28.07.2023	02.09.2030

13. SEBI vide circular nos. SEBI/HO/OIAE/OIAE\_IAD- 1/P/CIR/2023/131 dated July 31, 2023 and SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/135 dated August 4, 2023 read with master circular no. SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/145 dated August 11, 2023, had issued guidelines towards an additional mechanism for investors to resolve their grievances by way of Online Dispute Resolution ('ODR') through a common ODR portal. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievance with the Company/its Registrar and Share Transfer Agent directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>).
14. In terms of Section 152 of the Act, Ms. Shilpa Joshi (DIN: 09775615), the Director of the company, retires by rotation at the AGM and being eligible, offers herself for re-appointment. The Nomination and Remuneration Committee and the Board of Directors of the Company has recommended her re-appointment.
15. Other information
- Members holding equity shares in physical form, in identical order of names, in multiple folios are requested to send to the Company or RTA, details of such folios along with the share certificates for consolidating their holdings in one folio. A letter of confirmation will be issued to such member after making requisite changes.
  - Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to the Registrar and Transfer Agents of the Company, in the prescribed Form SH-13 for this purpose. In case the shares are held by them in demat mode, the members are requested to submit the said details to their DP.
  - In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
  - The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act will be available electronically for inspection by the members during the AGM. All the documents referred to in Notice will also be available for electronic inspection [on all working days between 11.00 a.m. (IST) to 4.00 p.m. (IST)] without any fee by the

members from the date of circulation of this Notice up to the date of AGM i.e. July 31, 2024. Members seeking to inspect such documents may send their request in writing in advance to the Company at [india.investors@novartis.com](mailto:india.investors@novartis.com)

- v. In compliance with the provisions of General Circular No. 09/2023 dated September 25, 2023 issued by MCA and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 issued by SEBI, the Company is dispensed with the printing and dispatch of hard copies of Annual Reports to shareholders. Hence, the Annual Report for the financial year 2023–24 shall be sent only through electronic mode to those members whose email IDs are available with the Company/Depositories/RTA. If any member is desirous of obtaining hard copy of the Annual Report/Notice of AGM for the said financial year, they may send request to the Company's e-mail ID at [india.investors@novartis.in](mailto:india.investors@novartis.in) mentioning Folio No./DP ID and Client ID. The Annual Report for the financial year 2023–24 shall also be available on the website of the Company at <https://www.novartis.com/in-en/>

16. Voting through electronic means

- i. In compliance with the provisions of Section 108 of the Act and other applicable provisions of the Act, if any read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI Listing Regulations and applicable Circulars, the Company is providing its members the facility to cast their vote using a remote e-voting system before the AGM as well as during the AGM, through the e-voting services provided by NSDL, on all the Resolutions set forth in this Notice. The instructions for e-voting are given herein below.

**Important dates for remote e-voting**

Cut-off date for determining the members entitled to vote on the Resolutions set forth in the Notice of AGM	:	Tuesday, July 23, 2024
<b>Remote e-voting period</b> Members of the Company as on the cut-off date may cast their vote by remote e-voting	:	Commences from 9.00 a.m. (IST) on Sunday, July 28, 2024 and ends at 5.00 p.m. (IST) on Tuesday, July 30, 2024
<b>URL for remote e-voting</b>	:	<a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a>

- ii. The Board of Directors has appointed Mr. S. N. Viswanathan as Scrutinizer (ACS 61599; COP No. 24335) and failing which Ms. Malati Kumar as an alternate Scrutinizer (FCS 15508; COP No. 10980) of S N Ananthasubramanian & Co., Company Secretaries, as the Scrutinizers to carry on e-voting process (during e-voting period and AGM) in a fair and transparent manner.
- iii. The remote e-voting module shall be disabled for voting thereafter by NSDL. Once the vote on a Resolution is cast by the member, such member shall not be allowed to change it subsequently.
- iv. Those Members, who will be present in the AGM through VC facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM. A person who is not a member as on the cut-off date (July 23, 2024) should treat this Notice for information purposes only. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date (July 23, 2024).



- v. Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC but shall not be entitled to cast their vote again.
- vi. Any person holding equity shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the Notice is sent through e-mail and holding shares as of the cut-off date i.e., July 23, 2024, may obtain the login ID and password by sending a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on 022 4886 7000. In case of individual shareholders holding securities in demat mode who acquire shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. July 23, 2024 may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-voting system”.
- vii. In terms of provisions of Section 107 of the Act, since the Company is providing the facility of remote e-voting to the members, there shall be no voting by show of hands at the AGM. If a Member cast votes by both modes i.e. remote e-voting and e-voting system at the AGM, then voting done through remote e-voting shall prevail and voting done through e-voting system at the AGM shall be treated as invalid.

**Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter:**

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER: –**

The remote e-voting period begins on Sunday, July 28, 2024 at 09:00 A.M. and ends on 05.00 p.m. (IST) on Tuesday, July 30, 2024. The remote e-voting module shall be disabled by NSDL for voting thereafter.

The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday, July 23, 2024 may cast their vote electronically.

The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, July 23, 2024.

**Voting electronically using NSDL e-voting system**

Voting electronically on NSDL e-voting system consists of ‘**Two Steps**’ which are as under:–

**Step 1 – Access to NSDL e-voting system**





- A) Login Method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
<p>B) Individual Shareholders holding securities in demat mode with NSDL.</p>	<ol style="list-style-type: none"> <li data-bbox="616 209 1248 768">1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on “<b>Access to e-voting</b>” under e-voting services and you will be able to see e-voting page. Click on company name or <b>e-voting service provider i.e. NSDL</b> and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> <li data-bbox="616 788 1248 955">2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li data-bbox="616 975 1248 1604">3. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or <b>e-voting service provider i.e. NSDL</b> and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>



Type of shareholders	Login Method
	<p>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <p> <b>App Store</b>     <b>Google Play</b></p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers, so that the user can visit the e-voting service providers’ website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the evoting is in progress and also able to directly access the system of all e-voting Service Providers.</li> </ol>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. upon logging in, you will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> or call at 022 – 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cDSLindia.com">helpdesk.evoting@cDSLindia.com</a>

**B) Login Method for e-voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-voting website?**

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.*



4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - How to retrieve your 'initial password'?
    - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e–voting will open.

## **Step 2: Cast your vote electronically and join General Meeting on NSDL e–voting system.**

### **How to cast your vote electronically and join General Meeting on NSDL e–voting system?**

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e–voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e–voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote

### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e–mail to [scrutinizer@snaco.net](mailto:scrutinizer@snaco.net) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on “Upload Board Resolution / Authority Letter” displayed under “e–voting” tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e–voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e–voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on.: 022 – 4886 7000 or send a request to (Mr. Amit Vishal) at [evoting@nsdl.com](mailto:evoting@nsdl.com)

### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e–voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self–attested scanned copy of Aadhar Card) by email [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)



2. In case shares are held in demat mode, please provide DPID–CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to (rnt.helpdesk@linkintime.co.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e–voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively, shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e–voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e–voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e–voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e–VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:–**

1. The procedure for e–voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e–voting.
2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e–voting and are otherwise not barred from doing so, shall be eligible to vote through e–voting system in the EGM/AGM.
3. Members who have voted through Remote e–voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e–voting on the day of the EGM/AGM shall be the same person mentioned for Remote e–voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e–voting system. Members may access by following the steps mentioned above for Access to NSDL e–voting system. After successful login, you can see link of “VC/OAVM” placed under “Join meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e–voting or have forgotten the User ID and Password may retrieve the same by following the remote e–voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (rnt.helpdesk@linkintime.co.in). The same will be replied by the company suitably.
6. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.com / 022 – 4886 7000 or contact Mr. Amit Vishal, Deputy Vice President–NSDL at evoting@nsdl.com or call 022 – 2499 7000.
7. In case of any queries relating to e–voting, you may refer to the FAQs for shareholders and e–voting user manual for shareholders available in the download section of <https://www.evoting.nsdl.com> or send a request to evoting@nsdl.com
8. In case of any grievances connected with the facility for e–voting, please contact Ms. Pallavi Mhatre, Senior Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Email: evoting@nsdl.com / Tel: 022 – 4886 7000.
9. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the event and count votes cast through remote e–voting and e–voting at the AGM and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.

The result declared along with the Scrutinizer's Report shall be placed on the Company's website at <https://www.novartis.com/in-en/> and on the website of NSDL at <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed.

By Order of the Board of Directors

SHILPA JOSHI  
Whole–Time Director & Chief Financial Officer  
DIN: 09775615

**Registered Office**

**Novartis India Limited**

Inspire BKC, 7<sup>th</sup> Floor,  
Bandra Kurla Complex,  
Bandra East,  
Mumbai –400051

Date: June 28, 2024

Place: Mumbai



## EXPLANATORY STATEMENT

(As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice)

Information pursuant to Secretarial Standard-2 and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Item No. 3

#### Profile and other details of Director seeking re-appointment.

At the ensuing AGM, Ms. Shilpa Joshi, Director (DIN: 09775615) of the Company shall retire by rotation, and being eligible, offers herself for re-appointment. Based on the recommendation of the Nomination and Remuneration Committee, the Board has approved her re-appointment subject to shareholders' approval. Ms. Shilpa Joshi is Whole-Time Director and Chief Financial Officer on the Board of the Company effective November 22, 2022. Ms. Shilpa Joshi is working as Chief Financial Officer of the Company effective May 01, 2022.

Ms. Shilpa Joshi, aged about 54 years, is Cost and Management Accountant with an extensive and noteworthy career in the healthcare industry spanning over 30 years with an exposure to international and in-country roles. Out of her 30-year remarkable journey, Ms. Shilpa Joshi has been associated with Novartis for the past 20 years, wherein she has shouldered various roles of increasing responsibilities and impact. In her last role, Ms. Shilpa Joshi headed the finance and commercial excellence functions for India Oncology. In addition, she was also responsible for leading the commercial operations for Sri-Lanka & Maldives. Ms. Shilpa Joshi has also played an integral part in providing strategic direction in her brief stint as Franchise Head for Breast Cancer.

She is the recipient of several Global & Regional Oncology awards recognizing her efforts and contributions on projects aimed at improving cost efficiencies. Her greatest strengths have been driving simplification of processes through digitization, designing astute insight-driven integrated strategies and bring them alive through robust planning and execution.

Prior to joining Novartis, she has worked with Fiat Private Limited, Clariant India Limited and Wander India Limited.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in this Resolution except Ms. Shilpa Joshi and her relatives, to the extent of their shareholding in the Company, if any.

DETAILS OF DIRECTORS SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING [PURSUANT TO REGULATION 36 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Particulars	Item Nos. 3
Name of Director	Ms. Shilpa Joshi
Director Identification Number	09775615
Date of Birth / Age	July 09, 1969; 54 years
Date of appointment as Director	November 22, 2022
Qualification	Cost and Management Accountant

<b>Particulars</b>	<b>Item Nos. 3</b>
Brief profile and nature of expertise in specific functional areas	Ms. Shilpa Joshi has an extensive and noteworthy career in the healthcare industry spanning over 30 years with an exposure to international and in-country roles. Ms. Shilpa Joshi headed the finance and commercial excellence functions for India Oncology. In addition, she was also responsible for leading the commercial operations for Sri-Lanka & Maldives. Ms. Shilpa Joshi has also played an integral part in providing strategic direction in her brief stint as Franchise Head for Breast Cancer. Ms. Shilpa Joshi is working as Chief Financial Officer of the Company since May 01, 2022.
Relationship with other directors, manager and other KMP of the Company	None
Terms and Conditions of appointment / re-appointment	As per her terms of appointment as Whole Time Director and Chief Financial Officer.
Remuneration last drawn by such person, if applicable and remuneration sought to be paid	INR 12.4 Million
Nature of appointment (appointment/re-appointment)	Re-appointment as Director (Liable to retire by rotation)
Date of first appointment on the Board	November 22, 2022
The number of Meetings of the Board attended during the year	5
Directorships held in other listed companies in India	Member of Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee
Memberships / Chairmanships of committees held in other listed companies in India	None
Shareholding in the Company	None
Relationship between Directors inter-se and with Key Managerial Personnel of the Company	None

Directorships in foreign companies, membership in governing councils, chambers and other bodies, partnership in firms etc. are not considered.

The aforementioned Directors are not mutually related to any other Director(s) of the Company.

In terms of Section 152 of the Act, Ms. Shilpa Joshi (DIN 09775615), Whole-time Director, retires by rotation at the AGM and being eligible, offers herself for re-appointment. The Nomination and Remuneration Committee and the Board of Directors of the Company recommended her re-appointment.

### **Item Nos. 4 and 5**

#### **Profile and other details of Director seeking appointment as Whole Time Director.**

At the ensuing AGM, Mr. Falin Majumdar (DIN: 10681030) shall be appointed as Director (“designated as Whole Time Director”) of the Company effective from June 28, 2024. The Board of Directors have approved his appointment as Additional Director (“designated as Whole Time Director”) at their Board Meeting held on June 28, 2024 with the immediate effect.



Mr. Falin Majmudar has 31+ years of experience in Medical device and Pharmaceutical industry having expertise in Manufacturing, Supply Chain, External Supply Operations (ESO) and Project Management. Mr. Falin Majmudar joined Novartis India Limited in 2016 as ESO Supply Head for India Cluster and since then successfully held various leadership positions. Currently Mr. Falin Majmudar leads Supply Relationship Team of ESO.

Prior to Joining Novartis India Limited, he has worked in Johnson & Johnson Limited and GlaxoSmithKline Pharmaceutical Limited.

Mr. Falin Majmudar has done his Post graduation in Pharmacy from L M College of Pharmacy, Ahmedabad and Post Graduate Diploma in Business Management from Xaviers Institute of Management, Bhuvneshwar.

Mr. Falin Majmudar brings with him excellent technical knowledge, Industry experience and Skills to handle challenging situations. He is resilient and has excellent interpersonal skills.

#### Details of Director seeking appointment at the 76<sup>th</sup> AGM

<b>Particulars</b>	<b>Mr. Falin Majmudar</b>
Category of Director/ Designation	Whole-Time Director
Date of Birth and Age	December 22, 1968; 55 Yrs
Nationality	Indian
Date of Appointment	June 28, 2024
Qualifications	Post graduation in Pharmacy, Post Graduate Diploma in Business Management
Expertise in specific functional areas	Mr. Falin Majmudar has 31+ years of experience in Medical device and Pharmaceutical industry having expertise in Manufacturing, Supply Chain, External Supply Operations (ESO) and Project Management. Mr. Falin Majmudar joined Novartis India Limited in 2016 as ESO Supply Head for India Cluster and since then successfully held various leadership positions. Currently Mr. Falin Majmudar leads Supply Relationship Team of ESO.
Directorships held in other companies (excluding Foreign Companies and Section 8 Companies)	None
Nature of appointment (appointment/re-appointment)	Appointment as a Whole-Time Director
Terms and Conditions of appointment / re-appointment	Appointment as a Whole-Time Director subject to retirement by rotation.
Remuneration last drawn by such person, if applicable and remuneration sought to be paid	Remuneration sought to be paid – INR 1.10 Million
Directorship Details of the Board	Nil
The number of Meetings of the Board attended during the year	June 28, 2024 was his first appointed as Director on the Board. Hence, no further disclosure is made in this regard.
Memberships/Chairmanships of committees of the Company	None
Memberships/ Chairmanships of committees of other companies	None
Number of shares held in the Company and shareholding as a beneficial owner	None
Relationship between Directors inter-se and with Key Managerial Personnel of the Company	None

The Board of Directors, upon the recommendation of Nomination and Remuneration Committee ('NRC'), at its Meeting held earlier on June 28, 2024 appointed Mr. Falin Majmudar as Additional Director of the Company with effect from June 28, 2024 in terms of Section 161 of the Companies Act, 2013 and Rules framed thereunder ('the Act'), liable to retire by rotation and whose terms ends within 3 months unless confirmed by the members,.

The Board of Directors, upon the recommendation of the NRC, at its meeting held on June 28, 2024 also appointed Mr. Falin Majmudar as Whole-Time Director of the Company for a period of 5 (five) years with effect from June 28, 2024 till June 27, 2029, subject to the approval of the Members of the Company.

Pursuant to Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a period of three months from the date of appointment, whichever is earlier.

The Company has received from Mr. Falin Majmudar, his consent to act as Director of the Company along with a declaration to the effect that he is not disqualified from being appointed as a Director in terms of Section 164(2) of the Act and has not been debarred or disqualified from being appointed or continuing as Director of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Mr. Falin Majmudar satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under subsection (3) of Section 196 of the Act for being eligible for this appointment.

The terms of appointment and remuneration payable to Mr. Falin Majmudar as Whole-Time Director are as follows:

**(A) Proposed Remuneration:**

The remuneration per annum proposed to be paid to Mr. Falin Majmudar is as set out below:-

<b>Particulars</b>	<b>Amount (INR)</b>
Basic Salary	4140528
Flexible Compensation	4485572
Superannuation Fund Amount	0
<b>Annual Base Salary (A)</b>	<b>8626100</b>
Employers' Contribution to PF	496863
Gratuity Amount	199988
<b>Total Retirals (B)</b>	<b>696851</b>
<b>Target Short-Term Annual Incentive Amount (C)</b>	<b>1725219</b>
<b>Cost to Company (A+B+C)</b>	<b>11048170</b>

**(B) Overall Remuneration:**

The overall remuneration payable to Mr. Falin Majmudar shall be as per the terms and conditions mentioned in the draft agreement executed as per Company's policy. The aggregate of overall remuneration paid in any one financial year shall not exceed the limits prescribed under Section 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act or any modifications or re-enactment for the time being in force. The Board may vary the terms of the appointment including employment agreement, designation, remuneration and structure or re-structure salary components within the limits approved by the Members and such variation shall not be treated as variation in the terms of her appointment.

### **(C) Other Key Conditions**

- (a) Leave: As per Rules of the Company
- (b) Group Personal Accident Insurance: As per Rules of the Company
- (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund: As per Company's Policy
- (d) Gratuity: To be payable as per the Rules of the Company
- (e) Employee Stock Option, Stock Grant or any other Stock Linked Incentive Plan whether existing or declared by the Parent company, Novartis AG: As per Novartis Group Policies and Rules of the Company; the cost thereof will be borne by the Company
- (f) He will not be entitled to sitting fees for meetings of the Board/Committees of the Board attended by him
- (g) The salary will be subject to all applicable provisions of the Income Tax Act, 1961
- (h) The tenure will be subject to termination by 3 months' notice in writing on either side. The Company reserves the right to waive the required notice period or part thereof, in its discretion

### **(D) Minimum Remuneration**

Notwithstanding anything to the contrary herein contained where in any financial year during the tenure of Mr. Falin Majmudar, the Company has no profits or its profits are inadequate, the Company shall pay him remuneration as specified under Schedule V to the Act, as amended from time to time.

### **(E) Employment Agreement**

The employment agreement setting out the further terms and conditions of the appointment executed between the Company and Mr. Falin Majmudar is available for inspection electronically by the Members basis their request. The said agreement may be treated as a written memorandum setting out the terms of appointment of Mr. Falin Majmudar under Section 190 of the Act.

Profile of Mr. Falin Majmudar is available on the website of the Company at [www.novartis.com](http://www.novartis.com) in Section 'Board of Directors of Novartis India Limited'. The details of Mr. Falin Majmudar as required under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard – 2, as applicable, was stated in the Explanatory Statement above.

In compliance with the provisions of Section 196, 197, 203 and other applicable provisions of the Act read with Schedule V to the Act as amended, the Board of Directors recommends the resolutions stated in the Item nos. 4 and 5 of Special Business for the approval of the Members of the Company each by way of Ordinary Resolution and Special Resolution respectively.

Save and except Mr. Falin Majmudar and his relatives, none of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolutions.

This Statement may be regarded as disclosures under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard – 2.



# Board's Report

Dear Members,

Your Directors are pleased to present the 76<sup>th</sup> Annual Report along with the audited financial statement for the year ended March 31, 2024 (“year under review”).

## Summary of Financial Results

Particulars	(₹ in million)	
	2023–24	2022–23
<b>Revenue from Operations</b>	<b>3,350.7</b>	3,787.4
Total Income	<b>3,967.5</b>	4,368.5
Profit/(Loss) before Tax	<b>1,228.4</b>	1,153.8
Profit/(Loss) after tax	<b>851.9</b>	1,033.6
Other Comprehensive Income for the year	<b>12.1</b>	31.1
<b>Retained Earnings balance brought forward from previous year</b>	<b>7,597.2</b>	6,779.4
<b>Available for appropriation</b>	<b>8,461.2</b>	7,844.1
The Directors have made the following appropriations:		
Dividend	<b>1,172.8</b>	246.9
<b>Retained Earnings balance carried forward</b>	<b>7,288.4</b>	7,597.2

## Dividend

We are pleased to inform our shareholders that your Board of Directors have recommended a dividend for the reporting period, reflecting our commitment to delivering value to our shareholders. We have diligently managed our financial resources and have continued momentum of the improved profitability. The Board has recommended a Dividend of ₹ 25 per equity share of ₹ 5 each to be apportioned out of the profits for the financial year 2023–24 subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM). The dividend, if approved, will result in cash outflow of ₹ 617.3 million.

The Dividend Distribution Policy, approved by the board in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘SEBI Listing Regulations’) is available on the website of the Company at: [https://www.novartis.com/sites/novartis\\_in/files/Dividend%20Distribution%20policy.pdf](https://www.novartis.com/sites/novartis_in/files/Dividend%20Distribution%20policy.pdf)

The Dividend will be paid to members whose names appear in the register of members as on record date and in respect of shares held in dematerialized form, it will be paid to the members whose names are furnished by NSDL and CDSL as beneficial owners as on that date.

## Transfer to General Reserves

Your Company does not propose to transfer any amount to the General Reserves for the financial year ended March 31, 2024.

## Management Discussion and Analysis

For the financial year under review, the business operations of the Company comprise Pharmaceuticals.

### a. Economy, Industry and Development

The global medicine market is expected to grow at 3 – 6 per cent CAGR through 2026, touching close to USD 1.8 trillion in total market size by 2026.<sup>i</sup> Several countries are presently looking at healthcare reforms. Drug manufacturers face stricter access and pricing environments as we go into 2024. Governments across various jurisdictions including the US, EU, Germany, Japan, China, etc. are introducing reforms aimed at controlling healthcare spending/drug costs. Such initiatives are likely to place significant pressure on the industry's revenue model.

Reference:

<sup>i</sup> <https://www.iqvia.com/newsroom/2021/12/global-medicine-spending-to-reach-18-trillion-in-2026-including-spending-on-covid-19-vaccines-accord#:~:text=Press%20Release.,Global%20Medicine%20Spending%20to%20Reach%20%241.8%20Trillion%20in%202026%2C%20Including,Institute%20for%20Human%20Data%20Science&text=The%20global%20medicine%20market%20%E2%80%94%20based,%2D6%25%20CAGR%20through%202026.>

The Indian Pharmaceutical Industry is currently valued at USD 50 billion and is expected to reach USD 65 billion by 2024, and thereafter USD 120 – 130 billion by 2030.<sup>ii</sup> Indian pharma exports witnessed a growth of 103% between 2013 and 2022.<sup>iii</sup> During FY18 to FY23, the Indian Pharmaceutical Industry logged a compound annual growth rate of 6 – 8 per cent. The domestic formulations market is projected to grow at an 8–10 per cent CAGR (reaching USD 20–22 billion in FY24), slightly below pre-pandemic growth rates, with export growth forecasted at 10 per cent (reaching USD 22–24 billion) compared to the historical long-term 15 per cent CAGR pre-COVID.<sup>iv</sup>

Concerns about regulatory compliance, increased competition, and pricing pressures in the US market will likely pose challenges to pharma export growth; nevertheless, Indian manufacturers are expected to focus on diverse product offerings including complex generics, biosimilars, and new branded products. Research and development will prioritize innovations in delivery systems for generics, with limited emphasis on new chemical entity (NCE) introductions.<sup>v</sup> Encouraged by the Government, the industry is looking at moving from volume to value-led growth. The shift aims to position India as a hub for drug discovery, development, and innovation. A collaborative mindset is emerging, with regulatory support, digital adoption, sustainability, and academia-industry collaborations driving the transformation. Indian pharma companies are expanding their global footprint by exporting to over 200 countries. Additionally, Efforts to enhance the quality standards within the domestic pharmaceutical industry have been underway through regulatory improvements.

The Government is expected to remain committed to universal healthcare and ensuring access and affordability. The AB-PMJAY scheme has received an increased allocation in the Interim Budget and may be extended to other vulnerable sections of the population, beyond its current scope. Regarding upcoming significant reforms, the legal framework governing the pharmaceutical sector, namely the pre-independence Drugs and Cosmetics Act, 1940 is expected to undergo a long-overdue update through the *Drugs, Medical Devices and Cosmetics Bill, 2023* ('**Bill**'). The pricing framework is also expected to undergo a significant revamp following the constitution of the *Committee for Reforms in the Pricing Framework for Drugs and Medical Devices by the Department of Pharmaceuticals*.<sup>vi</sup> The new *Uniform Code of Pharmaceutical Marketing Practices, 2024* ('**Code**') shows a shift away from the Government's earlier light touch regulatory approach wherein the Government will be able to take cognizance of any violations taking place under other laws and regulations by pharmaceutical companies as part of their marketing practices.

References:

<sup>ii</sup> <https://www.investindia.gov.in/sector/pharmaceuticals#:~:text=The%20pharmaceutical%20industry%20in%20India,served%20by%20Indian%20pharma%20exports.>

<sup>iii</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1821747>

<sup>iv</sup> <https://www.pharmaindustry-india.com/articles-interviews-online-watch/pharma-trends-in-2024-key-trends-and-future-projections#:~:text=An%20overview%20of%20the%20Indian%20Pharma%20Industry%20in%202023&text=The%20domestic%20formulations%20market%20is,in%20the%20pre%20pandemic%20era.>

<sup>v</sup> *ibid*

<sup>vi</sup> [https://pharmaceuticals.gov.in/sites/default/files/Reforms%20in%20the%20Pricing%20Framework\\_0.pdf](https://pharmaceuticals.gov.in/sites/default/files/Reforms%20in%20the%20Pricing%20Framework_0.pdf)

## b. Performance

Revenue from operations for the financial year ended March 31, 2024 was ₹ 3,350.7 million illustrating a decrease of 11.5 per cent over the previous year. The Profit before tax for the year stood at ₹ 1,228.4 million indicating increase of 6.5 per cent over the previous year. Profit before Tax for year 2022–23 was ₹ 1,153.8 million.

The Ministry of Health and Family Welfare, Government of India, released the revised National List of Essential Medicines (NLEM), 2022. The revised list of NLEM impacted 9 (Nine) brands marketed by the Company. These brands are majorly in the areas of Oncology and Neurology.

Organ transplant procedures are projected to grow at 11 per cent in year 2024 primarily contributed by increased medical tourism supported by budget-friendly packages, advancement in surgical techniques, and government initiatives like the “Angdaan Mahotsav” awareness campaign<sup>1</sup>.

The incorporation of kidney, heart, lung, and liver transplants under PM-JAY Ayushman Bharat and Rashtriya Arogya Nidhi with financial support for BPL (Below Poverty Line) patients demonstrates a commitment to accessibility of Organ transplants in India.

Novartis continues to engage Physicians for high brand recall and for dissemination of key scientific messages. This is done through differentiated campaigns channelized through RTEs (Rep Triggered Emails) and CMEs (Continuing Medical Education). We continue to create high differentiation for Novartis brands in the Transplant maintenance portfolio. Physicians have adapted well to digital engagements, and we continue to implement them.

During the Financial Year 2023–24, the Transplant Maintenance portfolio grew by 11 per cent, which helped the organization to offset the impact on the sales due to shortage of Simulect. This growth was achieved despite a highly cluttered genericized market, by bringing in sharp focus on individual brands in Transplant Maintenance portfolio with high-pitch share of voice campaigns coupled with the innovative TRIO campaign aimed at driving a portfolio-based approach.

It has been 2 years of the exclusive sales and distribution arrangement entered into with Dr. Reddy’s Laboratories (Dr. Reddy’s) for a number of our Established Medicines which include the Voveran range, the Calcium range and Methergine. The arrangement aimed to broaden access of these medicines to larger geographies to benefit many more patients, more efficiently through an expanded field force.

Pain portfolio with its flagship brand Voveran range grew by 6 per cent in MAT Mar’24 vs MAT Mar’23. The team worked towards leveraging the efficacy perception of Voveran among HCPs and focus on urban and rural markets with a high in-clinic share of voice drive with the ‘Zindagi se milao kadam’ campaign. Voveran orals range has overall grown by 28 per cent for YTD February 2024 vs. YTD Feb 2023<sup>3</sup> with a 10 per cent increased prescription response in the November to February 2024 vs. November to February 2023 period<sup>4</sup>.

There is an increase in the share of voice and Voveran gaining prescription share among doctor specialties across India. The team continued exhibiting success with ‘The Cool Movement’ demonstration campaign to create a strong differentiation for Voveran Emulgel in a cluttered counter-irritant market. This has resulted in Voveran gels range overall growth by 18 per cent for YTD February 2024 vs YTD February 2023<sup>3</sup>. ‘Awareness for life’ initiative focused on improving bone & joint health conditions reached to people working in more than 100 corporates across India<sup>5</sup>.

References:

<sup>1</sup> SAI market research on Transplant Procedure Market Overview – March 2024

<sup>2</sup> IQVIA MAT Mar 2024

<sup>3</sup> IQVIA MAT February 2024

<sup>4</sup> SMSRC November–February 2024 report

<sup>5</sup> Dr Reddy’s reported information

The Indian population currently has a very high burden of vascular risk factors, such as diabetes, hypertension, and obesity, which can adversely impact the onset and progression of dementia<sup>6</sup>. An estimated 8.8 million Indians older than 60 years have dementia<sup>7</sup>. Offering great convenience and safety, our Neurosciences’ innovative medicine for Alzheimer’s disease dementia, Exelon Patch has seen greater patient acceptance and usability which is reflecting in the growth numbers<sup>6</sup>.



The following brands hold key positions in major therapeutic areas such as:

Therapeutic Area	Therapeutic Area Product
Bone and Pain	Voveran®
Transplantation Immunology	Simulect®, Certican®, Sandimmun®, Neoral®, Myfortic®
Neurosciences	Tegrital®, Exelon®

References:

<sup>6</sup> Vijayalakshmi et al. Changing demography and the challenge of dementia in India. *Nature Reviews Neurology* 17, 747–758 2021

<sup>7</sup> Lee J, et al. Prevalence of dementia in India: National and state estimates from a nationwide study. *Alzheimers Dement.* 2023 Jul;19(7):2898–2912. doi: 10.1002/alz.12928. Epub 2023 Jan 13. PMID: 36637034; PMCID: PMC10338640.

### Key Financial Indicators

Particulars	2023–24	2022–23
Operating profit margin (%)	18.7	15.6
Net profit margin (%)	25.4	27.3
Debtors' turnover ratio	8.6	9.4
Current ratio	4.4	4.2
Return on Equity (%)	11.2	14.1
Inventory turnover ratio	6.7	6.6
Debt service coverage ratio	24.2	19.4
Debt equity ratio	0.01	0.03
Return on capital employed (%)	9.2	7.9
Return on Investment	6.4	5.2

Reasons for change compared to the previous financial year in key financial ratios are as follows:

#### Operating profit margin

Operating profit margin is a profitability or performance ratio used to calculate the percentage of profit of a company produced from its operations. It is calculated by dividing the operating earnings before interest and tax by turnover. Margins have improved because of operational efficiencies.

#### Net profit margin

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing profit for the year by turnover. Net profit margin in the financial year 2023–24 has decreased due to higher tax expenses compared to previous financial year 2022–23. Current tax expense for the year ended March 31, 2024 and March 31, 2023 includes tax adjustments for earlier years of ₹ 61.6 million and (₹ 194.0 million) respectively.

#### Debtors' turnover ratio

It is calculated by dividing turnover by average trade receivables, to quantify a company's effectiveness in collecting its receivables. No major movement compared to previous year.

**Current ratio**

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities. No major movement compared to previous year.

**Return on Equity**

Return on equity is a measure of profitability of a company expressed in percentage. It is calculated by dividing profit for the year by average shareholder's equity. Return on equity in the financial year 2023–24 has decreased due to higher tax expenses compared to previous financial year 2022–23.

**Inventory turnover ratio**

Inventory turnover is the number of times a company sells and replaces its inventory during a period. It is calculated by dividing turnover by average inventory. No major movement compared to previous year.

**Debt service coverage ratio**

The debt service coverage ratio measures how many times a company can cover its current interest payment with its available earnings. It is calculated by dividing earning available for debt service by lease payments. The ratio has been impacted positively due to significant reduction in lease liabilities on account of remeasurement.

**Debt equity ratio**

The ratio is used to evaluate a company's financial leverage. It is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds. It is calculated by dividing lease liabilities by shareholders equity. The ratio has been improved due to significant reduction in lease liabilities on account of remeasurement.

**Return on Capital employed**

Return on equity is a measure of profitability of a company expressed in percentage. It is calculated by dividing profit before interest and tax for the year by capital employed. Return on capital employed has improved due to operational efficiencies.

**Return on Investment**

Return on investment is defined as return earned on the investment done. It is calculated by dividing weighted average interest income on bank deposit by weighted average bank deposits. Return on investment has improved due to operational efficiencies.

**c. Risks, Threats, and Concerns**

Supply continuity, quality of drugs, increasing cost pressure, inflation, high price elasticity, control of prices of certain drugs under the Drug Price Control Order ('DPCO'), including regulations to cap trade margins on non-scheduled products, continue to affect the profitability of the industry. The central government has been inclined to introduce Trade Margin Rationalisation (TMR) in furtherance of its effort to bring transparency and consistency to the pricing structure and to ultimately make medicine more affordable. The tilt towards domestic industry, in line with Atmanirbhar Bharat and 'Make in India,' will likely affect policies and incentives and may adversely impact competition.

**d. Outlook**

Medicine spending in India is projected to grow 9 – 12 percent over the next five years, leading India to become one of the top 10 countries in terms of medicine spending<sup>vii</sup>.

The Budget allocation for the Department of Pharmaceuticals (DoP) is estimated to go up by 29.4 per cent to ₹ 4,089.95 crore during the FY 2024–25, as compared to the ₹ 3,160.06 crore outlay estimated for the FY 2023–24, backed by a 78.6 per cent increase in allocation towards the production linked incentive (PLI) schemes<sup>viii</sup>.

The ability of companies to orient their product portfolio towards chronic therapies for diseases like cardiovascular, anti-diabetes, anti-depressants, and anti-cancers, which are on the rise, will also play a role in future domestic sales growth, according to observers. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit Indian pharmaceutical companies, it is opined. Successful companies' businesses will focus on specialty products and therapies. The move from volume to value led growth will drive innovation within the pharmaceutical sector.

In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

References:

<sup>vii</sup> A focus on progress of pharmaceutical industry of India (indiatimes.com)

<sup>viii</sup> <https://www.pharmabiz.com/ArticleDetails.aspx?aid=166149&sid=1>

#### **e. Internal control systems and their adequacy**

The Company maintains appropriate systems of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorised use or disposal. Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorised, recorded and reported correctly.

The Internal Auditor reviews the effectiveness and efficiency of these systems and procedures to ensure that all assets are protected against loss and that the financial and operational information is accurate and complete in all respects. The Audit Committee approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an ongoing basis and significant deviations are brought to the notice of the Audit Committee of the Board of Directors following which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularities and early remedial steps.

During the year, the Company conducted a detailed review of its internal control systems, evaluated the internal financial control systems with the Audit Committee and discussed relevant issues with internal and statutory auditors. Based on the recommendations of the Audit Committee, the Board has stated in its responsibility statement that the Company followed proper internal financial controls and that such internal financial controls are adequate and were operating effectively.

#### **f. Personnel**

The Company regards its employees as a great asset and accords high priority to training and development of employees.

Number of employees in the Company as on March 31, 2024 was 62.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 ('the Act') read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as an **Annexure A**.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of this Report. However, in terms of first provision of Section 136(1) of the Act, the Annual Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary & Compliance Officer, whereupon a copy would be sent.



## Corporate Social Responsibility

The Company continues to support various initiatives in the areas of health. These activities are in accordance with Schedule VII of the Act. The Board of Directors and CSR Committee review and monitor from time to time all the CSR activities being undertaken by the Company. The CSR Policy adopted by the Board of Directors is available on the Company's website at: [novartis.com/sites/novartis\\_in/files/NIL\\_CSR\\_Policy\\_Final\\_0\\_0.pdf](http://novartis.com/sites/novartis_in/files/NIL_CSR_Policy_Final_0_0.pdf)

**Health:** The Government of India announced its commitment to eradicate leprosy from the country by year 2030. Aligned with this vision, the Company reinforced its commitment to leprosy as part of its CSR work in India. The Company continued its support to a non-profit organization with projects based in Andhra Pradesh and Maharashtra. The project gives students affected by leprosy the ability to get jobs through vocational training and build a community of empowered young people who can further empower their families and communities.

The Annual Report on Corporate Social Responsibility Activities in terms of Section 135 of the Act and Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended by Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, effective January 22, 2021 read with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022, effective September 20, 2022 (hereinafter referred to as 'CSR Rules') is annexed herewith as an **Annexure B**.

## Related Party Transactions

The Audit Committee approved all the Related Party Transactions ('RPTs') entered into during the year under review, from time to time.

The Audit Committee granted omnibus approval for RPTs as per the provisions and restrictions contained under the Act read with SEBI Listing Regulations. A statement giving details of all Related Party Transactions is placed before the Audit Committee for their review on a quarterly basis.

The Company has formulated a 'Policy for dealing with Related Party Transactions' ('Policy') which includes dealing with material RPTs. The Board at its meeting held on May 19, 2022, as recommended by the Audit Committee, considered and approved amendments to the said Policy in line with the amendments in the SEBI Listing Regulations vide SEBI Notification (SEBI/LAD-NRO/GN/2021/55) dated November 09, 2021 and Circular (SEBI/HO/CFD/CMD1/CIR/P/2021/662) dated November 22, 2021 read with clarificatory SEBI Circular (SEBI/HO/CFD/CMD1/CIR/P/2022/40) dated March 30, 2022. The updated Policy is available on the website of the Company at: [https://www.novartis.com/in-en/sites/novartis\\_in/files/Policy%20for%20dealing%20with%20Related%20Party%20Transactions.pdf](https://www.novartis.com/in-en/sites/novartis_in/files/Policy%20for%20dealing%20with%20Related%20Party%20Transactions.pdf)

Further, in terms of the provisions of Sections 177 and 188(1) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations, all the requisite approvals were taken for the contracts/arrangements/transactions entered into by the Company with its related parties, during the year under review.

All transactions with related parties were in accordance with the Policy formulated by the Company.

Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto are required to be disclosed in Form AOC-2. Form AOC-2 envisages disclosure of material contracts or arrangements or transactions on an arm's length basis.

Details of the material RPTs in the financial year 2023-24, as per the Policy adopted by the Company, is disclosed as an **Annexure C**. The transactions disclosed in the said Annexure relates to material RPTs with Novartis Pharma AG for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services and other obligations as approved by members under erstwhile Clause 49(VII)(E) of the Listing Agreement at the 67<sup>th</sup> AGM of the Company held on July 23, 2015.

The details of the related party transactions as per Indian Accounting Standards (IND AS) – 24 are set out in Note No. 31 to the Financial Statements of the Company. The Company in terms of Regulation 23 of the SEBI Listing Regulations, submits disclosures of all related party transactions to the stock exchanges, within time stipulated and in the format stipulated under the said SEBI Listing Regulations.

### **Risk Management**

Pursuant to the Regulation 21 of the SEBI Listing Regulations, your Company has constituted a Risk Management Committee ('RMC') to identify elements of risk in different areas of operations and to develop policy for actions associated to mitigate the risks.

The RMC is supported by Internal Risk Steering Committee, risk champions and on some occasions supported by an external risk advisory firm. The teams undertake assessment of internal and external risks, adopts the risk mitigation plan and regularly monitors them in a structured and controlled environment. The Committee provides updates on risk management to the Audit Committee of the Board of Directors of the Company on a regular basis. There are no risks, which in the opinion of the Board, threaten the existence of your Company.

Details of composition of the RMC and the Risk Management Policy, adopted by the Board, is provided in the Report on Corporate Governance, which forms part of this Report.

### **Deposits**

The Company has not accepted any deposits within the ambit of Section 73 of the Act and the Rules framed thereunder during the financial year 2023–24. Hence, no further disclosure is required.

### **Particulars of Loans, Guarantees or Investments**

As on March 31, 2024, there were no outstanding loans or guarantees covered under the provisions of Section 186 of the Act.

### **Board of Directors and Key Managerial Personnel**

#### **Appointment of Director**

The Board of Directors of the Company at its meeting held on February 17, 2024, based on the recommendation of the Nomination and Remuneration Committee, approved the appointment of Ms. Gira Sardesai (DIN: 02610502) as Independent Director (designated as Non-Executive and Independent Director) of the Company effective March 31, 2024.

Ms. Gira Sardesai, aged about 64 years, is a Chartered Accountant and Certified Public Accountant (CPA). Ms. Sardesai was earlier associated with companies like Pidilite Industries Limited, ICICI Bank, British Petroleum and Johnson & Johnson.

She is a dynamic and result oriented finance professional with more than 35 years of experience across different industries and multiple geographies. She holds extensive hands-on experience in management and business leadership, with an established record of success in significantly growing enterprise value.

Ms. Sardesai is proven 'People's leader', holds the skills to effectively manage a large group of people and build highly competent teams to drive result delivery. She also exercises a high degree of discretion, mature judgment, and tact in handling issues of a sensitive nature. Ms. Sardesai also has extensively travelled across the world. She is currently involved in philanthropic activities.

The shareholders approved the appointment of Ms. Gira Sardesai as Independent Director through Postal Ballot conducted in accordance with Sections 108 and 110 and other applicable provisions of the Act read with the applicable Rules, Secretarial Standards and the SEBI Listing Regulations on February 21, 2024 with requisite majority.

### **Cessation and Resignation of Director**

Mr. Jai Hiremath, Independent Director of the Company ceased/ retired from the said position from close of business hours of March 31, 2024.

Further, Mr. Sanjay Murdeshwar, Vice Chairman and Managing Director of the Company resigned from the said position from close of business hours of April 02, 2024.

The Board places on record its immense appreciation for their contribution to the Company.

**Continuation of appointment of Mr. Christopher Snook as Non-Executive and Non-Independent Director.** Pursuant to the SEBI's amendment in the regulations dated July 15, 2023 applicable w.e.f April 01, 2024 read with Regulation 17(1D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Mr. Christopher Snook was approved by shareholders through postal ballot held on February 21, 2024 with requisite majority for a period of 4 (four) consecutive years with effect from March 31, 2024 till March 30, 2028 and that he shall not be liable to retire by rotation.

### **Resignation of Company Secretary and Compliance Officer**

Mr. Nikhil Malpani, Company Secretary and Compliance Officer of the Company resigned from the said position from close of business hours of April 30, 2024.

### **Appointment of Company Secretary and Compliance Officer.**

Ms. Chandni Maru, Company Secretary and Compliance Officer of the Company was appointed with effect from May 08, 2024.

### **Re-appointment of Director retiring by rotation**

Ms. Shilpa Joshi, Whole-Time Director and Chief Financial Officer, retires by rotation and being eligible, offers herself for re-appointment. The Board recommends her re-appointment. Her brief resume, nature of expertise, details of directorships held in other companies along with her shareholding in the Company, if any, as stipulated under Secretarial Standard-2 and Regulation 36 of the SEBI Listing Regulations are forming part of the Notice of the ensuing AGM.

### **Declarations by Independent Directors**

The Company has received necessary declarations from all the Independent Directors of the Company confirming that they continue to meet the criteria of independence, as prescribed under Section 149(6) of the Act read with Regulations 25(8) and 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company. The Independent Directors have also confirmed that they have complied with Schedule IV to the Act and the Company's Code of Conduct.

They have further confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, the Independent Directors have also submitted their declaration in compliance with the provision of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 which mandated the inclusion of an Independent Director's name in the data bank of Indian Institute of Corporate Affairs ('IICA') for a period of one year or five years or lifetime till they continue to hold the office of an Independent Director.

### **Committees of Board; Meetings of the Board of Directors and Board Committees**

The Board currently has 5 (five) Committees, namely, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee, and the Risk Management Committee.



During the year under review, the Board of Directors met 5 (five) times to transact various affairs of the Company. A detailed update on the Board, its composition, including synopsis of terms of reference of various Board Committees, number of Board and Committee meetings held during the financial year 2023–24 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance, which forms part of this Report.

### **Key Managerial Personnel (KMP)**

In terms of provisions of Section 203 of the Act, the following are the KMP of the Company as on date:

Ms. Shilpa Joshi – Whole Time Director and Chief Financial Officer

Ms. Chandni Maru – Company Secretary and Compliance Officer (Appointed w.e.f. May 08, 2024)

### **Nomination and Remuneration Policy**

The Company has in place a Nomination and Remuneration Policy ('Policy') which provides guidance on selection and nomination of Directors to the Board of the Company; appointment of the Senior Management Personnel of the Company; and remuneration of Directors, KMP and other employees. The said Policy is also provided in the Report on Corporate Governance which forms part of this Report and is also available on the website of the Company and can be accessed at: [https://www.novartis.com/sites/novartis\\_in/files/NRC%20Policy.pdf](https://www.novartis.com/sites/novartis_in/files/NRC%20Policy.pdf)

### **Performance Evaluation of Board**

Pursuant to the provisions of Section 178 read with Schedule IV of the Act and Regulation 17 read with Part D of Schedule II to the SEBI Listing Regulations, your Company has in place a Board Evaluation process for the Board of Directors as a whole, Board Committees and also for the Directors (Executive and Non-Executive) individually by seeking responses/inputs from all the Directors to an assessment questionnaire.

A structured questionnaire was prepared for the Board evaluation process for the financial year 2023–24, covering various aspects of the Board's functioning such as proper mix of competencies, sufficient diversity and reviewing of Company's business, financial performance, governance and compliance etc.

A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the stakeholders of the Company etc.

The Independent Directors of the Company met on April 03, 2024, without the presence of Non-Independent Directors and members of the management to review the performance of Non-Independent Directors and the Board of Directors as a whole, to review the performance of the Chairperson, Managing Director and Whole-Time Director of the Company, and to assess the quality, quantity and timeliness of flow of information between the management and the Board of Directors for the financial year 2023–24. The performance evaluation of the Independent Directors was carried out by the entire Board.

The final outcome of the Board evaluation process for the financial year 2023–24 was placed before the Board of Directors at its meeting held on May 10, 2024 and the Directors expressed their satisfaction with the evaluation process carried out.

### **Directors' Responsibility Statement**

The Audited Financial Statement of your Company for the year under review ('financial statement') are in conformity with the requirements of the Act read with the Rules made thereunder ('Act') and the Accounting Standards. The financial statement fairly reflects the form and substance of transactions carried out during the year under review and reasonably present your Company's financial condition and results of operations.

Pursuant to Section 134(3)(c) of the Act, the Board of Directors, to the best of its knowledge and ability confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any
- (b) appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2024 and of the profit of the Company for the year ended March 31, 2024
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the annual accounts have been prepared on a going concern basis.
- (e) proper internal financial controls were laid down and followed by the Company and such internal financial controls are adequate and were operating effectively.
- (f) proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Familiarization programme for Independent Directors

The Company keeps its directors informed of the activities of the Company, its management and operations and provides an overall industry perspective on issues being faced by the industry including changes in regulatory landscape, in a proactive manner. Details of familiarisation programme provided to the Directors of the Company are available on the website of the Company at: [https://www.novartis.com/sites/novartis\\_in/files/Familiarization%20Program%20for%20independent%20Directors\\_0.pdf](https://www.novartis.com/sites/novartis_in/files/Familiarization%20Program%20for%20independent%20Directors_0.pdf)

### Auditors and auditors report

- (i) Statutory Auditors, Auditors Report and Statutory Audit Fees:

Pursuant to the provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/ W100022), were appointed as Statutory Auditors of the Company at the AGM held on July 29, 2022 for a term of 5 (five) years to hold office from the conclusion of the 74<sup>th</sup> AGM till the conclusion of the 79<sup>th</sup> AGM of the Company.

The Auditors' Report issued by M/s. B S R & Co. LLP to the shareholders on the Financial Statement of the Company for the year ended March 31, 2024 does not contain any qualification, reservation or adverse remark. The said Report for the financial year ended March 31, 2024 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Act. The Auditors' Report is enclosed with the Financial Statement in this Annual Report.

During the financial year 2023–24, the total fees for the statutory audit rendered by the Statutory Auditors are given below:

Auditors' Remuneration (Excluding GST, where applicable)	(₹ in million)			
	2023–24 BSR & Co LLP	2022–23 Deloitte Haskins & Sells LLP*	2022–23 BSR & Co LLP	2022–23 Total
Period	April 23– March 24	April 22– June 22	July 22– March 23	FY 22–23
Audit Fees	6.9	0.7	5.6	6.3
Reimbursement of expenses	0.9	–	0.5	0.5
<b>Total</b>	<b>7.8</b>	<b>0.7</b>	<b>6.1</b>	<b>6.8</b>

\* The tenure of M/s Deloitte Haskins & Sells LLP expired at the conclusion of the 74th AGM of the Company

(ii) Secretarial Auditor and Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed Saraf & Associates, Company Secretaries, for conducting Secretarial Audit of the Company for the financial year 2023–24. The Secretarial Audit Report is annexed herewith as an **Annexure D**. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark.

The Board has re-appointed Saraf & Associates, Company Secretaries, to conduct the Secretarial Audit of the Company for the financial year 2024–25. They have confirmed their eligibility for the said re-appointment.

(iii) Cost records and Cost Audit:

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act are not applicable for the business activities carried out by the Company for the Financial Year 2023–24.

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor has reported to the Audit Committee or the Board, under Section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees.

### **Compliance with Secretarial Standards**

During the financial year 2023–24, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### **Annual Secretarial Compliance Report**

The Company has undertaken an examination of all applicable compliances as per SEBI Listing Regulations and Circulars/Guidelines issued thereunder, for the Financial Year 2023–24.

The Annual Secretarial Compliance Report as issued by Saraf & Associates, Company Secretaries, is required to be submitted to the Stock Exchanges within 60 days of the end of the financial year. The Report does not contain any qualification, reservation or adverse remark.

### **Energy, Technology Absorption and Foreign Exchange**

Information required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is included in **Annexure E**, annexed herewith.

### **Corporate Governance**

The Company is committed to follow best practices of Corporate Governance and is in compliance with the provisions on Corporate Governance specified in the SEBI Listing Regulations and Novartis Group Corporate Governance norms.

Pursuant to the SEBI Listing Regulations, the Report on Corporate Governance for the year under review, presented in a separate section, is forming part of the Annual Report. A certificate from Dr. K. R. Chandratre, Practicing Company Secretary, confirming compliance of conditions of Corporate Governance, as stipulated under the SEBI Listing Regulations, also forms part of the Report on Corporate Governance.

### **Business Responsibility and Sustainability Reporting ('BRSR')**

In terms of amendment to regulation 34(2)(f) of the SEBI Listing Regulations vide Gazette notification no. SEBI/LAD–NRO/GN/2021/22 dated May 05, 2021 as amended from time to time, SEBI has mandated to 1000 companies by market capitalization to publish Business Responsibility and Sustainability Report ('BRSR') based on 9 ESG principles. Since Novartis India is amongst the top 1000 companies, it has prepared BRSR which is enclosed as **Annexure F**.



## **Whistle Blower Policy: Vigil Mechanism**

Pursuant to Section 177 of the Act read with Regulation 22 of the SEBI Listing Regulations, it is mandated for every listed entity to formulate Vigil Mechanism ('Whistle Blower Policy') for Directors and employees to report genuine concerns. The Company has established a Vigil Mechanism and Whistleblower Policy which provides for (a) adequate safeguards against victimisation of persons who avail the Vigil Mechanism; and (b) direct access to the Chairperson of the Audit Committee of the Board of the Company in appropriate or exceptional cases. Details of the Vigil Mechanism and Whistleblower Policy are made available on the website of the Company at: [https://www.novartis.com/sites/novartis\\_in/files/Vigil%20Mechanism%20%26%20Whistle%20Blower%20Policy\\_.pdf](https://www.novartis.com/sites/novartis_in/files/Vigil%20Mechanism%20%26%20Whistle%20Blower%20Policy_.pdf)

## **Prevention of Sexual Harassment Policy**

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All persons whether employed as permanent, contractual, temporary or trainees are covered under this Policy.

During the Financial Year 2023–24, no complaint was received by the Company related to sexual harassment. There are no pending complaints to be resolved.

## **Annual Return**

Pursuant to the provisions of Sections 92(3) and 134(3)(a) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the draft Annual Return of the Company for the Financial Year ended March 31, 2024 is available on the website of the Company at: <https://www.novartis.com/in-en/investors/novartis-india-financials>

## **Significant and material orders passed by the Regulators or Court**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## **Other Disclosures**

- There were no material changes and commitments affecting the financial position of the Company between the end of the Financial Year 2023–24 and the date of this Report.
- There is no change in the capital structure of the Company during the financial year 2023–24.
- The Company has not issued any shares with differential voting rights/sweat equity shares.
- There was no revision in the financial statement.
- There has been no change in the nature of business of the Company as on the date of this Report.
- No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable.
- The requirement to disclose the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable; and
- The Company does not have any subsidiary, associate companies and joint ventures for the year ended March 31, 2024.

### **Green Initiative**

We request all the shareholder to support the 'Green Initiative' of the Ministry of Corporate Affairs and Company's continuance towards greener environment by enabling the service of Annual Report, AGM Notice and other documents electronically to your email address registered with your Depository Participant/ RTA.

### **Cautionary Note**

The statements forming part of the Board's Report may contain certain forward-looking remarks within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by such forward looking statements.

### **Acknowledgement**

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

On behalf of the Board of Directors

CHRISTOPHER SNOOK  
Chairman  
DIN: 00369790

Date: May 10, 2024  
Place: Mumbai

## Annexure A to the Board's Report

### Details pertaining to remuneration as under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (A) The percentage increase in remuneration of each Director and Company Secretary during the financial year 2023–24, as may be applicable, and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2023–24 are as under:

Name and Designation of Directors and Key Managerial Personnel	% increase/ (decrease) in remuneration in the financial year 2023–2024 as compared to previous financial year 2022–23	Ratio of the remuneration to median remuneration of the employees (MRE)
<b>Executive Directors and Key Managerial Personnel ('KMP')</b>		
Mr. Sanjay Murdeshwar <sup>§</sup> Vice Chairman and Managing Director	0%	11.11:1
Ms. Shilpa Joshi Whole-Time Director and Chief Financial Officer	8%	7.97:1
<b>Non-Executive and Non-Independent Directors</b>		
Mr. Christopher Snook, Chairman	NA	NA
<b>Non-Executive and Independent Directors</b>		
Mr. Jai Hiremath*	NA	NA
Ms. Sandra Martyres	NA	NA
Mr. Sanker Parameswaran	NA	NA
Ms. Gira Sardesai <sup>#</sup>	NA	NA
<b>KMP</b>		
Mr. Nikhil Malpani <sup>@</sup> Company Secretary and Compliance Officer	6%	3.88:1

<sup>§</sup> Mr. S. Murdeshwar, Vice Chairman and Managing Director of the Company resigned from the said position from close of business hours of April 02, 2024

\* Mr. J. Hiremath ceased to be Non-Executive and Independent Director of the Company from close of business hours of March 31, 2024

<sup>#</sup> Ms. G. Sardesai was appointed as Non-Executive and Independent Director of the Company w.e.f. March 31, 2024

<sup>@</sup> Mr. N. Malpani, Company Secretary and Compliance Officer of the Company resigned from the said position from close of business hours of April 30, 2024.

#### Note:

Remuneration paid to Independent Directors consists of only sitting fees and commission in the financial year 2023–24 in accordance with Section 197 and other applicable provisions of the Act, details of which are provided in the Report on Corporate Governance forming part of this Annual Report. The percentage increase and ratio of remuneration of Independent Directors are therefore not considered for the above purpose.

- (B) The percentage increase in the median remuneration of employees in the financial year: 7.70%
- (C) The number of permanent employees on the rolls of the Company as on the financial year end: 62
- (D) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year was 9%, while increase in the remuneration of managerial personnel was 4.67%.
- (E) Affirmation that the remuneration is as per Nomination and Remuneration Policy of the Company: Yes



## Annexure B to the Board’s Report

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2023–24

1. **Brief outline on Corporate Social Responsibility (CSR) Policy of Novartis India Limited (“the Company”):**

The CSR Policy of the Company provides guidance on the vision, principles and governance of its CSR initiatives. The focus areas of the Company’s CSR program are mainly pertaining to health, education and environment. More details of the Company’s Policy are available on the website at: <https://www.novartis.com/in-en/investors/novartis-india-corporate-policies>

2. **Composition of the CSR Committee and number of meetings held/attended**

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Christopher Snook <sup>#</sup>	Chairperson of the Committee; Non-Executive and Non-Independent Director	N.A.	N.A.
2	Mr. Sanjay Murdeshwar <sup>*</sup>	Chairperson of the Committee; Vice Chairman and Managing Director	2	2
3	Ms. Sandra Martyres	Member; Non-Executive and Independent Director	2	2
4	Ms. Shilpa Joshi	Member; Whole-Time Director and Chief Financial Officer	2	2

<sup>#</sup> Mr. C. Snook, was appointed as a member and chairperson of the Committee w.e.f. April 03, 2024

<sup>\*</sup> Mr. S. Murdeshwar, by virtue of his cessation as Director also ceased to be the member of Corporate Social Responsibility Committee w.e.f. close of business hours of April 02, 2024

3. The Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are also disclosed on the website of the Company.

The web-links are as follows:

- Composition of CSR Committee – [https://www.novartis.com/sites/novartis\\_in/files/Board%20Committees%203%20Apr%202024.pdf](https://www.novartis.com/sites/novartis_in/files/Board%20Committees%203%20Apr%202024.pdf)
- CSR Policy; and CSR Projects – <https://www.novartis.com/in-en/investors/novartis-india-corporate-policies>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: **Not Applicable**

- Average net profit of the company as per Section 135(5) of the Act: ₹ **498.53 million**
- Two percent of average net profit of the Company as per Section 135(5): ₹ **10.0 million**
- Surplus arising out of the CSR projects or programs or activities of the previous financial years: **NIL**
- Amount required to be set-off for the financial year, if any: **NIL**
- Total CSR obligation for the financial year [4(b) + 4(c) – 4(d)]: ₹ **10.0 million**

5. (a) Amount spent on CSR projects (both Ongoing Project and other than Ongoing Project): **₹ 9.93 million**
- (b) Amount spent in Administrative Overheads: **NIL**
- (c) Amount spent on Impact Assessment, if applicable: **Not applicable**
- (d) Total amount spent for the financial year [5(a)+5(b)+5(c)]: **₹ 9.93 million**
- (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in million)	Amount Unspent (₹ in million)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (₹ in million)	Date of transfer	Name of the fund	Amount	Date of Transfer
9.93	0.07	April 23, 2024	—	Nil	—

- (f) Excess amount for set off, if any:

Sr. No.	Particulars	Amount (₹ in million)
(i)	Two percent of average net profit of the Company as per Section 135(5)	—
(ii)	Total amount spent for the financial year	—
(iii)	Excess amount spent for the financial year [(ii) – (i)]	—
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	—
(v)	Amount available for set off in succeeding financial years [(iii) – (iv)]	—

6. Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6)	Balance amount unspent CSR Account under section 135(6)	Amount spent in the Financial Year	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5), if any		Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency if any
					(₹ in million)			
					Amount (in ₹)	Date of transfer		
1.	FY 2021-22	2.04	0	0	—	—	0	—
	<b>TOTAL</b>	<b>2.04</b>	<b>0</b>	<b>0</b>	<b>—</b>	<b>—</b>	<b>0</b>	<b>—</b>

7. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year: **No**
8. Specify the reason(s), if the Company has failed to spend two per cent of the Average Net Profit as per Section 135(5): Total obligation was allocated, however, the delay in spends was owing to administrative matters by the non-profit partner. The unspent amount for the financial year 2023-24 was transferred to Unspent CSR Account as per the CSR Rules.

On behalf of the Board of Directors

SHILPA JOSHI  
Member of the CSR Committee  
DIN: 09775615

CHRISTOPHER SNOOK  
Chairman of the CSR Committee;  
DIN: 00369790

Date: May 10, 2024

Place: Mumbai

# Annexure C to the Board's Report

## FORM AOC-2

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis during the financial year ended March 31, 2024  
None
2. Details of material contracts or arrangement or transactions at arm's length basis during the financial year ended March 31, 2024

Sr. No.	Particulars	Details
(a)	Name(s) of the related party & nature of relationship	Novartis Pharma AG, Basel, Switzerland Fellow subsidiary
(b)	Nature of contracts/ arrangements/ transactions	Contract(s) for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services and other obligations.  Under the erstwhile Clause 49(VII)(E) of the Listing Agreement, the members approved such transactions up to a value of ₹ 3,000 million in each financial year at the 67 <sup>th</sup> AGM of the Company held on July 23, 2015.
(c)	Duration of the contracts/ arrangements/	Ongoing
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	The transactions under the contract are in the ordinary course of business and at arm's length. The total value of the transactions in the financial year was ₹ 809.9 million.
(e)	Date of approval by the Board	Since these RPTs are in the ordinary course of business and are at arms' length basis, approval of the Board is not applicable. However, necessary approvals are granted by the Audit Committee in line with 'Policy for dealing with Related Party Transactions' adopted by the Board of Directors, as may be applicable, from time to time.
(f)	Amount paid as advances, if any	None

On behalf of the Board of Directors

CHRISTOPHER SNOOK  
Chairman of the Board  
DIN: 00369790

Date: May 10, 2024  
Place: Mumbai



# Annexure D to the Board's Report

## Form No. MR-3 SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
NOVARTIS INDIA LIMITED  
L24200MH1947PLC006104  
Inspire – BKC, 7<sup>th</sup> Floor,  
Bandra Kurla Complex, Bandra East,  
Mumbai City 400051

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Novartis India Limited (L24200MH1947PLC006104) (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment (ODI).
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) The Company has further complied with below mentioned laws, which are specifically applicable to the Company as it is in the business of drugs and pharmaceuticals.
  - a) Drugs and Cosmetics Act, 1940
  - b) Drugs (Prices Control) Order, 2013

As per the representations made by the management and relied upon by me, during the period under review, provisions of the following regulations were not applicable to the Company:

- i. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - ii. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - iii. Securities and Exchange Board of India (Issue and Listing of Non-Convertible securities) Regulations, 2021;
  - iv. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - v. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
- I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreements entered into by the Company with Stock Exchange read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that:

- The Board of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions were carried through unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that based on review of compliance mechanism established by the Company and as per the representations made by the management and relied upon by me, I am of the opinion that the management has adequate systems and processes, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there are no specific events/ actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.

For Saraf & Associates  
Practising Company Secretaries

K. G. Saraf  
Proprietor  
FCS: 1596 | CP: 642  
FRN. S1988MH004800  
PR. 1003/2020

Place : Mumbai  
Date : May 10, 2024  
UDIN : F001596F000348283

Note : This report is to be read with my letter of even date which is annexed as '**ANNEXURE 1**' and forms an integral part of this report.

## 'ANNEXURE 1'

To,  
The Members,  
NOVARTIS INDIA LIMITED  
L24200MH1947PLC006104  
Inspire – BKC, 7<sup>th</sup> Floor,  
Bandra Kurla Complex, Bandra East,  
Mumbai City 400051

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as per the Auditing Standards issued by the Institute of Company Secretaries of India to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Saraf & Associates  
Practising Company Secretaries

K. G. Saraf  
Proprietor  
FCS: 1596 | CP: 642  
FRN. S1988MH004800  
PR. 1003/2020

Place : Mumbai  
Date : May 10, 2024  
UDIN : F001596F000348283



## Annexure E to the Board's Report

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

Particulars required by Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the year ended March 31, 2024.

#### **A. Conservation of Energy**

Measures taken for conservation of energy.

The Company does not have a manufacturing unit in India.

The Company's Registered Office is now situated in a multi-tenanted building, Inspire BKC, in Bandra (E) Mumbai, which is a 'Gold Certified Green Building' with Indian Green Building Council.

- Energy Efficient Lighting System consisting of LED Lighting installed on office floors. This has the potential of reducing the energy consumption of up to 90% as against the traditional lightning.
- Occupancy and motion-based sensor LEDs are installed at all workstation areas and meeting rooms, for reduction of energy consumption when not in use.
- To reduce energy consumption through usage of lights, the office space is designed to provide ample of natural light from the façade.
- Hydrogen sensors are installed in the UPS room and Quarterly PPM is done for the same.
- Rolled out hybrid working mode for employees with flexibility to work from office or home. The energy consumption in office has dropped as the strength of employees on a given day at office has been reduced due hybrid working mode.

#### **B. Technology Absorption**

Disclosure of particulars with respect to Technology Absorption:

- **Efforts in brief made towards technology absorption, adaptation and innovation:**  
Novartis AG, Switzerland continues to provide basic technology and technical know-how for introduction of new products and formulation development. These are adapted, wherever necessary, to local conditions.
- **Benefits derived as a result of the above efforts:**  
New product development, productivity and quality improvements, enhanced safety and environmental protection measures.
- **Technology Imported:**  
Novartis AG, Switzerland has provided technical know-how and technology as and when required, relating to products, quality, marketing and so on. This on-going process involves visits by employees of both companies to each other's office sites for discussions and training. There is no specific import of any technology from abroad and hence no further disclosure has been provided.
- **Expenditure on R&D:** Nil

#### **C. Foreign Exchange Earnings and Outgo**

During the financial year under review, the foreign exchange earned in terms of actual inflows during the year was ₹ 23.9 million and the foreign exchange outgo was ₹ 824.9 million in terms of actual outflows.

# Report on Corporate Governance

## 1. Company's philosophy on Code of Corporate Governance

Novartis India Limited (hereinafter referred to as '**the Company**') strives to follow the best corporate governance practices, develop the best policies/guidelines, communicate and train all its employees in order to foster a culture of compliance and obligation at every level of the organization. We have established processes to ensure our Board of Directors (hereinafter referred to as '**the Board**') functions effectively, promoting efficient and balanced decision-making, to effectively fulfill its duties in the best interest of our shareholders, employees and all other stakeholders.

The Company is in compliance with the provisions of Corporate Governance specified under the Companies Act, 2013 (hereinafter referred to as '**the Act**') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**SEBI Listing Regulations**').

The Company is committed to meeting the expectations of stakeholders as a responsible corporate citizen. The Novartis Code of Conduct contains the fundamental principles and rules concerning ethical business conduct.

The Company has also adopted Code of Conduct for the Board of Directors and other Senior Level Management and also Whistle Blower Policy to enable the employees and Directors to report their concerns directly to the Chairman of the Audit Committee.

## 2. Board of Directors

### a. Composition of the Board of Directors

The Board of Directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors, including Women Directors. The strength of the Board as on the financial year ended March 31, 2024 comprises of 7 (seven) Directors. Fifty percent of the Board comprises Independent Directors. The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors.

The Board of the Company is composed of eminent individuals from diverse fields. The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure. Every member of the Board, including Non-Executive Directors, has full access to any information related to the Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the Meeting with the permission of the Chairperson. Based on the confirmations/ disclosures received from the Independent Directors, the Board is of the opinion that the Independent Directors fulfill the conditions specified in the Listing Regulations and are Independent of the Management.

Mr. Jai Hiremath, Independent Director of the Company ceased as Director from the said position from close of business hours of March 31, 2024 due to completion of his second successive tenure as Independent Director of the Company.

Ms. Gira Sardesai was appointed as an Independent Director of the Company effective March 31, 2024.

Further, Mr. Sanjay Murdeshwar (designated as Vice Chairman and Managing Director) resigned as Director and employee of the Company from close of business hours of April 02, 2024 due to personal and professional reasons.

Except for the Non-Executive Chairman and Independent Directors of the Company, all other Directors are liable to retire by rotation. The Directors on the Board are professionals, having expertise in their respective functional areas and bring an extensive range of skills and experience to the Board.

**b. Details of meetings of the Board of Directors and AGM held during the year under review, along with the attendance of Directors at each meeting**

The Board/Committee meetings are pre-scheduled and an annual calendar of Board and Committee meetings is circulated to the Directors well in advance to enable them to plan their schedules and to ensure their meaningful participation in the meetings. However, in case of a special or an urgent business need, the Board's approval is taken at a specially convened meeting or by circular resolution, in which case it is ratified at the subsequent Board meeting.

Information placed before the Board

The notice and the detailed agenda along with the relevant notes and other material information are sent to each Director well in advance. All major agenda items are backed by comprehensive background information to enable the Board to take well informed decisions. Presentations are made to the Board on various functional and operational areas of the Company and other business development activities, financial highlights, etc.

Your Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the SEBI Listing Regulations to the Board/Committees, to the extent it is applicable and relevant. Such information is either circulated in advance as part of the agenda papers of the respective meetings or is presented/discussed at the meetings.

Mode of meeting

Video-conferencing facility is provided to enable the Directors travelling abroad or present at other locations to be able to participate in the meetings. The same is conducted in due compliance with the applicable laws.

With a view to leverage technology, save paper and support sustainability, the Company has adopted a Digital Board Book Application for conducting the Board/ Committee meetings digitally. All the documents relating to a meeting, including agenda, explanatory notes and any other document required to be placed at the meeting, are circulated to the Directors in electronic form through the application and the same can be accessed through digital devices. The application meets high standards of security and integrity required for storage and transmission of meeting related documents.

Number of meetings held during the financial year 2023-24 and attendance of Directors

During the financial year under review, 5 (five) Board meetings were held and the gap between the meetings did not exceed one hundred and twenty days as stipulated under Section 173(1) of the Act, Regulation 17(2) of the SEBI Listing Regulations and the Secretarial Standards issued by the Institute of Company Secretaries of India. The necessary quorum was present for all the meetings.

The said meetings were held on May 10, 2023; July 26, 2023; October 27, 2023; January 25, 2024 and February 17, 2024 each meeting being consecutively numbered from 1 to 5.

Details of Directors and their attendance at the Board meetings and AGM during the financial year ended March 31, 2024 are given below:

Name of the Director	Meetings of the Board for the financial year 2023-24					Attendance at the AGM	
	No. of Meetings held during the tenure of the Director	Attendance of Directors					
		1	2	3	4	5	July 28, 2023
Mr. C. Snook	5	√	√	√	√	√	√
Mr. S. Murdeshwar <sup>§</sup>	5	√	√	√	√	√	√
Ms. S. Joshi	5	√	√	√	√	√	√

Name of the Director	Meetings of the Board for the financial year 2023–24					Attendance at the AGM	
	No. of Meetings held during the tenure of the Director	Attendance of Directors					July 28, 2023
		1	2	3	4	5	
Mr. J. Hiremath*	5	√	√	√	√	×	×
Ms. S. Martyres	5	√	√	√	√	√	√
Mr. S. Parameswaran	5	√	√	√	√	√	√
Ms. Gira Sardesai#	0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

\* Mr. Jai Hiremath ceased to be Director of the Company from close of business hours of March 31, 2024

# Ms. G. Sardesai was appointed as Independent Director of the Company w.e.f. March 31, 2024

§ Mr. S. Murdeshwar designated as Vice Chairman and Managing Director ceased to be Director and employee of the Company after close of business hours of April 02, 2024

### c. Details of Directors including their Directorship/ Committee positions in other entities

In terms of the provisions of Sections 165 and 184 of the Act and Regulations 17A and 26 of the SEBI Listing Regulations, the Directors present necessary disclosures regarding the positions held by them on the Board and/or Committees of other public and/or private companies, from time to time.

The details of each Director along with the number of Directorships/Committee memberships/Chairmanships and their shareholding in the Company as on the financial year ended March 31, 2024, are provided herein below:

Sr. No.	Name	Category	Date of joining	No. of Directorships/ Committee Membership/ Chairmanships (Including Novartis India Limited)				
				Directorships under Section 165 <sup>i</sup>			Committee Memberships <sup>ii</sup>	Committee Chairmanships <sup>ii</sup>
				Public Companies		Private Cos./ Section 8 Cos.		
				Listed	Unlisted			
1.	Mr. C. Snook	Non-Executive Chairman	01.08.2008	1	—	—	2	1
2.	Mr. S. Murdeshwar	Vice Chairman and Managing Director	15.06.2019	1	—	—	1	—
3.	Ms. S. Joshi	Whole-Time Director & Chief Financial Officer	22.11.2022	1	—	1	1	—
4.	Mr. J. Hiremath	Independent Director	28.01.2006	2	1	8	1	—
5.	Ms. S. Martyres	Independent Director	19.04.2016	1	1	3	3	1
6.	Mr. S. Parameswaran	Independent Director	22.06.2020	2	1	—	4	1
7.	Ms. Gira Sardesai	Independent Director	31.03.2024	1	—	1	1	—

i. Excluding Directorships outside of India.

ii. Membership and Chairmanship in Audit Committee and Stakeholders Relationship Committee of all public limited companies, whether listed or not, including Novartis India Limited. Further Committee Memberships includes Chairmanships.

None of the Directors and their relatives hold shares in the Company as on March 31, 2024. Further, there is no relationship amongst the Directors of the Company.



Details of the Directorship as on March 31, 2024 in other listed entities are given below:

Sr. No.	Name	Name of the Listed Entity	Category of Directorship
1.	Mr. C. Snook	—	—
2.	Mr. S. Murdeshwar	—	—
3.	Ms. S. Joshi	—	—
4.	Mr. J. Hiremath	Hikal Limited	Executive Chairman
5.	Ms. S. Martyres	—	—
6.	Mr. S. Parameswaran	Shri Balaji Valve Components Limited	Independent Director
7.	Ms. Gira Sardesai	—	—

#### d. Independent Directors

All the Independent Directors on the Board of the Company are Non-Executive Directors pursuant to Regulation 16 of the SEBI Listing Regulations.

The maximum tenure of the Independent Directors is in compliance with the Act. All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and SEBI Listing Regulations. There are no inter-se relationships between the Directors of the Company.

The Independent Directors have submitted a declaration of independence, as required pursuant to Section 149(7) and Regulation 25 of SEBI Listing Regulations stating that they meet the criteria of independence as provided in Section 149(6) and Regulations 16 of the SEBI Listing Regulations. They have complied with the Code of Conduct laid down under the Schedule IV of the Act. They have also registered themselves with Independent Director's database maintained by the Indian Institute of Corporate Affairs.

In compliance with the Regulation 17A of SEBI Listing Regulations, the Independent Directors of the Company do not serve as an Independent Director in more than 7 (seven) listed entities. The Independent Directors on the Board of the Company are experienced, competent and highly respected individuals in their respective fields, which brings an ideal mixture of expertise, professionalism, knowledge and experience to the table.

Pursuant to Schedule V Para C clause 10 of the SEBI Listing Regulations, Mr. K. G. Saraf from Saraf & Associates, Company Secretaries, had issued a certificate stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as the Directors of the Company by SEBI or Ministry of Corporate Affairs or any such statutory authority for the financial year ended on March 31, 2024. This certificate forms part of the Report on Corporate Governance.

The profile of all Directors of the Company is placed on the website of the Company at <https://www.novartis.com/in-en/about/board-directors-novartis-india-limited>

#### Independent Director Databank Registration

All Independent Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the Directors in this regard.

#### Separate meeting of Independent Directors

Pursuant to Schedule IV to the Act and Regulation 25 of the SEBI Listing Regulations, the Independent Directors met once during the financial year i.e. on April 03, 2023, without the presence of Non-Independent Directors, Executive Directors or management representatives.

The Independent Directors *inter alia* discussed the performance of the Board, Committees, Non-Independent Directors, the management of the Company, matters arising out of the Board and Committee meetings and assessed the quality, quantity and timeliness of flow

of necessary information between the management and the Board, required for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

#### Familiarisation

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as insights into issues being faced by the industry. The details of familiarisation programme provided to the Directors of the Company is available on the website of the Company at: <https://www.novartis.com/in-en/investors/novartis-india-corporate-policies>

#### **e. Skills, expertise and competencies that are identified and available within the Board**

The Board of the Company believes that corporate governance is a reflection of the Novartis value system encompassing its culture, policies, and relationships with all stakeholders. Integrity and transparency are key to its corporate governance practices.

The Board also believes that the composition of the Board of the Company should align with its status as a listed entity as well as with its business portfolio, geographic reach and culture. They strongly opine that diversity of a Board is critical to its effectiveness with attributes representing nationality, gender, background, experience, age, viewpoints, interests, and technical & interpersonal skills.

The Board emphasizes that a member of the Board of the Company should have prior work experience and background in areas like leadership and management, healthcare, life sciences, medicine, research & development, consumer goods, engineering & technology, marketing, banking, finance & accounting, human resources, legal, public affairs and risk management.

Following are the core skills, expertise and competencies that are identified and available within the Board of the Company for effective functioning:

<b>Skills and its description</b>	<b>Mr. C. Snook</b>	<b>Mr. S. Murdeshwar</b>	<b>Mr. J. Hiremath</b>	<b>Ms. S. Martyres</b>	<b>Ms. S. Joshi</b>	<b>Mr. S. Parameswaran</b>	<b>Ms. Gira Sardesai</b>
<b>Vision</b> Familiarity and commitment to Novartis / Company's culture and values	√	√	√	√	√	√	√
<b>Strategic expertise</b> Ability to understand, review and suggest appropriate strategies	√	√	√	√	√	√	√
<b>Experience</b> Leadership experience in managing people and achieving change	√	√	√	√	√	√	√
<b>Industry</b> Knowledge of pharma, healthcare, manufacturing, marketing, finance, banking, HR, legal and public affairs in which the Company operates	√	√	√	√	√	√	√
<b>Technical</b> Technical/professional skills to assist with ongoing aspects of the Company's Board's role	Governance, Strategy, Management	Sales & Marketing, Management, Business Administration, Governance, Strategy	Accounting, Finance, Business Management	Banking, Finance, Risk Management, Planning and Audit	Finance, Governance, Cost Management, Risk Management	Legal advisor, Corporate Governance, Legal and Compliance	Accounting, Finance, Business Management

Skills and its description	Mr. C. Snook	Mr. S. Murdeshwar	Mr. J. Hiremath	Ms. S. Martyres	Ms. S. Joshi	Mr. S. Parameswaran	Ms. Gira Sardesai
<b>Legal &amp; Governance</b> Knowledge and understanding of legal and regulatory landscape in which the Company operates	√	√	√	√	√	√	√
<b>Behavioral</b> Behavioral competencies such as collaborative and ability to work as a team member, seeking and giving feedback to/ from individual directors, be challenging but supportive in the Boardroom	√	√	√	√	√	√	√
<b>Personal attributes</b> Willingness and ability to devote adequate time and energy to fulfill Board and Committee responsibilities, strategic thinking, integrity with high ethical standards, trust, accountability and avoid situations leading to conflict of interest	√	√	√	√	√	√	√

### 3. Committees of the Board

#### a. Audit Committee

The role of the Audit Committee is in accordance with Regulation 18 of the SEBI Listing Regulations and the terms of reference are as specified under Section 177 of the Act.

The terms of reference for the Audit Committee includes:

- Oversight the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Review, with the management, the annual financial statement and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statement arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statement;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- Review, with the management, the quarterly financial statement before submission to the Board for approval

- Review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency on the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- Review and monitor the auditor's independence and performance, and effectiveness of audit process
- Approval or any subsequent modification of transactions of the listed entity with related parties
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the listed entity, wherever it is necessary
- Evaluation of internal financial controls and risk management systems
- Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors of any significant findings and follow up there on
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- Review the functioning of the whistle blower mechanism
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate
- Carry out any other function as is mentioned in the terms of reference of the Committee
- Review the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders

Mr. Nikhil Malpani, Company Secretary and Compliance Officer of the Company, acted as Secretary to the Committee till April 30, 2024.

Ms. Chandni Maru, Company Secretary and Compliance Officer of the Company, acts as Secretary to the Committee till May 08, 2024.

The Vice Chairman & Managing Director, Non-Independent Director, Whole-Time Director, Chief Financial Officer, Internal Auditors, Statutory Auditors (wherever needed) are invitees to the Audit Committee meetings, as may be required from time to time.

During the year under review, the Audit Committee besides considering the unaudited quarterly financial results and audited financial results and recommending to the Board of Directors of the Company for its adoption and approval, discussed various topics relating to Company's operations including inventory, direct tax compliance, GST compliance, receivables, and compliances in general. The minutes of the Audit Committee Meetings are placed before the Board for their review.

During the financial year under review, the Audit Committee met 4 (Four) times on May 10, 2023; July 26, 2023; October 27, 2023; January 25, 2024, each meeting being consecutively numbered from 1 to 4.



Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2024 are given below:

Name of the Member	Category	Meetings of the Committee for the financial year 2023-24				
		No. of Meetings held during the tenure	1	2	3	4
Ms. S. Martyres*	Chairperson of the Committee; Non-Executive and Independent Director	4	√	√	√	√
Mr. C. Snook	Member; Non-Executive Director	4	√	√	√	√
Mr. J. Hiremath®	Member; Non-Executive and Independent Director	4	√	√	√	√
Mr. S. Parameswaran	Member; Non-Executive and Independent Director	4	√	√	√	√
Ms. G. Sardesai#	Member; Non-Executive and Independent Director	N.A.	—	—	—	—

\* Ms. S. Martyres, Chairperson of the Audit Committee, was present at the AGM of the Company held on July 28, 2023

® Mr. J. Hiremath, by virtue of his retirement as Director also ceased to be the member of Audit Committee w.e.f. close of business hours of March 31, 2024

# Ms. G. Sardesai, was appointed as a member of the Committee w.e.f. April 01, 2024

## b. Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Act.

The terms of reference for the Nomination and Remuneration Committee includes:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel ('KMP') and other employees
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors
- Devise a policy on diversity of Board of Directors
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors
- Recommend to the Board, all remuneration, in whatever form, payable to Senior Management

During the period under review, the Nomination and Remuneration Committee met 3 (three) times on May 10, 2023; October 27, 2023 and February 17, 2024

Constitution of the Nomination and Remuneration Committee and attendance details during the financial year ended March 31, 2024 are given below:

Name of the Member	Category	Meetings of the Committee for the financial year 2023-24			
		No. of Meetings held during the tenure	1	2	3
Ms. S. Martyres*	Chairperson of the Committee; Non-Executive and Independent Director	3	√	√	√
Mr. C. Snook	Member; Non-Executive Director	3	√	√	√
Mr. J. Hiremath®	Member; Non-Executive and Independent Director	2	√	√	×
Ms. G. Sardesai#	Member; Non-Executive and Independent Director	N.A.	—	—	—

\* Ms. S. Martyres, Chairperson of the Committee was present at the AGM of the Company held on July 28, 2023

® Mr. J. Hiremath, by virtue of his retirement as Director also ceased to be the member of Nomination and Remuneration Committee w.e.f. close of business hours of March 31, 2024

# Ms. G. Sardesai, was appointed as a member of the Committee w.e.f. April 01, 2024

The Nomination and Remuneration Committee ('NRC') at its meeting held on July 25, 2014, approved the Nomination and Remuneration Policy ('NRC Policy') and the methodology for conducting the performance appraisal of the Board, the Board Committees and the Directors. The details of NRC Policy and methodology for conducting the performance appraisal of the Board, the Board Committees and the Directors are given below.

#### Nomination and Remuneration Policy

Pursuant to Section 178 of the Act and SEBI Listing Regulations, the Nomination and Remuneration Committee has adopted a Nomination and Remuneration Policy which provides guidance on:

##### a) Selection Criteria for Directors

The Company shall consider the following aspects while appointing a person as a Director on the Board of the Company:

**Skills and Experience:** The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance, technical operations or any other discipline related to the Company's business.

**Age Limit:** The candidate should have completed the age of twenty-one (21) years and should not have attained the age of seventy-five (75) years with an exception that any appointment(s) //approved by the shareholders prior to March 31, 2023 shall continue to hold their respective office(s) till the completion of their last day of respective appointment(s) irrespective of age.

**Conflict of Interest:** The candidate should not hold Directorship in any competitor company and should not have any conflict of interest with the Company.

**Directorship:** The number of companies in which the candidate holds Directorship should not exceed the number prescribed under the Act or under the SEBI Listing Regulations.

Independence: The candidate proposed to be appointed as Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under the Act or under the SEBI Listing Regulations.

For every appointment of an Independent Director, the NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities, to the extent possible, identified in such description. For the purpose of identifying suitable candidates, the NRC may:

- a. use the services of an external agencies, if required
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates

The policy provides that while appointing a Director to the Board, due consideration will be given to:

- i. approvals of the Board and/or shareholders of the Company in accordance with the Act; and
- ii. the Articles of Association of the Company which mandate that so long as Novartis AG, Basel, holds twenty-six percent or more of the paid-up share capital of the Company, it is entitled to designate two Directors (Chairman and Vice Chairman) and also to withdraw any such nominations made and to designate any others in place of a Director whose nomination is withdrawn or who resigns or otherwise vacates his/her office.

#### **b) Selection Criteria for Senior Management**

As per the Nomination and Remuneration Policy, 'Senior Management' shall mean the officers and personnel who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Managing Director or Whole Time Director and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

The Policy also provides that the candidate should have appropriate qualification, skills and experience for discharging the role. The qualification, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

#### Remuneration for Directors, KMPs and other Employees

The Policy provides that the remuneration of Directors, KMPs and other employees shall be based on the following key principles:

- Pay for performance: Remuneration of Executive Directors, KMPs and other employees is a balance between fixed pay reflecting Company's Policy and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goal. The remuneration of Non-Executive Directors shall be decided by the Board based on the industry benchmarks
- Balanced rewards to create sustainable value: The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and employees of the Company and encourage behavior that is aligned to sustainable value creation

- Competitive compensation: Total target compensation and benefits are comparable to peer companies in the healthcare industry and commensurate to the qualifications and experience of the concerned individual
- Business Ethics: Strong governance processes and stringent risk management policies are adhered to, in order to safeguard the Company's stakeholders' interest

#### Board Diversity

With regard to the diversity of Boards, that is, Boards where different attributes, characteristics and levels of experience are mixed, it is not difficult to accept the idea that greater diversity would provide better advice, thus allowing for better decision-making. In other words, by bringing together diverse individuals and resources of information, talent and ability can be accessed in greater volume. The Board takes diversity into account when assessing, on balance, which individual will best complement the Board of Management as representative body of the Company. Diversity in the context of the decision-making process is understood by the Board to encompass a variety of complementary profiles, professional and personal experiences and an appropriate level of representation of both genders. At Novartis India, diversity at the Board level has been ensured through an optimal mix of members with different backgrounds and gender. Company's Board Diversity policy can be accessed at: Board Diversity Policy.pdf (novartis.com)

#### Performance Evaluation

The process approved by the NRC requires the Chairperson to initiate the performance evaluation process in the month of April every year. Performance evaluation is conducted based on approved criteria.

Highlights of the process are as under:

- a) Board: Each Board member completes the self-evaluation form. Independent Directors discuss the self-evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board meeting.
- b) Committees: Each Committee member completes the self-evaluation form and shares feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board meeting.
- c) Chairman and Executive Directors: Each Board member completes the peer-evaluation form. Independent Directors discuss the peer-evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.
- d) Independent Directors: Each Board member completes the peer-evaluation and shares feedback with the Chairman. The evaluation of Independent Directors is done by the entire Board of Directors in accordance with the SEBI Listing Regulations. The Chairman conveys feedback individually to the concerned Directors.

#### Remuneration to Directors

Mr. C. Snook, Non-Executive Chairperson of the Board does not get any remuneration from the Company.

The Vice Chairman & Managing Director and Whole-Time Director gets a monthly salary, perquisites and performance pay as per the policies of the Company. In the event of the Vice Chairman & Managing Director and Whole-Time Director desiring to leave the services of the Company, he/ she shall give to the Company six and three months' notice respectively as prescribed in the employment agreement executed with the Company. The Company may, at its sole discretion, relieve the Vice Chairman & Managing Director and Whole-Time Director of their duties any time by giving prescribed notice period as stated in the employment agreement.



The criteria for making payments to the Vice Chairman & Managing Director and Whole-Time Director are:

1. Salary, as recommended by the NRC and approved by the Board and shareholders of the Company. Perquisites, retirement benefits and performance pay are also paid/provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.
2. Remuneration paid to the Vice Chairman & Managing Director and Whole-Time Director are determined keeping in view industry benchmarks and Novartis policies.

Remuneration of the Vice Chairman & Managing Director and Whole-Time Director are within the limits of provisions of Section 197 of the Act and as approved by the Board and shareholders of the Company from time to time.

The criteria for making payments to the Independent Directors are:

1. Independent Directors are paid sitting fees with effect from April 01, 2019 for attending the Board and Audit Committee meetings.
2. The Independent Directors receive remuneration by way of Commission as may be decided by the Board based on the industry benchmarks after receipt of necessary approvals.

The Board decides on the Commission based on industry benchmarks and commensurate challenges.

The remuneration paid or payable to the Directors for the financial year 2023-24 are given below:

(₹ in million)

Name of the Director	Basic Salary	Flexible Compensation	Annual incentive	Commission	Stock Options*	Others**	Total
Mr. C. Snook	—	—	—	—	—	—	—
Mr. S. Murdeshwar							
Ms. S. Joshi							
Mr. J. Hiremath	—	—	—	1.0	—	—	1.0
Ms. S. Martyres	—	—	—	1.0	—	—	1.0
Mr. S. Parameswaran	—	—	—	1.0	—	—	1.0
Ms. Gira Sardesai	—	—	—	—	—	—	—

\* Employee Stock Option, Stock Grant or any other Stock Linked Incentive Plan whether existing or declared by the Parent company, Novartis AG ('Stock Options') as per Novartis Group Policies and Rules of the Company; the cost thereof being borne by the Company

\*\* Others includes Superannuation Fund Amount, Employer's contribution to PF and Gratuity Amount, as may be applicable

The aforesaid remuneration does not include sitting fees paid to Independent Directors of the Company for the financial year 2023-24 aggregating ₹ 1.3 million.

The Nomination and Remuneration Policy of the Company is available on the website of the Company at: [https://www.novartis.com/sites/novartis\\_in/files/NRC%20Policy.pdf](https://www.novartis.com/sites/novartis_in/files/NRC%20Policy.pdf)

None of the Non-Executive Directors had any material pecuniary relationship or transaction vis-à-vis the Company during the year under review.

### c. Stakeholders Relationship Committee

In pursuance to Regulation 20 of the SEBI Listing Regulations and Section 178 of the Act, the Stakeholders Relationship Committee considers and resolves the grievances of security holders.

The terms of reference for the Stakeholders Relationship Committee includes:

- Resolving the grievances of the security holders of the listed entity, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc
- Review of measures taken for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Transfer Agent
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

During the year under review, the Stakeholders Relationship Committee met 4 (four) times on May 10, 2023; July 26, 2023; October 27, 2023 and January 25, 2024, each meeting being consecutively numbered from 1 to 4.

Details of constitution and attendance details of the Stakeholders Relationship Committee as on March 31, 2024 are given below:

Name of the Member	Category	Meetings of the Committee for the financial year 2023-24				
		No. of Meetings held during the tenure	1	2	3	4
Mr. C. Snook	Chairperson; Non-Executive Director	4	√	√	√	√
Mr. S. Murdeshwar*	Member, Vice Chairman and Managing Director	4	√	√	√	√
Mr. S. Parameswaran	Member; Non-Executive and Independent Director	4	√	√	√	√
Ms. S. Joshi	Member; Whole-Time Director and Chief Financial Officer	4	√	√	√	√

\* Mr. S. Murdeshwar, by virtue of his cessation as Director also ceased to be the member of Stakeholders Relationship Committee w.e.f. closure of business hours of April 02, 2024

Mr. Nikhil Malpani, Company Secretary and Compliance Officer of the Company, acted as Secretary to the Committee till April 30, 2024.

Ms. Chandni Maru, Company Secretary and Compliance Officer of the Company, acts as Secretary to the Committee till May 08, 2024. In accordance with the IEPF Rules, the Board of Directors has also appointed Ms. Chandni Maru as the Nodal Officer of the Company.

During the financial year 2023-24, 15 complaints were received from the shareholders, the same have been attended/resolved to the satisfaction of the shareholders. The shareholder grievances were attended and resolved in a timely manner. The Chairperson of the Stakeholders Relationship Committee attends the AGM of the Company to answer queries of the security holders, if any. There are no pending complaints to be resolved as on the end of the previous financial year.

## Investor Servicing and Grievance Redressal Policy

The Committee has approved the Policy on Investor Servicing and Grievance Redressal which outlines the type of queries that investors can raise; escalation matrix for resolving day to day queries of investors; and timelines for resolving different queries. The Policy is uploaded on the website of the Company at: <https://www.novartis.com/in-en/investors/shareholders-information>

### d. Corporate Social Responsibility ('CSR') Committee

Pursuant to Section 135 of the Act, the Board constituted the CSR Committee. The Committee provides guidance on various CSR activities to be undertaken by the Company and monitors its progress.

The terms of reference for the CSR Committee include to:

- Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the entity in areas or subject, specified in Schedule VII of the Act which includes ongoing projects
- Recommend the amount of expenditure to be incurred on the activities referred
- Consider and propose an Annual Budget for CSR activities to the Board for approval as part of the overall budget process together with the Action Plan
- Receive reports and review activities executed by the CSR team
- Review the CSR programme of the Company and ensure that the internal CSR function is adequately resourced and has appropriate standing within the Company
- Consider and review the Annual Corporate CSR Report and ensure that it is a fair reflection of the Company's CSR approach, policies, systems and performance and is coherent and published in a timely manner
- Review the CSR Policy of the Company from time to time
- Retain/ hire outside consultants, if required and
- Consider other matters as specified by the Board

During the financial year under review, the CSR Committee met two times on May 10, 2023 and October 27, 2023, each meeting being consecutively numbered from 1 to 2.

Details of constitution and attendance of the CSR Committee as on March 31, 2024 are given below:

Name of the Member	Category	Meetings of Committee for the financial year 2023-24		
		No. of Meetings held during the tenure	1	2
Mr. Christopher Snook <sup>#</sup>	Chairperson of the Committee; Non-Executive and Non-Independent Director	0	N.A.	N.A.
Mr. Sanjay Murdeshwar <sup>*</sup>	Chairperson of the Committee; Vice Chairman and Managing Director	2	√	√
Ms. Sandra Martyres	Member; Non-Executive and Independent Director	2	√	√
Ms. Shilpa Joshi	Member; Whole-Time Director and Chief Financial Officer	2	√	√

<sup>#</sup> Mr. C. Snook, was appointed as a member and chairperson of the Committee w.e.f. April 03, 2024

<sup>\*</sup> Mr. S. Murdeshwar, by virtue of his cessation as Director also ceased to be the member of Corporate Social Responsibility Committee w.e.f. closure of business hours of April 02, 2024

The Annual Report on CSR activities is a part of the Board's Report, which details the various CSR projects undertaken by the Company during the financial year 2023-24.

#### e. Risk Management Committee

Pursuant to Regulation 21 of the SEBI Listing Regulations, Board constituted Risk Management Committee ('RMC') on August 20, 2020, which *inter alia* entrusted with the responsibility of monitoring and reviewing the risk management plan and the cyber security of the Company and such other functions as may be delegated by the Board from time to time.

The terms of reference for the Risk Management Committee includes:

- The Committee shall review and approve the Enterprise Risk Management Framework / Risk management plan / Policy of the Company at least once in two years by considering the changing industry dynamics and evolving complexity
- The Committee shall periodically review the risk management processes and practices of the Company and ensure that appropriate methodology processes and systems are in place to monitor and evaluate risks and to achieve prudent balance between risk and reward in both ongoing and new business activities
- The Committee shall monitor and oversee implementation of Risk Management Policy, including evaluating the adequacy of risk management systems
- The Committee shall inform Board of Directors about the nature and content of its discussions, recommendations & actions to be taken
- The Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors
- The Committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives and ongoing activities such as business continuity planning)
- The Committee shall evaluate risks related to cyber security and ensure appropriate procedures are in place to mitigate these risks
- The Committee may form and delegate authority to subcommittees as and when appropriate
- The Committee shall review and reassess the adequacy of this charter / terms of reference periodically and recommend any proposed changes to the Board for approval
- The Committee shall have access to any internal information necessary to fulfill its oversight role
- The Committee shall have power to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary
- The Board may review the performance of the Committee periodically

During the financial year under review, 3 (three) Risk Management Committee Meetings were held on July 26, 2023, October 27, 2023 and January 25, 2024, each meeting being consecutively numbered from 1 to 3. The gap between the meetings did not exceed one hundred and eighty days as stipulated under the SEBI Listing Regulations.



Details of constitution and attendance of Committee as on March 31, 2024 are given below:

Name of the Member	Category	Meetings of Committee for the financial year 2023-24			
		No. of Meetings held during the tenure	1	2	3
Mr. S. Parameswaran	Chairperson; Non-Executive and Independent Director	3	√	√	√
Mr. J. Hiremath <sup>®</sup>	Member; Non-Executive and Independent Director	3	√	√	√
Ms. S. Joshi	Member; Whole-Time Director and Chief Financial Officer	3	√	√	√
Ms. G. Sardesai <sup>#</sup>	Member; Non-Executive and Independent Director	N.A.	—	—	—

<sup>®</sup> Mr. J. Hiremath, by virtue of his retirement as Director also ceased to be the member of Risk Management Committee w.e.f. close of business hours of March 31, 2024

<sup>#</sup> Ms. G. Sardesai, was appointed as a member of the Committee w.e.f. April 01, 2024

#### Risk Management Policy

Your Company has framed and implemented a Risk Management Policy in terms of the provisions of Regulation 17 of the SEBI Listing Regulations, for the assessment and minimization of risk, including identification therein of elements of risk, if any, which may threaten the existence of the Company.

The policy is reviewed periodically by the RMC, along with the key risks and related mitigation plans.

#### Recommendations of Committees

In terms of the amendments made to the SEBI Listing Regulations, members may note that, during the financial year under review, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

## 4. General Body Meetings

i. Location and Time where last three AGMs were held:

AGM for the financial year	Date of AGM	Time of AGM	Location of holding AGM	Special Resolutions passed
2022-2023	July 28, 2023	11:00 a.m.	Video conferencing/ Other Audio-Visual Means	1. None
2021-2022	August 29, 2022	11:00 a.m.		1. Approval of payment of Commission to the Independent Directors for the financial year 2021-22 2. Approval of payment of Commission or otherwise to the Non-Executive and Independent Directors for a period of 5 (five) years commencing from April 1, 2022 to March 31, 2027
2020-2021	August 27, 2021	11:30 a.m.		None

All the resolutions set out in the respective Notices were passed by the requisite majority of the members.

ii. Postal Ballot:

The postal ballot is conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Act read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) (“Rules”) and Regulation 44 of the SEBI Listing Regulations. The postal ballot notice is sent to shareholders in accordance with the modes as per prevalent directions of MCA & SEBI. Newspaper advertisements are also published in leading newspapers with nationwide circulation & further in languages in accordance with the requirements under the Act.

During the financial year, pursuant to Sections 110 and Section 108 and other applicable provisions, if any, of the Act read with Rules and Regulation 44 of the SEBI Listing Regulations [further read with guidelines prescribed by the MCA for holding general meetings / conducting postal ballot process through e-voting vide General Circular No. 09/2023 dated September 25, 2023 (“MCA Circulars”), to transact the special business through postal ballot only by way of remote e-voting (“remote e-voting”)], the Company had provided the facility of postal ballot & remote e-voting to its members for obtaining the approval of the members of the Company for the following purposes:

Item 1: Appointment of Ms. Gira Sardesai (DIN:02610502) as an Independent Director

Item 2: Continuation of appointment of Mr. Christopher Snook (DIN: 00369790) as Non-Executive and Non-Independent Director

As per the MCA Circulars, the postal ballot notice (the “Notice”) was sent only by email to all the shareholders who had registered their email addresses with the Company or depository(ies) / depository participants and the communication of assent / dissent of the members on the resolution proposed in the Notice was sought only through the remote e-voting system. The Company also published notice in the newspapers declaring the details of completion of dispatch, e-voting details and other requirements in terms of the Act read with the Rules issued thereunder and the Secretarial Standards issued by the Institute of Company Secretaries of India. Voting rights were reckoned on the paid-up value of the shares registered in the names of the shareholders on the cut-off date i.e. Saturday, February 17, 2024. The Board of Directors had appointed Mr. S. N. Viswanathan, Practising Company Secretary (ACS 61955; COP No. 24335) as the Scrutinizer, and Ms. Ashwini Vartak as an Alternate Scrutinizer (ACS29463; COP No.16723), as the Scrutinizers to scrutinize the remote e-voting process in a fair and transparent manner.

The e-voting commenced on 9:00 a.m. (IST) on Wednesday, February 21, 2024, and ended at 5:00 p.m. (IST) on Thursday, March 21, 2024, and the e-voting platform was disabled thereafter. The report on the result of the remote e-voting was provided by the Scrutinizers on March 23, 2024. The Results were submitted to BSE on March 23, 2024. All the resolutions were passed with the requisite majority. The details of Voting on the above resolution passed by votes through remote e-voting were as under:

The details of voting pattern are given below:

Particulars	Item 1		Item 2	
	No. of valid e-votes	% of Valid votes	No. of valid e-votes	% of Valid votes
Assented to Resolution	1,75,30,999	99.9877	1,75,25,278	99.9881
Dissented to Resolution	2151	0.0123	2092	0.0119
Total	1,75,33,150	100.0000	1,75,27,370	100.0000

## 5. Prevention of Sexual Harassment Policy

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All persons whether employed as permanent, contractual, temporary or trainees are covered under this policy.

The details of complaints related to sexual harassment are provided below:

Sr. No.	Particulars	No. of complaints
i.	Number of complaints filed during the financial year 2023–24	0
ii.	Number of complaints disposed of during the financial year 2023–24	N.A.
iii.	Number of complaints pending as on end of the financial year March 31, 2024	0
	Number of workshops or awareness programme against sexual harassment carried out	The Company regularly conducts necessary awareness programmes for its employees
	Nature of action taken by the employer or district officer	0

## 6. Senior Management

There is no change on senior management level as on March 31, 2024.

## 7. Other Disclosures

- The Audit Committee approved all the Related Party Transactions ('RPTs') entered into during the year under review, from time to time.
- The Audit Committee granted omnibus approval for RPTs as per the provisions and restrictions contained under the Act read with SEBI Listing Regulations.
- The Company has formulated a 'Policy for dealing with Related Party Transactions' ('Policy') which includes dealing with material RPTs. The Board at its meeting held on May 19, 2022, as recommended by the Audit Committee, considered and approved amendments to the said Policy in line with the recent amendments in the SEBI Listing Regulations. The updated Policy is available on the website of the Company at: <https://www.novartis.com/in-en/investors/novartis-india-corporate-policies>
- The Company does not have any subsidiary and is neither required to formulate any Policy for determining material subsidiaries nor required to provide any details of material subsidiaries under SEBI Listing Regulations
- During the preceding three financial years, there were no strictures or penalties imposed on the Company by either SEBI or the Stock Exchange or any statutory authority for non-compliance of any matter related to the capital markets
- The Company has adopted a vigil mechanism and whistleblower policy which enables Directors and employees to report their genuine concerns. The mechanism provides for adequate safeguards against the victimization of persons who use this mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases. No Director or employee who wanted to report a concern was denied access to the Chairperson of the Audit Committee
- The Company is in compliance with the mandatory requirements as contained in the SEBI Listing Regulations. The Company has also adopted certain non-mandatory requirements as specified in Part E of Schedule II of the SEBI Listing Regulations i.e., providing the Chairman of the Company with the resources required by him to discharge his responsibilities as Chairman of the Company while in India to attend the Company's Board meetings and appointment of separate persons to the post of Chairman and Managing Director.

- The Internal Auditor presents the internal audit and remediation status report on a quarterly basis to the Audit Committee and satisfactorily addresses the queries/clarifications sought by the Committee
- During the year under review, the Company has not provided any loans and advances in the nature of loans to firms/ companies in which Directors are interested
- The Financial Statement of the Company for the year ended March 31, 2024 is unqualified
- The shares of the Company were not suspended from trading during the year under review.
- The Company does not have any securities in the demat suspense account/ unclaimed suspense account
- The Company was not required to transfer any equity shares in 'Novartis India Limited – Suspense Escrow Demat Account' arising out of formalities pertaining to issue of duplicate share certificates as on March 31, 2024
- Adequate disclosures and policies are available on the website of the Company at <https://www.novartis.com/in-en/investors/novartis-india-corporate-policies>

## 8. Means of Communication

Quarterly, Half-Yearly and Annual results of the Company are published in newspapers such as “The Financial Express” and “Navshakti”. These results are promptly submitted to BSE Limited facilitating them to display the same on their website. The Company’s results are available on the website of the Company at <https://www.novartis.com/in-en/investors/novartis-india-financial-results>

SEBI Complaints Redressal System (SCORES): A centralised web-based complaints redressal system, which serves as a centralised database of all complaints received, enables uploading of Action Taken Reports (ATRs) by the concerned company and online viewing by the investors of actions taken on the complaint and its current status. Further, SEBI vide Circular dated August 13, 2020, has specified standard operating procedure for handling complaints by stock exchanges, accordingly the Company is now required to resolve the complaint within a period of 30 days of receipt of the same.

## 9. Affirmation and disclosure

- All members of the Board and Senior Management of the Company have affirmed their compliance with the Code of Conduct (Code of Ethics) of the Company as on March 31, 2024 and a declaration to that effect, signed by the Whole-Time Director of the Company forms part of this Report.
- The Company has duly complied with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations, wherever applicable

## 10. Whole Time Director and CFO Certification

Whole-Time Director & Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations pertaining to CFO certification for the financial year ended March 31, 2024 which is annexed to this Report.

## 11. Certificate on Corporate Governance

As required under Regulation 34(3) and Schedule V Part E of the SEBI Listing Regulations, the Certificate issued by Dr. K. R. Chandratre, Practising Company Secretary, for the financial year ended March 31, 2024 is annexed to this Report.



## 12. General Shareholder Information

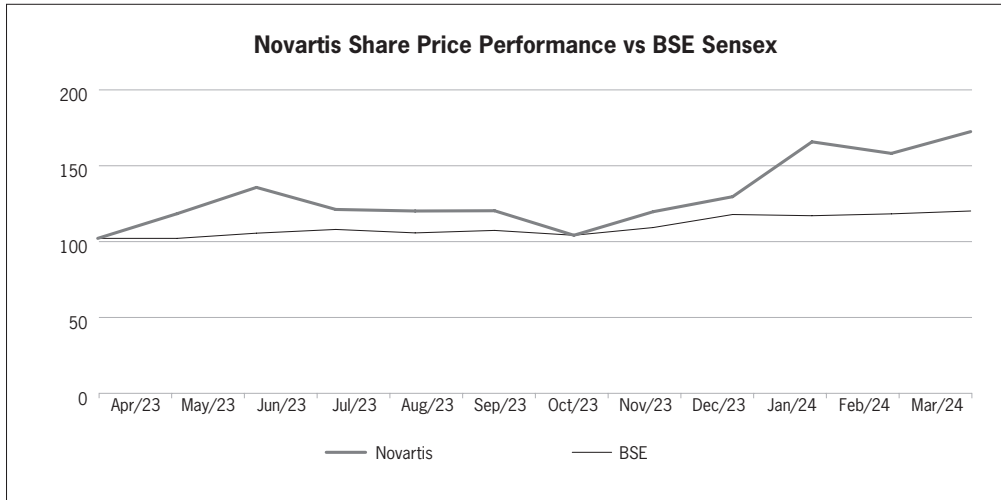
AGM day, date, venue and time	: Wednesday, July 31, 2024 through Videoconferencing or Other Audio–Visual Means at 11:00 a.m. (IST)
Financial Year	: April 1 to March 31
First quarter results	: Second fortnight of July 2024
Second quarter results	: Second fortnight of October 2024
Third quarter results	: Second fortnight of January 2025
Results for the year ending March 2025	: First fortnight of May 2025
Date of Book Closure; Record Date	: Wednesday, July 24, 2024 to Wednesday, July 31, 2024 (both days inclusive); Record Date is July 23, 2024
Dividend payment date	: On or after August 05, 2024
Listing on Stock Exchange	: BSE Limited, Mumbai
Payment of Annual Listing Fees	: The Annual Listing Fees for the financial year 2024–25 is paid to BSE Limited
Scrip Code (BSE)	: 500672
Demat ISIN no. for CDSL and NSDL	: INE234A01025
Corporate Identification Number (CIN)	: L24200MH1947PLC006104

The Company has not issued any global depository receipts or American depository receipts or warrants or any convertible instruments. Hence, no further details in this regard has been provided in this report.

### Market price data: High/Low during each month in the financial year (in ₹)

Month	BSE Limited, Mumbai	
	High	Low
April 2023	618.40	561.05
May 2023	755.00	585.00
June 2023	845.55	691.95
July 2023	909.00	720.00
August 2023	760.00	702.00
September 2023	761.20	704.60
October 2023	735.50	599.95
November 2023	719.00	642.00
December 2023	779.95	693.20
January 2024	1040.00	768.60
February 2024	1224.00	884.00
March 2024	1221.60	888.70

## Novartis share price performance versus BSE Sensex during April 2023 – March 2024



(Source: Website of BSE Limited, Mumbai [www.bseindia.com](http://www.bseindia.com))

### Registrar & Transfer Agents:

Link Intime India Private Limited  
 C-101, 247 Park, L B S Marg, Vikhroli (West)  
 Mumbai 400 083  
 Telephone No: +91 22 4918 6000  
 Fax No.: +91 22 4918 6060  
 E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### Share Transfer System:

Trading in equity shares of the Company is permitted only in dematerialised form. In terms of requirements of Regulation 40 of the SEBI Listing Regulations read with SEBI/HO/MIRSD/ MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Further, transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialised.

### Distribution of shareholding as on March 31, 2024

Sr. No.	No. of Equity Shares		Shareholder(s)		Shareholding(s)	
	From	To	Nos.	%	Nos.	%
1.	1	500	41078	96.3865	3026399	12.2572
2.	501	1000	828	1.9428	619782	2.5102
3.	1001	2000	374	0.8776	546091	2.2117
4.	2001	3000	129	0.3027	321976	1.3040
5.	3001	4000	47	0.1103	166944	0.6761
6.	4001	5000	43	0.1009	194362	0.7872
7.	5001	10000	65	0.1525	442956	1.7940
8.	10001 and above		54	0.1267	19372287	78.4595
<b>Total</b>			<b>42618</b>			

### Shareholding pattern as on March 31, 2024

Category	No. of shares held	Percentage of shareholding
<b>A. Promoters' Holding</b>		
1. Promoters	—	—
– Indian Promoters	17,450,680	70.6769
– Foreign Promoters	—	—
2. Persons Acting in concert	—	—
<b>Sub-Total</b>	<b>17,450,680</b>	<b>70.6769</b>
<b>B. Non-Promoters' Holding</b>		
3. Institutional Investors		
a. Mutual Funds & UTI	803	0.0033
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	128158	0.519
c. FIIs	46,029	0.1864
<b>Sub-Total</b>	<b>174,990</b>	<b>0.7087</b>
4. Others		
a. Private Corporate Bodies	861,421	3.4888
b. Indian Public	5,962,572	24.149
c. NRIs	241,134	0.9766
d. Directors and their relatives	—	—
<b>Sub-Total</b>	<b>7,065,127</b>	<b>28.6144</b>
<b>Grand Total</b>	<b>24,690,797</b>	<b>100.0000</b>

Dematerialization of shares and liquidity : The Company's shares are traded compulsorily in dematerialized form on the stock exchange. As on March 31, 2024, 98.89% of the paid-up share capital of the Company was in dematerialized form.

Outstanding GDR/ADR/Warrants or any Convertible Instruments, conversion dates and likely impact on equity : Not Applicable

Commodity price risk or foreign exchange risk and hedging activities, as may be applicable : The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD.

The Company actively monitors and seeks to reduce, where it deems it appropriate to do so, fluctuations in these exposures.

The Company has not entered into any derivative transactions during the year.

Plant location : The Company does not have any manufacturing facility.

Address for correspondence : Shareholders should address their correspondence to the Company's Registrar & Transfer Agents at the address mentioned earlier.

Shareholders may also contact Ms. Shilpa Joshi, Whole-Time Director & Chief Financial Officer at the Registered Office of the Company situated at Inspire – BKC, 7<sup>th</sup> Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

Telephone No: +91 22 5024 3000

E-mail: india.investors@novartis.com

List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.



## Declaration on adherence to the Code of Ethics

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board members and senior management personnel of the Company have confirmed adherence to the Code of Ethics of Novartis India Limited for the financial year ended March 31, 2024.

For Novartis India Limited

Ms. Shilpa Joshi  
Whole Time Director and  
Chief Financial Officer

Mumbai, May 10, 2024

## Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
NOVARTIS INDIA LIMITED  
CIN: L24200MH1947PLC006104  
Inspire BKC 7th Floor  
Bandra Kurla Complex, Bandra East,  
Bandra (East), Mumbai 400051

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **NOVARTIS INDIA LIMITED** having CIN : **L24200MH1947PLC006104** and having registered office at Inspire – Inspire BKC 7th Floor Bandra Kurla Complex, Bandra East, Bandra(East), Mumbai, Bandra, Maharashtra, India, 400051 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company*
1.	Christopher Snook	00369790	01/08/2008
2.	Sanker Parameswaran	00008187	22/06/2020
3.	Sandra Martyres	00798406	19/04/2016
4.	Shilpa Shashank Joshi	09775615	22/11/2022
5.	Jai Hiremath	00062203	28/01/2006 <sup>#</sup>
6.	Sanjay Murdeshwar	01481811	15/06/2019 <sup>\$</sup>
7.	Gira Jagdeesh Sardesai	02610502	31/03/2024

\* The date of appointment is as per the MCA Portal.

# The tenure of Mr. Jai Hiremath as an Independent Director of the Company has ended on 31/03/2024.

\$ Mr. Sanjay Murdeshwar resigned as the Managing Director w.e.f. close of business hour of 02/04/2024.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Saraf & Associates  
Practicing Company Secretaries

K. G. Saraf  
Proprietor  
FCS 1596 : CP 642  
FRN : S1988MH004800  
PR : 1003/2020

Place : Mumbai  
Date : 10.05.2024  
UDIN : F001596F000348316

## Chief Financial Officer (CFO) certification

[Pursuant to regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015]

This is to certify that:

1. I have reviewed the Audited Financial Statements and the cash flow statement of Novartis India Limited (“Company”) for the financial year ended March 31, 2024 and to the best of our knowledge and belief, I state that:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
  - b. these statements together present a true and fair view of the Company’s affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. I further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company’s Code of Conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.
4. I have indicated to the Auditors and the Audit Committee:
  - a. significant changes, if any, in the internal control over financial reporting during the financial year ended on March 31, 2024;
  - b. significant changes, if any, in the accounting policies made during the financial year ended on March 31, 2024 have been disclosed in the notes to the financial statements; and
  - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

Shilpa Joshi  
Whole-Time Director and Chief Financial Officer

## Certificate on Compliance with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 by Novartis India Limited Relating to Corporate Governance Requirements

I have examined compliance by Novartis India Limited (the Company) with the requirements under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations) relating to corporate governance requirements for the year ended on 31 March 2024.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance under the Listing Regulations. The examination is neither an audit nor an expression of opinion on the financial statements of the Company or the Corporate Governance Report of the Company.

I state that no investor's grievance is pending unresolved by the Company for a period exceeding one month against the Company as per the records maintained by the Stakeholders Relationship Committee.

I further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

DR. K. R. CHANDRATRE  
Practising Company Secretary  
FCS No. 1370  
Certificate of Practice No. 5144  
Peer Review Certificate No.: 1206/2021  
UDIN : F001370F000350521

Pune, May 10, 2024

# Business Responsibility and Sustainability Reporting

## About this Report

Novartis India Limited (“Novartis India/Company”) is deeply dedicated to advancing and enriching lives of people. Guided by the highest standards of integrity and quality, we continue to foster a culture that relentlessly pursues novel strategies to expand access to our medicines, thus serving patients more effectively.

This Business Responsibility and Sustainability Report (BRSR) seeks to disclose our performance against the nine principles of the ‘National Guidelines on Responsible Business Conduct’ (NGBRCs). The BRSR will help the investors and other stakeholders understand the sustainable businesses practice adopted by Novartis that prioritize the environment, people and society. Each principle of the BRSR is further divided into Essential Indicators and Leadership Indicators. Essential Indicators must be reported on a mandatory basis, while the reporting of Leadership Indicators is voluntary. Considering this as our second year, we have opted to disclose all Essential Indicators and few leadership Indicators.

As Novartis India is a trading entity, many indicators do not apply to us. Therefore, we have appropriately labeled them as “not applicable.”

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L24200MH1947PLC006104
2. Name of the Listed Entity	Novartis India Limited
3. Year of Incorporation	1947
4. Registered office address and Corporate Office Address	Inspire BKC 7 <sup>th</sup> Floor, Bandra Kurla Complex, Bandra East, Bandra (East), Mumbai, Bandra, Maharashtra, India, 400051.
5. Email	india.investors@novartis.com
6. Telephone	+91 22 50243000
7. Website	<a href="https://www.novartis.com/in-en/">https://www.novartis.com/in-en/</a>
8. Financial year for which reporting is being done	1 <sup>st</sup> April 2023 – 31 <sup>st</sup> March 2024
9. Name of the Stock Exchange(s) where shares are listed	BSE Limited
10. Paid-up Capital	INR 123,453,985
11. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:	Ms. Chandni Maru Company Secretary and Compliance Officer Email ID: india.investors@novartis.com Contact No: +91 22 50243000
12. Reporting Boundary	Standalone
13. Name of assurance provider	This year we have not obtained assurance.
14. Type of assurance obtained	



## II. Products/services

15. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Pharmaceuticals	Trading	100%

16. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Wholesale of pharmaceutical and medical goods	46497	100%

## III. Operations

17. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	—	3*	3*
International	—	—	—

\*The Company is operating through 22 states in India. However, it is operating from three offices only.

18. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	22*
International (No. of Countries)	—

\*The number is based on GST registrations.

b. What is the contribution of exports as a percentage of the total turnover of the entity?  
Nil

c. A brief on types of customers

Our customer base includes distributors, private hospitals and Government Institutions to whom we sell our products.

## IV. Employees

19. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total A	Male		Female	
			No. B	B/A %	No. C	C/A %
<b>Employees</b>						
1.	Permanent	62	52	84%	10	16%
2.	Other than Permanent	7	0	0	7	100%
3.	<b>Total employees</b>	69	52	75%	17	25%
<b>Workers</b>						
4.	Permanent	—	—	—	—	—
5.	Other than Permanent	11	9	82%	2	18%
6.	<b>Total workers</b>	11	9	82%	2	18%

b. Differently abled Employees and workers:

S. No.	Particulars	Total A	Male		Female	
			No. B	B/A %	No. C	C/A %
<b>Differently abled Employees</b>						
1.	Permanent	—	—	—	—	—
2.	Other than Permanent	—	—	—	—	—
3.	<b>Total differently abled employees</b>	—	—	—	—	—
<b>Differently Abled Workers</b>						
4.	Permanent	—	—	—	—	—
5.	Other than permanent	—	—	—	—	—
6.	<b>Total differently abled workers</b>	—	—	—	—	—

20. Participation/Inclusion/Representation of women

	Total	No. and percentage of Females	
		No.	%
Board of Directors	7*	3	42.85
Key Management Personnel	3*	1	33.33

\*Mr Sanjay Prabhakar Murdeshwar, resigned from the position of Managing Director w.e.f closure of business hours of 2<sup>nd</sup> April, 2024; Mr. Nikhil Malpani, resigned from the position of Company Secretary w.e.f closure of business hours of 30<sup>th</sup> April, 2024.

21. Turnover rate for permanent employees and workers:

	FY 2023-24			FY 2022-23			FY2021-22		
	Male	Female	Total	Male	Female	Total*	Male	Female	Total
<b>Permanent Employees</b>	11%	10%	11%	21%	9%	19%	151%	100%	147%
<b>Permanent Workers</b>	—	—	—	—	—	—	—	—	—

\* Novartis India entered into an exclusive sales and distribution agreement with Dr. Reddy's Laboratories for a few of its Established Medicines which includes the Voveran® range, the Calcium range and Methergine in FY 2021-22. This strategic business decision led to the separation of approximately 400 employees of Novartis India due to role redundancies. Therefore, the attrition rate for 2021-22 is high.

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

22. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Novartis AG	Holding	70.68	No*

\* Novartis AG, being a foreign entity is governed by laws of host country. However, Novartis AG has aligned its practices to global sustainability standards.

**VI. CSR Details**

23. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)

(ii) Turnover (in ₹) – 3,787.40 million (As on 31<sup>st</sup> March, 2023)

(iii) Net worth (in ₹) – 7,756.60 million (As on 31<sup>st</sup> March, 2023)

## VII. Transparency and Disclosures Compliances

24. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) <i>(If Yes, then provide web-link for grievance redress policy)</i>	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Refer Note 1	—	—	—	—	—	—
Investors (other than shareholder)	Refer Note 1	—	—	—	—	—	—
Shareholders	Refer Note 1	15	—		17	1	Closed in April 2023
Employees and workers	Refer Note 1	4	3	Pending complaints will be closed in due course	—	—	
Customers	Refer Note 1	25	8	One closed in the month of April and others will be closed in due course	38	4	One was closed in April 2023. Other pending complaints are under investigation and will be closed within due date.
Value Chain Partners	Refer Note 1	—	—	—	—	—	—
Other (please specify)	Refer Note 1	—	—	—	—	—	—

### Note

1. Novartis India has Vigil Mechanism & Whistle Blower Policy which allows any of the stakeholders to raise concerns. The same is available at [https://www.novartis.com/sites/novartis\\_in/files/Vigil%20Mechanism%20%26%20Whistle%20Blower%20Policy\\_.pdf](https://www.novartis.com/sites/novartis_in/files/Vigil%20Mechanism%20%26%20Whistle%20Blower%20Policy_.pdf)

## 25. Overview of the entity's material responsible business conduct issues

At Novartis India, we are committed in meeting the expectations of all those who are influenced by our operations or impact them directly. To achieve this, we diligently identify key areas where we can generate substantial value for both our stakeholders and society at large. These key areas are stated below:

S. No.	Material issue identified	Sub Topic	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Business Ethics	Professional practices	Risk	Any deviation from the standards of ethical business conduct would adversely impact the trust with patients and society. Non-compliance with professional practice can lead to penalty, fines and impact the business continuity	We are committed to the same high standards of ethical business conduct wherever we do business. Interacting in an ethical manner and operating with integrity has a profound impact on finding new ways to expand patient access to our treatments and building trust with society.	Negative
2.	Business Ethics	Data Privacy	Risk	Non-compliance to GDPR Laws leading to fines and penalties, operational inefficiencies and loss of reputation	Novartis India will adhere to its Data Privacy principles and ensure its external service providers also commit to these principles.	Negative
3.	Business Ethics	Information and Cyber Security	Risk	Misuse of Patient's and Partner's confidential information which can lead to productivity and reputational damage	<ul style="list-style-type: none"> <li>To protect our data and technology and ensure that information is kept safe from theft, loss, misuse or disclosure.</li> <li>We will take accountability for the information and technology we handle.</li> </ul>	Negative
4.	Business Ethics	Anti Bribery/ Fair Competition	Risk	It erodes trust with stakeholders and reduces access to public services including health and education.	To ensure that our business judgement is not influenced by personal interests, we will not tolerate any form of Bribery and Corruption. Also we will not engage in agreements or conduct that unlawfully prevent or restrict competition. We are proud to compete on the merits of our products alone.	Negative



S. No.	Material issue identified	Sub Topic	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5.	Access and Affordability	Access to medicine	Opportunity	To bring more of our medicines to more people, no matter where they are.	NA	Positive
6.	Product quality and Patient safety	Patient Safety Drug Safety	Risk	Product Quality and Safety issues might impact our ability to fulfill the demand of our patients and impair the value for our stakeholders.	<ul style="list-style-type: none"> <li>• Patient health and safety is fundamental to our business. Our activities are focused on three key areas: product quality, pharmacovigilance and combating falsified medicines.</li> <li>• Our objective is to follow strict safety monitoring and evaluation processes at every stage of the product lifecycle as well as the supply chain. The safety of medicines and treatment of waterpatients is of critical importance. Medicines and treatments can have potentially undesirable effects. Reporting those adverse events is critical in order to take appropriate actions to safeguard patient safety.</li> </ul>	Negative
7.	Regulatory Compliance	Regulatory Environment	Risk	Non-compliance could lead to monetary penalties or impact on Novartis India's reputation or both	Complying with customs regulations, export controls, and DCGI/State regulatory policies allows us to deliver our medicines in a timely manner to patients who need them, whilst building trust with society.	Negative

S. No.	Material issue identified	Sub Topic	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8.	People and Culture	Promotion of Diversity, Equity and Inclusion	Opportunity	Being inclusive of all individuals helps us generate new ideas, drive innovation, understand our stakeholders and be closer to patients.	NA	Positive
9.	People and Culture	Employee Health & Safety and Employee Well Being	Risk	Adverse Impact on Employee Health & Safety and employee wellbeing could lead to regulatory and reputational and could negatively impact the long term sustainability	<ul style="list-style-type: none"> <li>To protect and promote the health and safety of our associates, visitors, patients and the communities in which we operate.</li> <li>We ensure a rigorous process to identify and mitigate health and safety risks, and promote leading health and safety best practices.</li> <li>To create a safe place to work, where all our associates have an equal opportunity to succeed.</li> <li>We will not tolerate discrimination, harassment, retaliation, bullying or incivility.</li> <li>We value the contributions of all of associates, and encourage them to express themselves and their opinions freely in a professional way.</li> </ul>	Negative
10.	Sustainable Environment	Energy Efficiency and Climate Change	Risk	Excessive use of energy can negatively impact the environment and also increase the cost of overheads for the Company.	To minimize the environmental impact of our activities and products over their lifecycle.	Negative

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No) <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available <sup>2</sup>	Please refer footnote 2 below.								
2.	Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle	All the Company's policies are aligned with Novartis AG's global best practices and in compliance with Indian laws and regulations.								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Novartis India follows guidance received from Novartis AG on ESG principles.								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Performance against goals is provided in this report under respective principles.								
<b>Governance, leadership and oversight</b>										
7.	<p><b>Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements</b></p> <p>Novartis India is committed to improve and extend people's lives. We are enabling a culture to find efficient ways of increasing access to our medicines, to help patients. We operate with the highest values, integrity and quality standards. Novartis India Limited is aligned to our parent company, Novartis AG's Global Sustainability commitments for 2025.</p> <p>From ESG perspective, some of our initiatives at our offices include installation of Energy Efficient Lighting System consisting of LED Lighting reducing the energy consumption up to 90%, occupancy and motion-based sensor LEDs at all workstations and meeting rooms, for reduction of energy consumption when not in use and designing the office space such that it maximizes the use of natural light.</p> <p>Similarly, a comprehensive Standard Operating Procedure (SOP) has been developed outlining procedures for the retrieval and safe disposal of expired/defected products. As per government protocol and at government approved waste disposal management facilities products are disposed/ incinerated.</p> <p>All our people and culture centric initiatives are also in line with our global policies, tailored as per local laws that take precedence.</p> <p>We are also extending this to our external service providers and spearheading the implementation of ESG practices for third-party partners. All new contracts and amendments will mandatorily include the Environment Sustainability criteria as an annexure.</p>									
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	<p>DIN: 09775615</p> <p>Name: Shilpa Shashank Joshi</p> <p>Designation: Whole-Time Director and CFO</p>								
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	<p>Yes.</p> <p>Name: Shilpa Shashank Joshi</p> <p>Designation: Whole-Time Director and CFO</p>								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	We regularly assess our performance against policies, conducting periodic reviews and make need based changes to ensure alignment with our objectives and values.																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company is in compliance with the regulations, as applicable.																	

		P1	P2	P3	P4	P5	P6	P7	P8	P9
11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No. However, there is an internal monitoring mechanism in place								

**Notes:**

- Standards and Policies adopted by the Company's global parent have been put in place in India noted by the Board, Committees and Head of Departments. The statutory policies have been approved by the Board, Committee or Head of Department as per statutory requirements.
- All the policies and Procedures are derived from Code of Conduct which is a sacrosanct document for conducting business of the Company. The same is available at [https://www.novartis.com/sites/novartis\\_com/files/code-of-ethics-english.pdf](https://www.novartis.com/sites/novartis_com/files/code-of-ethics-english.pdf).
- The other policies of the Company are provided below:

Name of Policy/ Code	Linkage to principle	Weblink
<b>Code of Ethics</b>	P1, P2, P3, P4, P5, P6, P7, P8, P9	<a href="https://www.novartis.com/sites/novartis_com/files/code-of-ethics-english.pdf">https://www.novartis.com/sites/novartis_com/files/code-of-ethics-english.pdf</a>
<b>Anti-bribery-Policy</b>	P1	<a href="https://www.novartis.com/sites/novartis_com/files/anti-bribery-policy-en.pdf">https://www.novartis.com/sites/novartis_com/files/anti-bribery-policy-en.pdf</a>
<b>Professional Practices Policy</b>	P1	<a href="https://www.novartis.com/sites/novartis_com/files/p3-professional-practices-policy.pdf">https://www.novartis.com/sites/novartis_com/files/p3-professional-practices-policy.pdf</a>
<b>Conflicts of Interest Guideline</b>	P1	<a href="https://www.novartis.com/sites/novartis_com/files/conflict-of-interest-guideline.pdf">https://www.novartis.com/sites/novartis_com/files/conflict-of-interest-guideline.pdf</a>

Name of Policy/ Code	Linkage to principle	Weblink
<b>Fair Disclosure Code</b>	P1	<a href="https://www.novartis.com/in-en/sites/novartis_in/files/2022-02/code-of-practices-and-procedures-for-fair-disclosure-of-unpublished-price-sensitive-information.pdf">https://www.novartis.com/in-en/sites/novartis_in/files/2022-02/code-of-practices-and-procedures-for-fair-disclosure-of-unpublished-price-sensitive-information.pdf</a>
<b>Health, Safety &amp; Environment Policy</b>	P2, P3, P6	<a href="https://www.novartis.com/sites/novartis_com/files/health-safety-environment-policy.pdf">https://www.novartis.com/sites/novartis_com/files/health-safety-environment-policy.pdf</a>
<b>Global Parental Leave Guideline</b>	P3	<a href="https://www.novartis.com/sites/novartis_com/files/global-parental-leave-guideline-public.pdf">https://www.novartis.com/sites/novartis_com/files/global-parental-leave-guideline-public.pdf</a>
<b>Human Rights Commitment Statement</b>	P3, P5, P7, P8, P9	<a href="https://www.novartis.com/sites/novartis_com/files/novartis-human-rights-commitment-statement.pdf">https://www.novartis.com/sites/novartis_com/files/novartis-human-rights-commitment-statement.pdf</a>
<b>Third Party Code</b>	P5	<a href="https://www.novartis.com/sites/novartis_com/files/novartis-third-party-code-v-3.pdf">https://www.novartis.com/sites/novartis_com/files/novartis-third-party-code-v-3.pdf</a>
<b>CSR Policy</b>	P8	<a href="https://www.novartis.com/in-en/sites/novartis_in/files/2022-02/CSR%20Policy_NIL_March%202021.pdf">https://www.novartis.com/in-en/sites/novartis_in/files/2022-02/CSR%20Policy_NIL_March%202021.pdf</a>
<b>Novartis Privacy Hub</b>	P9	<a href="https://www.novartis.com/privacy">https://www.novartis.com/privacy</a>

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated: NA

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)					NA				
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)					NA				
The entity does not have the financial or/human and technical resources available for the task (Yes/No)					NA				
It is planned to be done in the next financial year (Yes/No)					NA				
Any other reason (please specify)					NA				



## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

**PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

### Essential Indicators

- Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	6	Code of Ethics, POSH, Adverse Events, Compliance, TPRM for value chain partner, Sustainability and safety trainings <sup>1</sup>	100%
Key Managerial Personnel	6		100%
Employees other than BoD and KMPs	5		100%
Workers	1	Safety trainings <sup>1</sup>	100%

#### Notes:

- With a strong foundation in compliance ingrained in our DNA, our training programs prioritize addressing the various compliance requirements outlined in the Company's policies and codes. Additionally, our Board of Directors receives comprehensive updates on economic forecasts, industry dynamics, and emerging business trends to stay informed and responsive.
- Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website): **Nil**
- Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed: **NA**.
- Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.  
  
Yes the Novartis has in place a robust Anti-Bribery Policy that addresses various contexts where bribery issues may arise. These include critical aspects of business ethics and corruption, such as conflicts of interest and passive bribery (e.g., receiving a bribe), as well as insider trading, are regulated separately.  
  
Aligned with global best practices within the Novartis Group, the policy prohibits associates from engaging in bribery or corruption, and from utilizing intermediaries, such as agents, consultants, advisers, distributors, or any other business partners, to facilitate such acts.  
  
For transparency and accessibility, the Policy is readily available on the company's website and can be accessed at [https://www.novartis.com/sites/novartis\\_com/files/anti-bribery-policy-en.pdf](https://www.novartis.com/sites/novartis_com/files/anti-bribery-policy-en.pdf)  
  
The aspects of anti-corruption are covered in the Code of Conduct which is also available at [https://www.novartis.com/sites/novartis\\_com/files/code-of-ethics-english.pdf](https://www.novartis.com/sites/novartis_com/files/code-of-ethics-english.pdf)
- Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption: **Nil**

6. Details of complaints with regard to conflict of interest: Nil. All the transactions with Related Parties are governed by Policy for Dealing with Related Party Transactions. All the transactions with related parties are approved by the Audit Committee as a part of omnibus approval mechanism and Board, if required under the applicable law and Material Related Party transactions, if any, are approved by the shareholders of the Company.

	FY 2023-24			
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.– **NA**
8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:

Particulars	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Number of days of accounts payables	92.50	84.17

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Nil	Nil
	b. Number of trading houses where purchases are made from	Nil	Nil
	c. Purchases from top 10 trading houses as % of total purchases from trading houses.	Nil	Nil

Parameter	Metrics	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Concentration of Sales	a. Sales to dealers/ distributors as % of total sales	96.10%	97.93%
	b. Number of dealers/ distributors to whom sales are made	2134	2461
	c. Sales from top 10 dealers/distributors as % of total sales to dealers/distributors	63.90%	64.26%
Share of RPTs in	a. Purchases (Purchases with related parties/ total Purchases)	40.50%	37.40%
	b. Sales (Sales with related parties/ total Sales)	Nil	Nil
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)	Nil	Nil
	d. Investments (Investments in related parties/ Total Investments made)	Nil	Nil

### Leadership Indicators

1. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, Novartis has in place a comprehensive 'Code of Conduct for Board of Directors and Senior Management' ('Code') and a Related Party Transaction Policy ('RPT'), which has been formulated to address potential conflicts of interest. All transactions involving related parties are governed by Policy for Dealing with Related Party Transactions.

These transactions are subject to thorough scrutiny and approval by the Audit Committee. Additionally, in compliance with applicable laws, any Material Related Party transactions undergoes additional approval by the shareholders of the Company. This stringent framework underscores our commitment to accountability and transparency in every aspect of our operations.

## PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	Previous Financial Year	Details of Improvements in environmental and social impacts
R&D	Nil	Nil	Nil
Capex	Nil	Nil	Nil

- Does the entity have procedures in place for sustainable sourcing? (Yes/No)
  - If yes, what percentage of inputs were sourced sustainably?

Novartis India is spearheading the implementation of ESG practices for third-party partners. To promote sustainable and environmentally compliant partnerships, Novartis India has developed an Environmental Sustainability Criteria, which aligns with Novartis' Global Sustainability commitments for 2025. Environmental and Sustainability clauses are also included in the purchase order terms and conditions for non-contractual purchases, which further reinforce the Company's commitment to ESG. We are in process of setting up standard operating procedure to track the percentage of inputs that were sourced sustainably.

- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Being a pharmaceutical company, Novartis India has implemented stringent protocols for the retrieval and safe disposal of expired or defective products, primarily through incineration. Any products identified as expired or defective undergo thorough analysis to ensure proper handling. A comprehensive Standard Operating Procedure (SOP) has been devised, delineating the specific responsibilities of each individual within the supply chain and outlining the precise steps for the safe disposal of these products. This SOP is subject to periodic review to uphold its effectiveness.

The SOP encompasses training programs tailored for personnel involved in handling expired or defective products, equipping them with the requisite skills to execute their duties safely and efficiently. Novartis India's unwavering commitment to safe and responsible product disposal underscores its dedication to upholding elevated standards of Environmental, Social, and Governance (ESG) practices across its operations.

- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, the waste collection plan is in line with Extended Producer Responsibility plan submitted to Pollution Control Boards.

## Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

No, as the Novartis India is trading entity, it has not carried out Life Cycle Assessment of the products sold by it.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not Applicable.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not Applicable.

4. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not applicable as Novartis India is only a trading entity.

## PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

### Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities <sup>1</sup>	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	52	52	100	52	100	NA	NA	52	100	NA	NA
Female	10	10	100	10	100	10	100	NA	NA	NA	NA
<b>Total</b>	<b>62</b>	<b>62</b>	<b>100</b>	<b>62</b>	<b>100</b>	<b>10</b>	<b>100</b>	<b>52</b>	<b>100</b>	<b>NA</b>	<b>NA</b>
<b>Other than Permanent employees<sup>2</sup></b>											
Male	0	—	—	—	—	—	—	—	—	—	—
Female	7	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

#### Notes:

1. Company provides its employees (both male and female) an allowance upto the age of two years of the child to compensate the daycare facility or creche charges. This provides flexibility to the associates to balance their work alongwith the caregiving responsibilities and facilitates their ability to meet both personal and professional obligations. By prioritizing the needs of its employees in this way, the Company demonstrates its commitment to fostering a supportive and inclusive work environment that enables individuals to thrive both in and out of the workplace.
2. The category 'Other than permanent employees' are not being governed by Company's policies.



b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent workers</b>											
Male	—	—	—	—	—	—	—	—	—	—	—
Female	—	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	—	—	—	—	—	—	—	—	—	—	—
<b>Other than Permanent workers<sup>1</sup></b>											
Male	9	9	100%	9	100%	NA	NA	9	100%	NA	NA
Female	2	2	100%	2	100%	2	100%	NA	NA	NA	NA
<b>Total</b>	11	11	100%	11	100%	2	100%	9	100%	NA	NA

Notes:

- The category 'Other than permanent workers' are governed by the third party vendors who are providing services. The Company validates the compliances provided to them. The workers are covered under the Employee State Insurance Act.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Cost incurred on well-being measures as a % of total revenue of the company	0.07%	0.03%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	NA	100	100	NA
ESI	—	100	Y	—	100	Y

- Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The premises/ offices of the Company including the registered and corporate offices are easily accessible to differently abled employees and workers.

- Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, Novartis India has Equal Opportunity Policy as per Rights of Persons with Disability Act, 2016. The Policy outlines the Company's commitment to practice of non-discriminatory employment.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	NA	0%	NA	NA
Female	NA	0%	NA	NA
<b>Total</b>	NA	0%	NA	NA

*Notes*

1. There were no employees who were due to return during the year 2023–24.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)	
Permanent Workers	Yes	The Speak Up Office, established in accordance with the Whistleblower Policy, serves as a dedicated channel for employees, workers, and external individuals to voice their grievances or report instances of misconduct  This channel is available 24/7 and can be accessed from anywhere. The same can be accessed at <a href="https://www.novartis.com/esg/ethics-risk-and-compliance/ethical-behavior/speakup">https://www.novartis.com/esg/ethics-risk-and-compliance/ethical-behavior/speakup</a>
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity: Nil

8. Details of training given to employees and workers:

Category	FY 2023–24					FY 2022–23				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Permanent Employees</b>										
Male	52	52	100	52	100	56	56	100	56	100
Female	10	10	100	10	100	11	11	100	11	100
<b>Total</b>	62	62	100	62	100	67	67	100	67	100
<b>Permanent Workers – NA</b>										
Male	—	—	—	—	—	—	—	—	—	—
Female	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	—	—	—	—	—	—	—	—	—	—

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023–24 Current Financial Year			FY 2022–23 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Permanent Employees</b>						
Male	52	52	100	56	56	100
Female	10	10	100	11	11	100
<b>Total</b>	62	62	100	67	67	100
<b>Permanent Workers – NA</b>						
Male	—	—	—	—	—	—
Female	—	—	—	—	—	—
<b>Total</b>	—	—	—	—	—	—

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? **(Yes/ No)**. If yes, the coverage such system?

Yes, we have implemented a robust health and safety management system that facilitates the reporting, tracking, and appropriate actions taken in response to any health and safety incidents across Novartis India. This system is designed to cover all employees of Novartis India, ensuring comprehensive safety measures throughout the organization.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

At Novartis India, we are committed to providing a safe and healthy workplace environment. As a part of the safety management system and practices, we continuously monitor potential hazards and risks. Additionally, the health and safety management systems allows the employees to raise their issues regarding work related hazards or risks, which enables us to proactively takes step to mitigate it.

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, Novartis India is dedicated to ensuring the health and safety of its employees and workers. Regular training sessions are conducted to create awareness amongst employees and workers on recognizing and reporting work-related hazards, as well as on the importance of removing themselves from such risks. They are encouraged to report any work-related hazards through various communication channels, including directly to HR, their reporting manager, or through online reporting systems.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, all the employees are provided with comprehensive health insurance/medical insurance, which provides them access to medical and healthcare services for both non-occupational and occupational health issues.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	—	7.28
	Workers	—	—
Total recordable work-related injuries	Employees	—	1
	Workers	—	—
No. of fatalities	Employees	—	—
	Workers	—	—
High consequence work-related injury or ill-health (excluding fatalities)	Employees	—	—
	Workers	—	—

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Novartis India is committed to fostering a safe and healthy work environment for its employees and workers. By conducting management walkthroughs and utilizing daily reporting mechanism, the management implements corrective and preventive action plans derived from insights gained from past incidents. This proactive approach aims to prevent recurring injuries by sharing valuable lessons learned with employees and workers. Furthermore, Novartis India consistently conducts training sessions based on the requirements and also run safety programs to uphold workplace safety and health standards.

13. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	—	—	Nil	—	—
Health & Safety	Nil	—	—	Nil	—	—

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100
Working Conditions	100

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

There were no significant risks or concerns identified basis the assessment carried out by us. As stated before, a Corrective and Preventive Action plan is rolled out for all safety incidents, including thorough investigations and reports to determine the root cause of each incident. These findings are then incorporated into training modules to prevent similar incidents from occurring in the future.

## PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

While selecting the stakeholder group we have selected a group of individuals, firms, entities who are most crucial to our business operations and revolve around our business ecosystem. These comprise of both internal and external stakeholders. These stakeholder groups are identified after thorough analysis and deliberation by leaders across Novartis India.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Groups	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Patients and caregivers	Yes	Website, patient assistance program, pharmacovigilance helpline.	Periodic and Event based	To provide awareness about the products and understand their needs.
Healthcare professionals	No	Website, Seminars, Sales Representatives	Periodic and Event based	To take feedback on the products and understand patient needs.
Employees	No	Employee Engagement Survey, Townhalls, Awards and Recognition Appraisal.	Daily, Event based	To understand the needs, communicate performance of Company, and recognize them for their performance.
Suppliers/ Service providers	No	Audits, Supplier Meetings.	Periodic and Event based	To provide periodic trainings about the products and safety, conduct audits to ensure they are meeting standards set out by Novartis India and to understand their concerns
Government, Regulatory Authorities and Policy makers	No	One to one or group meetings.	Periodic and Event based	To submit application for drug approvals/ holding marketing authorizations, represent the Company on various matters
Shareholders and Investors	No	Quarterly Results through stock exchanges, General Meetings, emails, newspaper advertisements, notices, Annual Report, Website.	Annual, Quarterly and Event based	Intimation of the business performance of the Company and understand their expectations from the Company.
Local Community	Yes	Non Governmental Organizations/ implementation partner.	Periodic and Event based	To understand the needs community around business eco system and support the marginalized and vulnerable groups as per Company's CSR Policy



## Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Novartis India believes in order to improve its performance and strategy, it must communicate with its key stakeholders consistently. Stakeholder consultations are normally carried out by the executives and functional heads of Company who seek feedback frequently through various platforms. These engagements provide invaluable feedback that plays a crucial role in the Company's commitment to sustainability. The feedback obtained from these interactions is then brought to the attention of the Board to ensure that the concerns and ideas of its stakeholders are given due consideration. Novartis India has a well-defined process in place for addressing suggestions, complaints, and grievances, which are carefully evaluated based on their significance. Depending on the nature and scope of the issues, they are referred to the appropriate committee of the Board.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, as provided in answer to question number 1 of leadership indicators in Principle, 4, the management regularly interacts with our stakeholders to identify the environmental and social topics. As part of materiality assessment, the management of the Company basis the feedback of the internal stakeholders, industry benchmark and global standards identified key material environmental, social and governance topics. Novartis India constantly endeavours to make changes in its policies, strategies, business practices, operations basis the feedback and suggestions of the stakeholders. These practices are covered in disclosures under the heads of different principles.

## PRINCIPLE 5: Businesses should respect and promote Human Rights

### Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	62	62	100	67	67	100
Other than permanent	7	7	100	7	7	100
<b>Total Employees</b>	69	69	100	74	74	100
<b>Workers</b>						
Permanent	—	—	—	—	—	—
Other than permanent	11	—	—	13	—	—
<b>Total Workers</b>	11	—	—	13	—	—

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>										
Male	52	—	—	52	100	56	—	—	56	100
Female	10	—	—	10	100	11	—	—	11	100
<b>Other than Permanent</b>										
Male	0	—	—	0	100	3	—	—	3	100
Female	7	—	—	7	100	4	—	—	4	100
<b>Workers</b>										
<b>Permanent</b>										
Male	—	—	—	—	—	—	—	—	—	—
Female	—	—	—	—	—	—	—	—	—	—
<b>Other than Permanent</b>										
Male	9	9	100	—	—	10	—	—	10	100
Female	2	2	100	—	—	3	—	—	3	100

3. Details of remuneration/salary/wages, in the following format:

a. Median remuneration / wages

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	4	10 lakh	3	10 lakh
Key Managerial Personnel	2	1.14 crore	1	1.24 crore
Employees other than BoD and KMP	50	13.84 lakh	9	13.81 lakh
Permanent Workers	NA	NA	NA	NA

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	F.Y. 2023-24	F.Y. 2022-23
Gross wages paid to females as % of total wages	15.27%	14.36%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, access to remedy is a core human rights principle, articulated in Article 8 of the UDHR and Article 2 of the ICCPR. We strive to provide adequate access to a grievance mechanism for all affected rightsholders, consistent with the “Effectiveness Criteria” in the UNGPs, and to remediate harms consistent with the UNGPs. Our SpeakUp channel, is an independent channel to addresses all issues related to Human Rights amongst the others.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

As sated above, our Speak Up channel, is an independent channel to addresses all issues related to Human Rights amongst the others is available to employees. The SpeakUp Office helps Novartis India act with the highest ethical standards in the following ways:

- Empowering associates to speak up without fear.
- Treating those that trust us with their concerns with respect, fairness, confidentiality and protection against retaliation
- Establishing the facts and trying to understand the truth with a sense of urgency
- Ensuring fair and consistent remedial actions
- Providing feedback to those courageous enough to raise concerns

6. Number of Complaints on the following made by employees and workers:

	FY 2023–24 Current financial year			FY 2022–23 Previous financial year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	—	—		—	—	
Discrimination at workplace	—	—		—	—	
Child Labour	—	—		—	—	
Forced Labour/ Involuntary Labour	—	—		—	—	
Wages	—	—		—	—	
Other human rights related issues	—	—		—	—	

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023–24 Current Financial Year	FY 2022–23 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees / workers	Nil	Nil
Complaints on POSH upheld	NA	NA

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Novartis India has instituted the SpeakUp Office as a grievance mechanism, enabling both employees and external parties to report potential misconduct confidently, without fear of reprisal. Additionally, we provide tailored training to employees in high-risk functions or locations and fosters awareness throughout the organization regarding the importance of respecting human rights. Novartis India actively engages with stakeholders to listen to their concerns, collaborates on collective actions when needed, and provides regular updates on its progress.

9. Do human rights requirements form part of your business agreements and contracts?  
Yes, Novartis India contractually binds third-party to abide by the standards on quality, ethics, and human rights and applicable laws.

10. Assessments for the year:

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child Labour	Nil
Forced Labour	Nil
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

There were not significant risks/concerns identified during the year.

### Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

Not Applicable, as there were no Human Rights related complaints during FY 2023–24.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The scope of assessment included well being of employees, discrimination at work place, any kind of harassment and wages which covered 100% of Novartis India operations.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes.

## PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

<b>Parameter</b>	<b>FY 2023–2024 (Current Financial Year)</b>	<b>FY 2022–2023 (Previous Financial Year)</b>
<b>From renewable sources</b>		
Total electricity consumption (A)	NIL	NIL
Total fuel consumption (B)	NIL	NIL
Energy consumption through other sources (C)	NIL	NIL
<b>Total energy consumed from renewable sources (A+B+C)</b>	NIL	NIL
<b>From non-renewable sources</b>		

Parameter	FY 2023–2024 (Current Financial Year)	FY 2022–2023 (Previous Financial Year)
Total electricity consumption (D)	1105 GJ	937.77 GJ
Total fuel consumption (E)	NIL	NIL
Energy consumption through other sources (F)	NIL	NIL
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	1105 GJ	937.77 GJ
<b>Total energy consumed (A+B+C+D+E+F)</b>	1105 GJ	937.77 GJ
<b>Energy intensity per rupee of turnover</b> (Total energy consumed / Revenue from operations)	0.00	0.00
<b>Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total energy consumed / Revenue from operations adjusted for PPP)	0.00	0.00
<b>Energy intensity in terms of physical output</b>		
Energy intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any–

*None of any sites/facilities comes under PAT Scheme of the Government of India.*

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023–24	FY 2022–23
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	Nil	Nil
(ii) Groundwater	Nil	Nil
(iii) Third party water	Nil	Nil
(iv) Seawater / desalinated water	Nil	Nil
(v) Others Municipal	514.41	1783
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	514.41	1783
<b>Total volume of water consumption (in kilolitres)</b>	514.41	1783
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)	0.00	0.00
<b>Water intensity (optional)</b> – the relevant metric may be selected by the entity	<b>NA</b>	<b>NA</b>



Since the Company does not have its own manufacturing facility and has taken the office space on lease, the data has been extrapolated basis data provided by common building management team and is based on the leased out area as against the occupied area. The Company does not have any data for direct consumption.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

4. Provide the following details related to water discharged:

Since the offices of the Company are in commercial buildings, the water discharged is not tracked by the Company.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Since Company is trading entity and does not own any premises, this is NA

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Unit	FY 2023–24	FY 2022–23
Nox		Nil	Nil
Sox		Nil	Nil
Particulate matter (PM)		Nil	Nil
Persistent organic pollutants (POP)		Nil	Nil
Volatile organic compounds (VOC)		Nil	Nil
Hazardous air pollutants (HAP)		Nil	Nil
Others – please Specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023–24	FY 2022–23
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>	Not tracked	Not tracked
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>	253.00	211.00
<b>Total Scope 1 and Scope 2 emissions per rupee of Turnover</b>		0.00	0.00
<b>Total Scope 1 and Scope 2 emission intensity</b> ( <i>optional</i> ) – the relevant metric may be selected by the entity		NA	NA
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b>		0.00	0.00
(Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)			

Parameter	Unit	FY 2023–24	FY 2022–23
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>		NA	NA
<b>Total Scope 1 and Scope 2 emission intensity (optional)</b> – the relevant metric may be selected by the entity		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Since Novartis India has accounted for electricity consumption, all its initiatives are around energy savings which leads to reduction in Scope 2 emissions. A few of the initiatives are provided below:

- Energy Efficient Lighting System consisting of LED Lighting installed on office floors. This has the potential of reducing the energy consumption of upto 90% as against the traditional lightning.
- Occupancy and motion-based sensor LEDs are installed at all workstation areas and meeting rooms, for reduction of energy consumption when not in use.
- In order to reduce energy consumption through usage of lights, the office space is designed to provide ample of natural light from the façade

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023–24	FY 2022–23
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste <b>(A)</b>	Nil	Nil
E-waste <b>(B)</b>	Nil	1.13
Bio-medical waste <b>(C)</b>	Nil	Nil
Construction and demolition waste <b>(D)</b>	Nil	Nil
Battery waste <b>(E)</b>	Nil	Nil
Radioactive waste <b>(F)</b>	Nil	Nil
Other Hazardous waste. Please specify, if any. <b>(G)</b>	48.92*	157.54*
Other Non-hazardous waste generated (H). Please specify, if any. General Waste	2.28	1.40
Carton box	1.82	1.83
Total (A + B + C + D + E + F + G + H)	53.02	161.90

Parameter	FY 2023–24 (Current Financial Year)	FY 2022–23 (Previous Financial Year)
<b>Waste intensity per rupee of turnover</b> (Total waste generated / Revenue from operations)	0.00	0.00
<b>Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total waste generated / Revenue from operations adjusted for PPP)	0.00	0.00
<b>Waste intensity in terms of physical output</b>	NA	NA
<b>Waste intensity (optional)</b> – the relevant metric may be selected by the entity	NA	NA

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
<b>Category of waste</b>		
(i) Recycled	Nil	Nil
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
<b>Total</b>		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
<b>Category of waste</b>		
(i) Incineration	48.92*	157.54*
(ii) Landfilling	Nil	Nil
(iii) Other disposal operations Recycled e-waste through third party	Nil	1.13
<b>Total</b>	48.92*	158.67

\*As a part of data strengthening and accuracy exercise, the data for previous year has been added.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Being a trading entity, we do not generate hazardous waste. All the e-wastes and paper wastes are sold to authorised dealers who disposes recycles/disposes them in environmentally sustainable manner. The hazardous waste mainly consists of expired/damaged medicines which are disposed as per the regulatory requirements.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N)  If no, the reasons thereof and corrective action taken, if any.
--------	--------------------------------	--------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------

Our office is not located in ecologically sensitive areas.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes/No)	Relevant Web link
—	—	—	—	—	—

The Company does not cause adverse impacts on the regional environment and biodiversity, as it is only into trading.

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law/ regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines/ penalties/ action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	—	—	—	—
	—	—	—	—

The Company is compliant with environmental laws. Therefore, this question is not relevant.

## PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.<sup>4</sup>
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	Organization of Pharmaceutical Producers of India	National
2.	Federation of Indian Chambers of Commerce & Industry	National
3.	Healthcare Federation Of India (NATHEALTH)	National
4.	Swiss Indian Chamber of Commerce	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities. **NA**

## PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

### Essential Indicator

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year. **NA**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format: **NA**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)

- Describe the mechanisms to receive and redress grievances of the community.

While the whistle blower/ vigil mechanism is available with community for raising their grievances regarding, conduct of business, ethics, human rights etc, Novartis India also engages with NGOs to take feedback and understand their concerns.

- Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023–24	FY 2022–23
Directly Sourced through MSME/small producers	3.45%	3.82%
Directly from within India	55.81%	30.96%

- Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non–permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023–2024 Current Financial Year	FY 2022–23 Previous Financial Year
Rural	Nil	Nil
Semi–urban	Nil	Nil
Urban	Nil	Nil
Metropolitan	100%	100%

(Place to be categorized as per RBI Classification System–rural / semi–urban / urban / metropolitan)

### Leadership Indicators

- Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

**Not Applicable**

- Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies.

S. No.	State	Aspirational District	Amount Spent (In INR)
1.	Andhra Pradesh	Vizianagaram	3.32 mio

- Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Sustainable Livelihood for people of high risk of unemployment	90	100%
2.	Community Skilling and Livelihood project	102	100%



## PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

### Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Being in pharmaceutical industry we are committed to adhering to best in class practices and have developed a robust mechanism to receive and respond to consumer complaints and feedbacks. The consumers can complaint about product related issue on the website of the Company at <https://www.novartis.com/report>. All the complaints have defined Turn around Time (“TAT”) and are closed within the TAT.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As percentage to turnover
Environmental and Social parameters relevant to products	Not Applicable
Safe and responsible usage	100%
Recycling and/or safe disposal	Not Applicable

3. Number of consumer complaints in respect of the following:

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending Resolution at the end of year		Received during the year	Pending Resolution at the end of year	
Data Privacy	—	—		—	—	
Advertising	—	—		—	—	
Cyber Security	—	—		—	—	
Delivery of essential services	—	—		—	—	
Restrictive trade practices	—	—		—	—	
Unfair trade practices	—	—		—	—	
Others Product related	25	8	One closed in the month of April and others will be closed in due course	38	4	One is closed in April 2023. Other pending complaints are under investigation and will be closed within due date.

4. Details of instances of product recalls on account of safety issues:

	Number	Reason for recall
Voluntary recall	0	N.A.
Forced recall	1	On 25 November 2022, Novartis received an email communication from Dr. Reddy's Laboratories and Geltec Pvt. Ltd. regarding Voveran 50GE tablets Batch Number 105GLBF2. Karnataka Health Authority picked up the sample of Voveran 50 GE Tablet B. No. 105GLBF2 from premises of M/s RSM Pharma Pvt. Ltd. (Distributor of DRL) which was tested by Government analyst. Basis the testing result, Government analyst concluded that the said batch is not meeting the disintegration test specifications i.e. tablets shows signs of cracks in acid media. Drug inspector has given an observation to C & F RA pharma associates regarding declaration of product as Not of Standard Quality and instructed the firm to initiate the unsold stocks from the market.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, Novartis India has in place framework on cyber security and risks related to data privacy. Novartis India seeks to adhere to all privacy laws and enforce clear Novartis India Data Privacy Principles, which also apply to genetic data. Our data privacy program includes a global organization and infrastructure as well as procedures and training to support local activities and help our efforts to ensure compliance. The framework can be accessed by clicking <https://www.novartis.com/privacy>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

There were no instances.

7. Provide the following information relating to data breaches:

- Number of instances of data breaches– **Nil**
- Percentage of data breaches involving personally identifiable information of customers: **Nil**
- Impact, if any, of the data breaches: **NA**

# Independent Auditor's Report To the Members of Novartis India Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Novartis India Limited (the "Company") which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue Recognition

See Note 1(J) of material accounting policies and Note 18 in financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Revenue from the sale of products is recognized at a point in time when control over goods is transferred to a customer. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered into with customers. The Company has a large number of customers operating across country and sales contracts with customers have distinct terms relating to the recognition of revenue and the right of return.</p> <p>Revenue is measured at the amount of consideration which the entity expects to be entitled, based on the expected level of returns. Estimation of accrual for sales returns involves significant judgement and estimates.</p> <p>Revenue is a key performance indicator for the Company and there could be pressure to meet the expectations/targets of investors and other stakeholders. We have considered there is a risk of fraud related to revenue being overstated by recognition in the wrong period or before control has passed</p> <p>Accordingly, we identified recognition of revenue and accrual for sales returns as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Assessing the appropriateness of the policies in respect of revenue recognition by comparing with applicable accounting standards;</li> <li>- Testing the design, implementation and operating effectiveness of the Company's internal controls including general IT controls and key IT application controls over timely and accurate recognition of revenue in the correct period and accrual for sales return;</li> <li>- Performed testing of selected samples of revenue transactions recorded during the year including year- end cutoff testing. We used statistical sampling and verified contractual terms of sales invoices / contracts and acknowledged delivery receipts for those transactions;</li> <li>- Performed testing of accrual for sales returns by checking the completeness and accuracy of the data used by the Company and examining material sales returns subsequent to the year end;</li> <li>- Tested any unusual non-standard manual journal entries impacting revenue recognised during the year.</li> </ul>

## Contingencies and Litigations

See Note 1 (N) of material accounting policies and Notes 25 and 36 in financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Company has outstanding litigations pertaining to income tax and Sales tax/ Value added tax (VAT)/ Service tax for several assessment years which are at various stages and pending at different forums. The eventual outcome of these legal proceedings is dependent on the outcome of future events and unexpected adverse outcomes could significantly impact the Company's reported profits.</p> <p>The Company faces a number of legal and regulatory cases, of which the most significant is litigation under Drug Price Control Order ("DPCO"). DPCO has issued various orders/ notification for fixing the price of various pharma products. With respect to the sales of the pharmaceutical products covered by the aforementioned DPCO orders, in earlier years as well as the current year, the Company has received demand notices for overcharging price. The Company has challenged these demands form DPCO and the cases are pending at various courts in India.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Understanding the processes, and evaluating and testing the design and implementation of operating effectiveness of the Company's controls (including review controls) over assessment of contingencies, claims and litigations;</li> <li>- Obtaining and reviewing the outstanding litigations against the Company and discussing updates during the year with the Company's inhouse legal counsel and other key managerial personnel who have knowledge of these matters;</li> <li>- Reading the correspondence between the Company and the various direct tax/ indirect tax/ legal authorities and the legal opinions of external legal advisors, where applicable, for significant matters and rolled out confirmations to external legal counsel on a test check basis;</li> <li>- Ensuring the completeness of the litigations and claims by examining, on a sample basis, the Company's legal expenses and reading the minutes of the board meetings;</li> </ul>

The key audit matter	How the matter was addressed in our audit
<p>The amounts involved are significant and the application of accounting principles of Ind AS 37, to determine whether a recognition of provision or a disclosure of contingent liability is required, is inherently subjective, and needs careful evaluation/judgement by the Company. Key judgments are made by the Company taking into consideration the related legal advice including those relating to interpretation of laws/regulations, in estimating the provisions and/or contingent liabilities related to aforementioned litigations.</p> <p>Considering the degree of judgment, significance of the amounts involved, this matter has been identified as a key audit matter.</p>	<ul style="list-style-type: none"> <li>- Challenging the Company's estimate of the possible outcome of the disputed cases based on applicable direct tax laws, indirect tax laws, legal precedence and legal opinions and by involving our specialists; and</li> <li>- Assessing the adequacy of the Company's disclosures in respect of contingent liabilities and provisions for direct tax, indirect tax and legal matters.</li> </ul>

### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is also responsible for overseeing the Company's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept by the Company so far as it appears from our examination of those books except for the matter stated in the paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 and that the back-up of certain elements of payroll master which form part of the 'books of account and other relevant books and papers in electronic mode' has not been maintained on the servers physically located in India.
  - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(A)(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - f. On the basis of the written representations received from the directors as on 01 April 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
  - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 25 and Note 36 to the financial statements.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - d (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 41 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly

or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (ii) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 42 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 13 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- f. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. The back-up of audit trail (edit log) has been maintained on the servers physically located in India for financial year ended 31 March 2024, except that the back-up of audit trail (edit log) of database level of accounting software used for maintaining general ledger has not been maintained on servers physically located in India.
- C. With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP  
Chartered Accountants  
Firm’s Registration No.:101248W/W-100022

Maulik Jhaveri  
Partner  
Membership No.: 116008  
ICAI UDIN:24116008BKGEQR3901

Place : Mumbai  
Date : 10<sup>th</sup> May, 2024

# Annexure A to the Independent Auditor's Report on the Financial Statements of Novartis India Limited for the year ended 31 March 2024

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company does not have any intangible assets. Accordingly, clause 3(i)(a) (B) of the Order is not applicable to the Company.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 (“the Act”) are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Income-tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Income-Tax, Sales Tax, Service Tax, Duty of Customs which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Gross Amount (Rs. in million)	Amount paid under protest (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax including tax deducted at source and interest, as applicable	2,876.2	509.1	Assessment years 2010-11 to 2019-20 and 2021-22	Appellate Authority- up to Commissioner's level
		64.0	32.4	Assessment years 2006-07 and 2012-13	Income Tax Appellate Tribunal



Name of the statute	Nature of the dues	Gross Amount (Rs. in million)	Amount paid under protest (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
The Central Sales Tax Act, 1956 and Local Sales Tax Acts/Value Added tax	Sales tax including interest and penalty, as applicable	335.7	42.4	2000-01 to 2016-17	Appellate Authority – up to Commissioner’s level
		145.2	37.2	1993-94, 2002-03, 2003-04, 2005-06, 2007-08, 2010-11, 2011-12 and 2013-14 to 2015-16	Tribunal
		0.3	0.1	1997-98	The High Court of Kerala
		0.1	0.1	2014-15	West Bengal Sales Tax Appellate and Revisional Board
The central goods and services Tax Act, 2017	Goods and Service Tax	36.7	1.9	2017-18 to 2021-22	Appellate Authority up to Commissioner Level
The Finance Act, 1994	Service tax	26.2	-	April 2005 to September 2005, September 2004 to September 2009 and October 2014 to June 2017	Appellate Authority- up to Commissioner’s level
The Customs Act, 1962	Customs Duty	7.5	-	2016-17	Customs Appellate Authority

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(e) is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in annual report is expected to be made available to us after the date of this auditor's report.

- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No.:101248W/W-100022

Maulik Jhaveri  
Partner  
Membership No.: 116008  
ICAI UDIN:24116008BKGEQR3901

Place : Mumbai  
Date : 10<sup>th</sup> May, 2024

# Annexure B to the Independent Auditor's Report on the financial statements of Novartis India Limited for the year ended 31 March 2024

## Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

We have audited the internal financial controls with reference to financial statements of Novartis India Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No.:101248W/W-100022

Maulik Jhaveri  
Partner  
Membership No.: 116008  
ICAI UDIN:24116008BKGEQR3901

Place : Mumbai  
Date : 10<sup>th</sup> May, 2024



## Balance Sheet as at 31<sup>st</sup> March, 2024

	Notes	As at 31 <sup>st</sup> March, 2024 (in ₹ million)	As at 31 <sup>st</sup> March, 2023 (in ₹ million)
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	16.5	18.5
Right-of-Use Assets	32	52.9	174.0
Financial Assets			
(i) Other Financial Assets	3	21.7	25.4
Deferred Tax Assets (Net)	4	153.7	158.0
Other Tax Assets (Net)	5	1,232.0	1,789.2
Other Non-Current Assets	6	779.9	891.0
<b>Total Non-Current assets</b>		<b>2,256.7</b>	<b>3,056.1</b>
<b>Current Assets</b>			
Inventories	7	448.6	547.2
Financial Assets			
(i) Trade Receivables	8	414.7	361.6
(ii) Cash and Cash Equivalents	9(a)	449.8	194.2
(iii) Bank Balances other than (ii) above	9(b)	5,511.0	5,365.2
(iv) Other Financial Assets	3	8.1	138.7
Other Current Assets	10	160.4	166.0
		<b>6,992.6</b>	<b>6,772.9</b>
Asset held for sale	11	—	0.4
<b>Total Current assets</b>		<b>6,992.6</b>	<b>6,773.3</b>
<b>Total Assets</b>		<b>9,249.3</b>	<b>9,829.4</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	12	123.4	123.4
Other Equity	13	7,324.8	7,633.2
<b>Total Equity</b>		<b>7,448.2</b>	<b>7,756.6</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Lease Liabilities	32	50.7	173.9
(ii) Other Financial Liabilities	14(b)	2.2	77.9
Provisions	15	176.2	226.1
<b>Total Non-Current Liabilities</b>		<b>229.1</b>	<b>477.9</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	14(a)	0.2	—
(ii) Lease Liabilities	32	18.8	41.2
(iii) Trade Payables			
– total outstanding dues of micro and small enterprises	14(c)	6.4	12.3
– total outstanding dues of creditors other than micro and small enterprises	14(c)	609.5	584.4
(iv) Other Financial Liabilities	14(b)	266.2	301.3
Other Current Liabilities	17	50.4	37.8
Provisions	15	545.7	557.1
Current Tax Liabilities (Net)	16	74.8	60.8
<b>Total Current Liabilities</b>		<b>1,572.0</b>	<b>1,594.9</b>
<b>Total Equity and Liabilities</b>		<b>9,249.3</b>	<b>9,829.4</b>

The above balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached.

For and on behalf of Novartis India Limited  
CIN – L24200MH1947PLC006104

**For B S R & Co LLP**

Chartered Accountants

Firm's Registration Number – 101248W/W – 100022

**Christopher Snook**

Chairman

DIN: 00369790

**Shilpa Joshi**

Whole time Director &

Chief Financial Officer

DIN: 09775615

**Maulik Jhaveri**

Partner

Membership no. 116008

Mumbai, 10 May, 2024

**Chandni Maru**

Company Secretary & Compliance Officer

Membership no. ACS 60291

Mumbai, 10 May, 2024

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2024

	Notes	Year ended 31 <sup>st</sup> March, 2024 (in ₹ million)	Year ended 31 <sup>st</sup> March, 2023 (in ₹ million)
<b>Income</b>			
Revenue from Operations	18	3,350.7	3,787.4
Other Income	19	616.8	581.1
<b>Total Income</b>		<b>3,967.5</b>	<b>4,368.5</b>
<b>Expenses</b>			
Purchases of Stock-in-Trade		1,899.8	1,993.4
Changes in Inventories of Stock-in-Trade	20	98.6	23.5
Employee Benefits Expense	21	229.6	356.4
Finance Costs	22	14.9	17.5
Depreciation Expense	23	26.1	60.6
Impairment loss on receivables		1.7	3.7
Other Expenses	24(a)	468.4	759.6
<b>Total Expenses</b>		<b>2,739.1</b>	<b>3,214.7</b>
<b>Profit before Tax</b>		<b>1,228.4</b>	<b>1,153.8</b>
<b>Tax Expense</b>			
	28		
Current Tax		376.3	16.8
Deferred Tax		0.2	103.4
<b>Total Tax Expense</b>		<b>376.5</b>	<b>120.2</b>
<b>Profit for the year</b>		<b>851.9</b>	<b>1,033.6</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements gain on Defined Benefit Plans		16.2	41.5
Income tax relating to these items		(4.1)	(10.4)
<b>Other Comprehensive Income for the year</b>		<b>12.1</b>	<b>31.1</b>
<b>Total Comprehensive Income for the year</b>		<b>864.0</b>	<b>1,064.7</b>
<b>Earnings per Share – Basic and Diluted [per Equity Share of ₹ 5 each]</b>			
	33	34.50	41.86

The above Statement of Profit & Loss should be read in conjunction with the accompanying notes.

As per our report of even date attached.

For and on behalf of Novartis India Limited  
CIN – L24200MH1947PLC006104

**For B S R & Co LLP**

Chartered Accountants

Firm's Registration Number – 101248W/W – 100022

**Christopher Snook**

Chairman

DIN: 00369790

**Shilpa Joshi**

Whole time Director &

Chief Financial Officer

DIN: 09775615

**Maulik Jhaveri**

Partner

Membership no. 116008

Mumbai, 10 May, 2024

**Chandni Maru**

Company Secretary & Compliance Officer

Membership no. ACS 60291

Mumbai, 10 May, 2024

## Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2024

### A. Equity Share Capital

	Note 12	Amount (in ₹ million)
<b>Balance as at 1<sup>st</sup> April, 2023</b>		<b>123.4</b>
Change in Equity Share Capital due to prior period errors		—
Change in Equity Share Capital during the year		—
<b>Balance as at 31<sup>st</sup> March, 2024</b>		<b>123.4</b>
<b>Balance as at 1<sup>st</sup> April, 2022</b>		<b>123.4</b>
Change in Equity Share Capital due to prior period errors		—
Change in Equity Share Capital during the year		—
<b>Balance as at 31<sup>st</sup> March, 2023</b>		<b>123.4</b>

### B. Other Equity

	Attributable to the equity holders of the Company				(in ₹ million)
	Reserves and Surplus				
	Note 13	Capital Redemption Reserve	Share Options Outstanding Account	Retained Earnings	Total Other Equity
<b>Balance as at 1<sup>st</sup> April, 2023</b>		<b>36.4</b>	<b>(0.4)</b>	<b>7,597.2</b>	<b>7,633.2</b>
Profit for the year		—	—	851.9	851.9
Other Comprehensive Income for the year		—	—	—	—
Remeasurement gain on defined benefit plans net of tax		—	—	12.1	12.1
<b>Total Comprehensive Income for the year</b>		<b>—</b>	<b>—</b>	<b>864.0</b>	<b>864.0</b>
<b>Contribution by and Distribution to Owner</b>					
Dividends		—	—	(1,172.8)	(1,172.8)
Expenses charged to Statement of Profit and Loss (net) [Refer Note 21]		—	0.4	—	0.4
<b>Balance as at 31<sup>st</sup> March, 2024</b>		<b>36.4</b>	<b>—</b>	<b>7,288.4</b>	<b>7,324.8</b>
<b>Balance as at 1<sup>st</sup> April, 2022</b>		<b>36.4</b>	<b>(22.2)</b>	<b>6,779.4</b>	<b>6,793.6</b>
Profit for the year		—	—	1,033.6	1,033.6
Other Comprehensive Income for the year		—	—	—	—
Remeasurement gain on defined benefit plans net of tax		—	—	31.1	31.1
<b>Total Comprehensive Income for the year</b>		<b>—</b>	<b>—</b>	<b>1,064.7</b>	<b>1,064.7</b>
<b>Contribution by and Distribution to Owner</b>					
Dividends		—	—	(246.9)	(246.9)
Credit note received from the Group Company		—	7.6	—	7.6
Cost of employee transferred to another Company		—	10.4	—	10.4
Expense charged to Statement of Profit and Loss (net) [Refer Note 21]		—	3.8	—	3.8
<b>Balance as at 31<sup>st</sup> March, 2023</b>		<b>36.4</b>	<b>(0.4)</b>	<b>7,597.2</b>	<b>7,633.2</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

As per our report of even date attached.

For and on behalf of Novartis India Limited  
CIN – L24200MH1947PLC006104

**For B S R & Co LLP**  
Chartered Accountants  
Firm's Registration Number – 101248W/W – 100022

**Christopher Snook**  
Chairman  
DIN: 00369790

**Shilpa Joshi**  
Whole time Director &  
Chief Financial Officer  
DIN: 09775615

**Maulik Jhaveri**  
Partner  
Membership no. 116008  
Mumbai, 10 May, 2024

**Chandni Maru**  
Company Secretary & Compliance Officer  
Membership no. ACS 60291  
Mumbai, 10 May, 2024

## Statement of Cash Flows for the Year ended 31<sup>st</sup> March, 2024

	Year ended 31 <sup>st</sup> March, 2024 <u>(in ₹ million)</u>	Year ended 31 <sup>st</sup> March, 2023 <u>(in ₹ million)</u>
<b>A. Cash flow from operating activities</b>		
Profit before tax	1,228.4	1,153.8
<b>Adjustments for –</b>		
Depreciation Expense	26.1	60.6
Share Based Payments	2.5	3.8
(Gain) on Sale/Disposal of Asset held for sale	(32.1)	(26.5)
Interest Income	(551.9)	(543.6)
Unwinding of discount on security deposits	(1.5)	(1.4)
Finance Costs	14.9	17.5
Gain on derecognition of lease liability and Right-of-Use Assets	(26.8)	—
(Gain) on sale of Property, Plant and Equipment (Net)	—	(2.4)
Unrealised loss on Foreign currency transactions (Net)	1.0	(0.7)
Credit Balances Written-Back	(4.5)	(6.4)
Impairment loss on receivables	1.7	3.7
Provision for deposits/advances (net)	3.1	6.2
<b>Operating cash flows before working capital changes</b>	<b>660.9</b>	<b>664.6</b>
<b>Working Capital Adjustment</b>		
(Increase)/Decrease Trade Receivables	(53.4)	80.3
Decrease Inventories	98.6	23.5
Decrease Non-current Financial Assets Loan	—	5.8
Decrease Non-current Financial Assets Others	1.5	16.9
Decrease Current Financial Assets Loan	—	4.6
Decrease Current Financial Assets Others	57.9	43.8
Decrease/(Increase) Other Non-Current Assets	111.1	(535.8)
Increase/Decrease Other Current Assets	(0.8)	595.2
Increase/(Decrease) Trade Payables	21.2	(100.2)
(Decrease) Provisions	(45.1)	(380.0)
Increase/(Decrease) Other Current Liabilities	12.6	(56.9)
(Decrease)/Increase Non-current Financial Liabilities	(75.6)	64.6
(Decrease) Current Financial Liabilities	(37.6)	(1.8)
<b>Cash generated from operations</b>	<b>751.3</b>	<b>424.6</b>
Income Tax Paid	382.7	23.4
<b>Net Cash generated from operating activities</b>	<b>1,134.0</b>	<b>448.0</b>
<b>B. Cash flow from investing activities</b>		
Payments for Property, Plant and Equipment	—	(3.1)
Proceeds from disposal of Property, Plant and Equipment	—	3.8
Proceeds from disposal of Asset Held for Sale	32.7	35.6
Interest received	346.9	199.8
Fixed deposits placed during the year	(10,402.8)	(11,410.0)
Fixed deposits receipts during the year	10,354.5	9,641.4
<b>Net cash generated/(used in) from investing activities</b>	<b>331.3</b>	<b>(1,532.5)</b>
<b>C. Cash flow from financing activities</b>		

## Statement of Cash Flows for the Year ended 31<sup>st</sup> March, 2024

	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Lease payments	(37.0)	(57.4)
Finance cost paid	(0.1)	(0.5)
Dividends paid	(1,172.8)	(246.9)
<b>Net cash (used in) financing activities</b>	<b>(1,209.9)</b>	<b>(304.8)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	<b>255.4</b>	<b>(1,389.3)</b>
Cash and Cash Equivalents – At the beginning of the year	194.2	1,583.5
Cash and Cash Equivalents – At the end of the year [Refer Note 9(a)]*	449.6	194.2

\* Cash & Cash Equivalents includes bank overdraft [Refer Note 14(a)]

### Note:

Disclosure of changes in liabilities arising from investing and financing activities on account of non-cash transactions

Particulars	April 1, 2023	Cash flow	Non-Cash Changes		March 31, 2024
			Addition/deletion	Interest expense/income	
Lease Liabilities (Refer note 32)	215.1	(37.0)	(123.4)	14.8	69.5
Interest accrued on deposit not due	(76.2)	—	—	76.2	—

Particulars	April 1, 2022	Cash flow	Non-Cash Changes		March 31, 2023
			Addition	Interest expense/income	
Lease Liabilities (Refer note 32)	240.1	(57.4)	15.4	17.0	215.1
Interest accrued on deposit not due	—	—	—	(76.2)	(76.2)

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 Statement of Cash Flows.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

As per our report of even date attached.

For and on behalf of Novartis India Limited  
CIN – L24200MH1947PLC006104

### For B S R & Co LLP

Chartered Accountants

Firm's Registration Number – 101248W/W – 100022

### Christopher Snook

Chairman

DIN: 00369790

### Shilpa Joshi

Whole time Director &

Chief Financial Officer

DIN: 09775615

### Maulik Jhaveri

Partner

Membership no. 116008

Mumbai, 10 May, 2024

### Chandni Maru

Company Secretary & Compliance Officer

Membership no. ACS 60291

Mumbai, 10 May, 2024



## Corporate Information

Novartis India Limited (“the Company”) is a public limited company listed on the Bombay Stock Exchange, incorporated and domiciled in India and has its registered office at Inspire – BKC, Part of 701, Bandra Kurla Complex, Bandra East, Mumbai 400051, India. It is primarily engaged in the business of trading of Pharmaceuticals.

These financial statements were authorised for issue by the Board of Directors on 10<sup>th</sup> May, 2024.

## 1. Material Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### A. Basis of Preparation

#### (i) Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act, 2013 (‘Act’) and other relevant provisions of Act.

#### (ii) Material accounting policy information

The Company adopted Disclosure of Accounting Policies (Amendments to Ind AS 1) from 1 April 2023. Although the amendments did not result in any changes in accounting policies themselves, they impacted the accounting policy information disclosed in financial statements.

The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in financial statements.

#### (iii) Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values and net defined benefit assets/ (liability) at fair value of plan assets less present value of defined benefit obligation at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### (iv) Operating Cycle

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### B. Foreign Currency Translation

#### (i) Functional and Presentation Currency

Items included in the financial statements of the Company are recognised using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (₹), which is Company's functional and presentation currency.

#### (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

### C. Property, Plant and Equipment

Items of Property, Plant and Equipment are stated in the balance sheet at historical cost less accumulated depreciation and impairment loss, if any. The historical cost of Property, Plant and Equipment comprises of its purchase price and cost directly attributable to bringing the assets to their working condition for their intended use. The cost of any item of PPE shall be recognised as an asset if and only if it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably.

Capital Work-in-Progress represents Property, Plant and Equipment that are not ready for their intended use as at the balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

On transition to Ind AS, the Company elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as at 1<sup>st</sup> April, 2015 ("transition date") measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### Depreciation:

The Company depreciates its Property, Plant and Equipment using Straight Line Method (SLM) over their estimated useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013 (the "Act") and management estimates, as applicable. The estimated useful lives of the assets are as follows:

Description	Management Estimated Useful Lives	Useful life as per schedule II
Buildings	60 years	60 years
Plant and Equipment #	3 years to 12.5 years	8 years – 20 years
Furniture and Fixtures	10 years	10 years
Office Equipment	5 years	5 years

# Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of schedule II of the Act.

Leasehold improvements are depreciated over the primary period of the lease agreement or the useful life, whichever is shorter.

Mobile Handsets and Mobile Devices are fully depreciated in the year of purchase.

Estimated useful lives, residual values and depreciation methods are reviewed periodically, including at each financial year end, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Gains or losses arising from disposal of Property, Plant and Equipment are determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

**D. Impairment of Non-Financial Assets**

Assets that are subject to depreciation or amortisation are tested at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's or cash generating unit's (CGU) carrying amount exceeds its recoverable amount and is recognised in the Statement of Profit and Loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of the future cash flows have not been adjusted.

When an impairment loss subsequently reverses, the carrying amount of the asset or the CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

**E. Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined on moving weighted average basis. Cost of inventory comprises cost of purchase and other cost incurred in bringing the goods to their present condition and location. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Net realisable value comparison is made on item by item basis.

**F. Non-Current/Current Assets Held for Sale**

Non-current/current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, the asset is available for immediate sale in its present condition and a sale is considered highly probable.

Non-current/current assets are not depreciated or amortised while they are classified as held for sale and are measured at lower of their carrying amount and fair value less cost to sell.

Non-current/current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

**G. Trade Receivables**

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables without a significant financing component are initially measured at the transaction price and subsequently measured at amortised cost less provision for impairment by applying the expected credit loss method.

**H. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cheques on hand, demand deposits with banks and other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**I. Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit or Loss.

**Financial Assets**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

### **Amortised Cost:**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount adjusted for any Loss allowance. A gain or loss on a financial asset that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method. The Company does not have financial assets that are subsequently measured either at fair value through other comprehensive income or at fair value through statement of profit or loss.

### **Impairment of Financial Assets:**

The Company applies the expected credit loss model for recognising impairment loss on its financial assets.

The Company measures the loss allowance for financial instruments at an amount equal to the lifetime expected credit losses if the credit risk on that financial instruments has increased significantly since initial recognition. If credit risk on financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses.

For trade receivables, the Company always measures the loss allowance at an amount equal to life time expected credit losses. Further for the purpose of measuring life time expected credit loss allowance for trade receivables the Company has used practical expedient as permitted under Ind AS 109. The expected credit loss allowance is computed based on provision matrix which takes into the account historical credit loss experience and adjusted for forward looking information.

### **Derecognition of Financial Assets:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received / receivable is recognised in Statement of Profit or Loss.

### **Financial Liabilities**

All financial liabilities are subsequently measured at amortised cost using effective interest method. The interest expense is included in finance cost line item. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in Statement of Profit or Loss.

## **J. Revenue Recognition**

### **Sale of Traded goods**

Revenue from contract with customers is recognised when the Company satisfies performance obligation which is to deliver products to customers based on purchase orders received. Revenue from sales of products is recognized at a point in time when control of the products

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

is transferred to the customer, generally upon delivery, which the Company has determined is when physical possession, legal title and risks and rewards of ownership of the products transfer to the customer and the Company is entitled to payment. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

Provision is made for the non-sellable returns of goods from the customers estimated on the basis of historical data of sales return trends with respect to the shelf life of various products. Such provision for non-sellable sales returns is reduced from sale of products for the year.

### **Sale of Services**

Service revenue is measured based on the consideration specified in a contract with a customer. Service revenue is recognised at a point in time when the Company satisfies performance obligations by transferring the promised services to its customers. Service income is accounted net of goods and services tax.

### **Commission Income**

Commission income from customer is recognised in line with the contractual terms with the customer.

Interest income is recognised using the effective interest method.

## **K. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## **L. Income Tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset and liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except to the extent that it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **Current Tax**

The current tax charge for the year is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period as adjusted for taxes in respect of previous years. Management periodically evaluates positions taken in tax returns, including assessment orders received during the year, with respect to situations in which applicable tax regulation is subject to interpretation. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

### **Deferred Tax**

Deferred tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax assets in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans.



## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset is reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in the Income Tax Act, 1961, which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions defined in the said section. The Company has decided to take benefit of the reduced tax rate as permitted in the said section.

The Company previously accounted for deferred tax on leases by applying the “integrally linked” approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognized on a net basis. Following the amendments, the Company has recognized a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right of use assets as at 1<sup>st</sup> April 2022 and thereafter. However, there was no impact on the balance sheet because the balances qualify for offset under paragraph 74 under IND AS 12. There was also no impact on the opening retained earning as at 1<sup>st</sup> April 2022 as a result of the change. The key impact for the Company relates to disclosure of the deferred tax assets.

### M. Employee Benefits

#### (i) Short-Term Employee Benefits

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service are recognised and measured at the undiscounted amount expected to be paid in exchange for the related service.

#### (ii) Other Long-term Employee Benefit Obligations

The employees of the Company are entitled to other long-term benefits in the form of Long Service Awards as per the policy of the Company and Leave encashment. Liability for such benefits is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by the independent actuary for measuring the liabilities is the projected unit credit method.

#### (iii) Post-Employment Obligations

The Company has the following post-employment schemes:

- a) Defined benefit plans such as Provident Fund, Gratuity, Non-Contractual Pension Plan and Post Retirement Medical Benefits.
- b) Defined contribution plans such as Superannuation Fund and Employees' Pension Scheme.

#### Defined Benefit Plans

The Company has Defined Benefit Plans for post employment benefits in the form of Provident Fund, Gratuity, Non-Contractual Pension Plan and Post Retirement Medical Benefits.

Provident Fund and Gratuity fund are recognised by the Income-tax authorities and administered through trustees and/or Life Insurance Corporation of India (LIC).

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rate (interest rates of government bond) that have terms to maturity approximating to the terms of the related Provident Fund, Gratuity, Non-contractual Pension Plan and Post Retirement Medical Benefits liabilities.

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and the return on plan assets (excluding net interest) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

### **Defined Contribution Plan**

The Company has Defined Contribution Plans for post-employment benefits in the form of Superannuation Fund and Employees' Pension Scheme which are recognised by the Income-tax authorities and administered through trustees and/or LIC. Superannuation Fund which constitutes an insured benefit and Employees' Pension Scheme are classified as Defined Contribution Plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as incurred.

### **(iv) Termination Benefits**

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring.

### **(v) Share-Based Payments**

The Company offers its employees, share based payments in the form of a "Select" plan. The Equity Plan "Select" is a global equity incentive plan for eligible employees. This plan allows its participants to choose the form of their equity compensation in "Restricted Shares" or "Tradable Shares" of the ultimate holding Company, Novartis AG, Basel.

Unvested restricted shares are conditional on the provision of services by the plan participant during the vesting period. They are valued using their fair value (market price of traded stocks of Novartis AG) on the grant date. The fair value of these grants are expensed on a straight-line basis over the respective vesting period.

The total expense (adjusted for estimated forfeitures) is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the Company revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the Statement of Profit and Loss with a corresponding adjustment to equity/prepayments.

Group Company recharges to the Company for the share based payments made/to be made by them to the Company's employees and the payment is adjusted against the Share Options Outstanding Account classified under other equity/prepayments by the Company.

### **(vi) Employee Share Purchase Plan (ESPP)**

In the year ending 31<sup>st</sup> March 2024 Novartis AG started to grant shares under the Employee Share Purchase Plan (ESPP). The ESPP enables employees to voluntarily purchase Novartis AG shares through payroll deductions at a discounted price. The shares are not subject to a vesting period.

### **(vii) Bonus Plans**

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **N. Provisions, Contingent Liabilities and Contingent Assets**

### **(i) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(ii) Contingent Liabilities**

Contingent liabilities are disclosed, unless the possibility of outflow of resources is remote, when there is:

- A possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or
- A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or reliable estimate of the amount cannot be made.

**(iii) Contingent Assets**

A contingent asset is disclosed, where an inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

**O. Segment Reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. (Refer Note 29).

**P. Earnings Per Share**

Basic earnings per share are computed by dividing the profit or loss for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the year attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

**Q. Leases**

As a lessee:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a lease liability at the lease commencement date except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. Lease term is a non-cancellable period together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The right-of-use asset is initially measured at cost at the commencement date. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease. The Company uses its incremental borrowing rate as the discount rate.

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and the lease liability is measured by (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

on the lease liability is a component of finance costs. Gain / Loss relating to modification of lease not accounted as separate lease are recognised in the statement of profit and loss.

Also refer Note 32.

### R. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### S. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, from the proceeds.

### T. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million with one decimal thereof as per the requirement of Schedule III, unless otherwise stated.

### U. Exceptional items

When items of income or expense are of such nature, size or incidence that their disclosure is necessary to explain the performance of the Company for the year, the company makes a disclosure of the nature and amount of such items separately under the head "Exceptional items". Exceptional items are of non-recurring in nature.

### V. Critical Accounting Estimates and Judgements

Preparing the financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the areas involving critical estimates as at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Estimation of Defined Benefit Obligation : key actuarial assumptions [Refer Note 15(a)]

Estimation of Provision and Contingent Liabilities : key assumptions about the likelihood and magnitude of an outflow of resources; [Refer Note 25(A) and 26]

Estimation of Lease : discount rate used for determination of lease liability and Right-of-use asset [Refer Note 32]

Revenue Recognition : assumptions of estimation of sale return and discounts.[Refer Note 30]

Provision for Deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised; [Refer Note 4]

### Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

2. Property, Plant and Equipment

(in ₹ million)

Particulars	Tangible Assets					Total
	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Leasehold Improvements	
<b>As at 1<sup>st</sup> April, 2022</b>						
<b>Gross carrying amount</b>						
Opening gross carrying amount	0.9	65.5	3.7	11.3	46.3	127.7
Additions	—	3.1	—	—	—	3.1
Reclassification to asset held for sale	(0.4)	—	—	—	—	(0.4)
Disposals	—	(35.9)	—	—	—	(35.9)
<b>As at 31<sup>st</sup> March, 2023</b>	<b>0.5</b>	<b>32.7</b>	<b>3.7</b>	<b>11.3</b>	<b>46.3</b>	<b>94.5</b>
<b>Accumulated depreciation</b>						
Opening accumulated depreciation	0.2	63.9	2.7	8.6	17.5	92.9
Depreciation charge during the year*	0.3	3.2	1.0	1.8	11.3	17.6
Disposals	—	(34.5)	—	—	—	(34.5)
<b>As at 31<sup>st</sup> March, 2023</b>	<b>0.5</b>	<b>32.6</b>	<b>3.7</b>	<b>10.4</b>	<b>28.8</b>	<b>76.0</b>
<b>Net carrying amount</b>						
<b>As at 31<sup>st</sup> March, 2023</b>	<b>—</b>	<b>0.1</b>	<b>—</b>	<b>0.9</b>	<b>17.5</b>	<b>18.5</b>
<b>As at 1<sup>st</sup> April, 2023</b>						
<b>Gross carrying amount</b>						
Opening gross carrying amount	0.5	32.7	3.7	11.3	46.3	94.5
Additions	—	—	—	—	—	—
Disposals	—	(1.0)	(0.8)	(0.8)	(6.2)	(8.8)
<b>As at 31<sup>st</sup> March, 2024</b>	<b>0.5</b>	<b>31.7</b>	<b>2.9</b>	<b>10.5</b>	<b>40.1</b>	<b>85.7</b>
<b>Accumulated depreciation</b>						
Opening accumulated depreciation	0.5	32.6	3.7	10.4	28.8	76.0
Depreciation charge during the year*	—	0.1	—	0.9	0.8	1.8
Disposals	—	(1.0)	(0.8)	(0.8)	(6.0)	(8.6)
<b>As at 31<sup>st</sup> March, 2024</b>	<b>0.5</b>	<b>31.7</b>	<b>2.9</b>	<b>10.5</b>	<b>23.6</b>	<b>69.2</b>
<b>Net carrying amount</b>						
<b>As at 31<sup>st</sup> March, 2024</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>16.5</b>	<b>16.5</b>
* Depreciation for the year includes accelerated depreciation on leasehold Improvements ₹ Nil (Previous year: ₹ 8.2 million)						
<b>Note</b>						
A. Refer Note 11 for asset held for sale.						

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

	31 <sup>st</sup> March, 2024		31 <sup>st</sup> March, 2023	
	(in ₹ million)	(in ₹ million)	(in ₹ million)	(in ₹ million)
	Current	Non-current	Current	Non-current
<b>3. Other financial assets:</b>				
Tender Deposits				
Unsecured, considered good	0.6	3.2	2.7	1.8
Considered Doubtful	8.5	—	9.6	—
Less: Loss allowance on deposits	(8.5)	—	(9.6)	—
	<b>0.6</b>	<b>3.2</b>	<b>2.7</b>	<b>1.8</b>
Security Deposits				
Unsecured, considered good	3.0	15.9	2.5	16.1
Considered Doubtful	0.5	—	3.0	—
Less: Allowance for Doubtful Deposits	(0.5)	—	(3.0)	—
	<b>3.0</b>	<b>15.9</b>	<b>2.5</b>	<b>16.1</b>
Advance to employees				
Unsecured, considered good	3.0	—	3.5	1.1
Considered Doubtful	1.1	—	1.0	0.1
Less: Loss allowance on advances	(1.1)	—	(1.0)	(0.1)
	<b>3.0</b>	<b>—</b>	<b>3.5</b>	<b>1.1</b>
Deposits with banks with maturity of more than twelve months				
Unsecured, considered good	—	2.6	—	6.4
Considered Doubtful*	—	2.1	—	—
Less: Loss allowance on deposits	—	(2.1)	—	—
	<b>—</b>	<b>2.6</b>	<b>—</b>	<b>6.4</b>
Receivable from Related Parties [Refer Note 31]	—	—	15.0	—
Consignment receivables	1.5	—	7.2	—
Receivable from sale of asset held for sale	—	—	31.6	—
Interest accrued on deposits not due	—	—	76.2	—
<b>Total Other Financial Assets</b>	<b>8.1</b>	<b>21.7</b>	<b>138.7</b>	<b>25.4</b>

\* The deposits placed are earmarked against the tender.

### 4. Deferred Tax Assets (Net)

The balance comprises temporary differences attributable to:

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Property, Plant and Equipment	8.8	13.0
Right to use of Asset	82.5	76.4
Loss Allowances for Debts, Advances and Deposits	11.5	11.5
Lease liabilities	(78.7)	(66.2)
Provision for Employee Benefits	86.5	96.4
Others	43.1	26.9
<b>Total Deferred Tax Assets</b>	<b>153.7</b>	<b>158.0</b>



## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 4. Deferred Tax Assets (Net) (contd.)

#### Movement in deferred tax assets

	Property, Plant and Equipment	Allowances for Doubtful Debts, Advances and Deposits	Right of Use of Asset	Provision for Employee Benefits	Lease Liabilities	Others	Total
<b>At 1<sup>st</sup> April, 2022</b>	<b>21.0</b>	<b>8.8</b>	<b>65.6</b>	<b>153.1</b>	<b>(56.0)</b>	<b>79.3</b>	<b>271.8</b>
(Charged)/Credited							
— To Statement of Profit or Loss	(8.0)	2.7	10.8	(46.3)	(10.2)	(52.4)	(103.4)
— To Other Comprehensive Income	—	—	—	(10.4)	—	—	(10.4)
<b>At 31<sup>st</sup> March, 2023</b>	<b>13.0</b>	<b>11.5</b>	<b>76.4</b>	<b>96.4</b>	<b>(66.2)</b>	<b>26.9</b>	<b>158.0</b>
<b>At 1<sup>st</sup> April, 2023</b>	<b>13.0</b>	<b>11.5</b>	<b>76.4</b>	<b>96.4</b>	<b>(66.2)</b>	<b>26.9</b>	<b>158.0</b>
(Charged)/Credited							
— To Statement of Profit or Loss	(4.2)	—	6.1	(5.8)	(12.5)	16.2	(0.2)
— To Other Comprehensive Income	—	—	—	(4.1)	—	—	(4.1)
<b>At 31<sup>st</sup> March, 2024</b>	<b>8.8</b>	<b>11.5</b>	<b>82.5</b>	<b>86.5</b>	<b>(78.7)</b>	<b>43.1</b>	<b>153.7</b>

### 5. Other Tax Assets (Net)

	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
Advance income tax (including amount paid under protest) [net of provisions ₹ 7,087.1 million (As at 31 <sup>st</sup> March, 2023 ₹ 9,757.8 million)]	1,232.0	1,789.2
<b>Total Other Tax Assets (Net)</b>	<b>1,232.0</b>	<b>1,789.2</b>

### 6. Other Non-Current Assets

	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
Balances with Government authorities		
Value added Tax Receivable, Input tax credit (including amount paid under protest)	676.5	817.0
Custom duty (paid under protest)	21.6	21.6
Excise duty (paid under protest)	—	2.9
Prepayments	81.8	49.5
<b>Total Other Non-Current Assets</b>	<b>779.9</b>	<b>891.0</b>

### 7. Inventories

	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
Stock-in-Trade [including in transit of ₹ Nil million (As at 31 <sup>st</sup> March, 2023, ₹ 17.2 million)]	448.6	547.2
<b>Total Inventories</b>	<b>448.6</b>	<b>547.2</b>

The cost of inventory recognised as an expense includes ₹ 11.7 million (previous year ₹ 6.7 million) in respect of write-downs of inventory, and has been reduced by ₹ 28.3 million (previous year ₹ 93 million) in respect of the reversals of such write-downs consequent to the sales in the current period.

The cost of inventories recognised as an expense is disclosed in Note 20 together with purchases of stock-in-trade disclosed in the Statement of Profit and Loss.

The mode of valuation of inventories has been stated in Note 1.E

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 8. Trade Receivables

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
<b>Trade Receivable</b>		
Considered good – unsecured	416.5	362.1
Significant increase in credit risk	—	—
Credit impaired	23.2	22.8
	<b>439.7</b>	<b>384.9</b>
Less: Loss allowance on trade receivables	(25.0)	(23.3)
<b>Net Trade Receivables</b>	<b>414.7</b>	<b>361.6</b>
<b>Of the above, Trade Receivables from related parties are as follows</b>		
Receivables from Related Parties [Refer Note 31]	0.9	14.3
Less: Loss allowance on Related Parties	—	—
<b>Net Trade Receivables</b>	<b>0.9</b>	<b>14.3</b>

Out of the total trade receivable as on March 31, 2024 ₹ 229.2 million [March 31, 2023 ₹ 361.7 million] pertains to contract balances.

### Trade Receivable ageing schedule

	Outstanding for the period from due date of payment						Total
	Not due	Less than 6 Months	6 Months – 1 year	1–2 years	2–3 years	More than 3 years	
<b>31<sup>st</sup> March, 2023</b>							
Undisputed Trade receivables – Considered good	350.1	10.9	0.4	—	0.7	—	362.1
Undisputed Trade receivables – Significant increase in credit risk	—	—	—	—	—	—	—
Undisputed Trade receivables – Credit impaired	—	—	0.1	1.5	0.2	21.0	22.8
<b>31<sup>st</sup> March, 2024</b>							
Undisputed Trade receivables – Considered good	404.9	7.2	0.9	3.5	—	—	416.5
Undisputed Trade receivables – Significant increase in credit risk	—	—	—	—	—	—	—
Undisputed Trade receivables – Credit impaired	—	—	0.1	1.4	0.2	21.5	23.2

### 9(a). Cash and Cash Equivalents

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Balances with Banks		
— in Current Accounts	49.8	44.2
— Deposits with original maturity of less than 3 months	400.0	150.0
<b>Total Cash and Cash Equivalents in balance sheet</b>	<b>449.8</b>	<b>194.2</b>
Bank overdrafts [Refer Note 14(a)]	0.2	—
<b>Total Cash and Cash Equivalents in the statement of cashflows</b>	<b>449.6</b>	<b>194.2</b>

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 9(b). Bank Balances Other than 9(a) above

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Earmarked balances with banks		
— Unpaid Dividend Accounts	17.8	15.2
Bank deposits with maturity of more than 3 months but less than 12 months	5,400.0	5,350.0
Interest accrued on deposits not due	93.2	—
<b>Total Other Bank Balances</b>	<b>5,511.0</b>	<b>5,365.2</b>

### 10. Other Current Assets

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Balances with Government Authorities	135.1	127.2
Advances other than capital advances		
— Advances to Vendors	6.4	9.3
Prepayments	18.9	29.5
<b>Total Other Current Assets</b>	<b>160.4</b>	<b>166.0</b>

### 11. Asset held for sale

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Building [Refer Note 2]	—	0.4
<b>Total Asset held for sale</b>	<b>—</b>	<b>0.4</b>

During the previous year, the Company had sold 1 residential flat and the resultant gain in respect of which was recognised in the statement of profit and loss.[ Refer Note 19].

The Company decided to sell 1 commercial property and initiated an active plan to locate a buyer for this property. Accordingly, this property was classified as “Asset held for sale”.

The Company has sold the said commercial property in the current year and the resultant gain in respect of which was recognised in the statement of profit and loss.[ Refer Note 19]. There were no liabilities directly associated with assets classified as held for sale.

### Title deed

Sr.no	Assets Category	Gross carrying value as at 31 March 2023 (in ₹ million)	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of director/ promoter or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the Company
1	Buildings	0.4	M/s Hindustan Ciba Geigy Ltd	No	1/Apr/1996	The title to asset transferred pursuant to the scheme of merger was in process of being transferred in the name of the Company.

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 12. Equity Share Capital

	Number of shares	Amount (₹ in million)		
<b>Authorised Share Capital</b>				
As at 1 <sup>st</sup> April, 2022 (Equity Shares of ₹ 5 each)	64,000,000	320.0		
Increase/(decrease) during the year	—	—		
As at 31 <sup>st</sup> March, 2023 (Equity Shares of ₹ 5 each)	64,000,000	320.0		
Increase/(decrease) during the year	—	—		
<b>As at 31<sup>st</sup> March, 2024 (Equity Shares of ₹ 5 each)</b>	<b>64,000,000</b>	<b>320.0</b>		
<b>Issued, Subscribed and Fully Paid-up Equity Share Capital</b>				
As at 1 <sup>st</sup> April, 2022 (Equity Shares of ₹ 5 each)	24,690,797	123.4		
Increase/(decrease) during the year	—	—		
Change in Equity Share Capital due to prior period errors	—	—		
As at 31 <sup>st</sup> March, 2023 (Equity Shares of ₹ 5 each)	24,690,797	123.4		
Increase/(decrease) during the year	—	—		
Change in Equity Share Capital due to prior period errors	—	—		
<b>As at 31<sup>st</sup> March, 2024 (Equity Shares of ₹ 5 each)</b>	<b>24,690,797</b>	<b>123.4</b>		
<b>(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period</b>				
As at 1 <sup>st</sup> April, 2022 (Equity Shares of ₹ 5 each)	24,690,797			
Movement during the year	—			
As at 31 <sup>st</sup> March, 2023 (Equity Shares of ₹ 5 each)	24,690,797			
Movement during the year	—			
<b>As at 31<sup>st</sup> March, 2024 (Equity Shares of ₹ 5 each fully paid-up)</b>	<b>24,690,797</b>			
<b>(ii) Rights, Preferences and Restrictions:</b>				
The Company has only one class of shares i.e. Equity Shares having a face value of ₹ 5 each. Every member present in person or by proxy shall on show of hands have one vote and upon a poll, the voting right shall be in proportion to his share of the paid up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.				
<b>(iii) Other details of equity shares for a period of five years immediately preceding 31<sup>st</sup> March, 2023</b>				
The Company has neither allotted equity shares as fully paid up pursuant to contract(s) without payment being received in cash nor has the Company allotted equity shares as fully paid up bonus shares.				
Aggregate number of equity shares bought back: 7,270,000 (up to 31 <sup>st</sup> March, 2022: 7,270,000)				
<b>(iv) Shares of the Company Held by Holding Company</b>				
	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>		
	No. of Shares	No. of Shares		
Novartis AG, Basel, Switzerland	17,450,680	17,450,680		
<b>(v) Shareholders Holding more than 5% Shares in the Company</b>				
	<b>31<sup>st</sup> March, 2024</b>		<b>31<sup>st</sup> March, 2023</b>	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Novartis AG, Basel, Switzerland (Holding Company) Equity shares of Rs 5 each fully paid up	17,450,680	70.68%	17,450,680	70.68%

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 12. Equity Share Capital (contd.)

#### (vi) Shareholding of promoters

Promoter Name	31 <sup>st</sup> March, 2024		31 <sup>st</sup> March, 2023		% Change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
Novartis AG, Basel, Switzerland (Holding Company) Equity shares of Rs 5 each fully paid up	17,450,680	70.68%	17,450,680	70.68%	—

Promoter Name	31 <sup>st</sup> March, 2023		31 <sup>st</sup> March, 2022		% Change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
Novartis AG, Basel, Switzerland (Holding Company) Equity shares of Rs 5 each fully paid up	17,450,680	70.68%	17,450,680	70.68%	—

### 13. Other Equity

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Capital Redemption Reserve	36.4	36.4
Share Options Outstanding Account	—	(0.4)
Retained Earnings	7,288.4	7,597.2
<b>Total Other Equity</b>	<b>7,324.8</b>	<b>7,633.2</b>

#### Nature and Purpose of Other Equity

##### Capital Redemption Reserve

Capital Redemption reserve was created consequent to the buy back of shares. In terms of Section 69 of the Act, the Company transfers a sum equal to nominal value of the shares bought back to Capital Redemption Reserve. The Reserve may be applied by the Company in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

##### Share Options Outstanding Account

The Share Options Outstanding Account is used to amortise the grant date fair value of Tradeable Options / Restricted shares issued to employees under group global equity incentive plan.

##### Retained Earnings

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(₹ in million)	(₹ in million)
<b>(i) Capital Redemption Reserve</b>		
Opening Balance	36.4	36.4
Movement during the year	—	—
<b>Closing Balance</b>	<b>36.4</b>	<b>36.4</b>
<b>(ii) Share Options Outstanding Account</b>		
Opening Balance [Refer Note 34]	(0.4)	(22.2)
Less—Credit note received from the Group Company	—	7.6
Less—Cost of employee transferred to another Company	—	10.4
Less—Amount charged to Statement of Profit and Loss (net) [Refer Note 21]	0.4	3.8
<b>Closing Balance</b>	<b>—</b>	<b>(0.4)</b>

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 13. Other Equity (contd.)

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(₹ in million)	(₹ in million)
<b>(iii) Retained Earnings</b>		
Opening Balance	7,597.2	6,779.4
Profit for the year	851.9	1,033.6
Other Comprehensive Income (net of tax)	12.1	31.1
Total Comprehensive Income for the year	864.0	1,064.7
Payment of Dividends	(1,172.8)	(246.9)
<b>Closing Balance</b>	<b>7,288.4</b>	<b>7,597.2</b>
<b>Dividends</b>		
<b>Particulars</b>	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	(₹ in million)	(₹ in million)
<b>Equity shares</b>		
Final dividend for the year ended 31 <sup>st</sup> March, 2023 of ₹ 47.5 per fully paid share (31 <sup>st</sup> March, 2022 of ₹ 10 per fully paid share)	<b>1,172.8</b>	246.9
<b>Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 25 per share (Previous year ₹ 47.5 per share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	<b>617.3</b>	1,172.8

### 14. Financial Liabilities

#### 14(a). Borrowings

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
<b>Current</b>		
Bank Overdrafts (Repayable on demand with Interest @9.1% p.a.)	0.2	—
<b>Total Current Borrowings</b>	<b>0.2</b>	<b>—</b>

#### 14(b). Other Financial Liabilities

<b>Non-Current</b>		
Security Deposits	2.2	77.9
<b>Total Other Non-Current Financial Liabilities</b>	<b>2.2</b>	<b>77.9</b>
<b>Current</b>		
Unpaid Dividends@	17.8	15.2
Payable to Related Parties [Refer Note 31]	11.5	41.5
Security Deposits	75.0	77.5
Payables to Employees	161.9	167.1
<b>Total Other Current Financial Liabilities</b>	<b>266.2</b>	<b>301.3</b>

@ There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

#### 14(c). Trade Payables

<b>Current</b>		
Total outstanding dues of micro and small enterprises [MSME] [Refer Note 27]	6.4	12.3
Total outstanding dues of creditors other than micro and small enterprises		
– Related Parties [Refer Note 31]	151.9	120.1
– Others	457.6	464.3
<b>Total Trade Payables</b>	<b>615.9</b>	<b>596.7</b>



## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 14. Financial Liabilities (contd.)

#### Trade Payable ageing schedule:

Particulars	Outstanding for the period from due date of payment						Total
	Unbilled dues	Not Due	Less than 1 year	1–2 Years	2–3 Years	More than 3 Years	
<b>31<sup>st</sup> March, 2023</b>							
Undisputed MSME	—	—	12.3	—	—	—	12.3
Undisputed Others	243.4	266.7	67.3	2.2	—	4.8	584.4
<b>31<sup>st</sup> March, 2024</b>							
<b>Undisputed MSME</b>	<b>—</b>	<b>—</b>	<b>6.4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6.4</b>
<b>Undisputed Others</b>	<b>186.9</b>	<b>328.2</b>	<b>87.9</b>	<b>—</b>	<b>6.1</b>	<b>0.4</b>	<b>609.5</b>

### 15. Provisions

	31 <sup>st</sup> March, 2024		31 <sup>st</sup> March, 2023	
	(in ₹ million) Current	(in ₹ million) Non-current	(in ₹ million) Current	(in ₹ million) Non-current
Provision for Employee Benefits [Refer Note 15(a)]				
Gratuity	91.2	25.7	67.3	36.5
Leave Obligations	62.8	29.7	78.7	36.8
Non-Contractual Pension Plan	—	—	—	0.1
Post Retirement Medical Benefits	9.0	91.9	8.2	85.9
Long Term Service Awards	0.2	0.8	0.2	0.9
Provident Fund	4.3	28.1	2.7	65.9
Employee separation [Refer Note 26 (iii)]	154.1	—	188.6	—
	<u>321.6</u>	<u>176.2</u>	<u>345.7</u>	<u>226.1</u>
Other Provisions				
Non-saleable Sales Returns [Refer Note 26 (i)]	34.6	—	43.6	—
Contingencies [Refer Note 26 (ii)]				
For Indirect Tax matters	158.2	—	138.0	—
For Legal Cases	31.3	—	29.8	—
<b>Total Provisions</b>	<b><u>545.7</u></b>	<b><u>176.2</u></b>	<b><u>557.1</u></b>	<b><u>226.1</u></b>

#### 15(a). Employee Benefit Obligations

##### (i) Defined Contribution Plans:

The Company's contribution to Superannuation Fund and Employees' Pension Scheme aggregating ₹ 5.4 million (Previous year – ₹ 2.6 million) has been recognised as expense in the Statement of profit and loss for the year under the head Employee Benefits Expense [Refer Note 21].

##### (ii) Defined Benefit Plans:

###### General Description of Defined Benefit Plans:

###### (a) Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service of 5 years are eligible for gratuity. The benefit payable is the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The gratuity plan is a funded plan and it is recognised by the Income-tax authorities and administered through trustees and/or Life Insurance Corporation (LIC). Liability for Gratuity is provided on the basis of valuations, as at Balance Sheet date, carried out by an independent actuary.

###### (b) Provident Fund

Provident fund is Defined Benefit Plan that provides for lump sum amount to be paid to employees at the

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 15(a). Employee Benefit Obligations (contd.)

time of separation from the Company. Both employee and employer (at a determined rate) contribute monthly to a Trust set up by the Company to manage the investments and distribute the amounts entitled to employees. The benefits are accumulated value of contributions made by the employee and the Company at the minimum interest rate as declared by the Employee Provident Fund Organisation for respective years. Valuation for interest rate guarantee is provided on the basis of valuations, as at Balance Sheet date, carried out by an independent actuary.

#### (c) Non-Contractual Pension Plan

The Pension Scheme is a Defined Benefit Plan with a minimum pension guarantee that provides for an annuity in the form of pension amount at retirement to a select category of employees. The fund is administered by LIC of India. Liability for Non-Contractual Pension Plan is provided on the basis of valuations, as at Balance Sheet date, carried out by an independent actuary.

#### (d) Post Retirement Medical Benefits (PRMB)

The PRMB scheme is a fixed monetary amount Defined Benefit Plan that provides for a payment made after retirement when a retiree claims medical benefits. The benefits are defined on the basis of amount claimed under medical expenses upto a maximum limit after retirement. This is an unfunded defined benefit plan. Liability for Post Retirement Medical Benefits is provided on the basis of valuations, as at Balance Sheet date, carried out by an independent actuary.

As per actuarial valuation as on 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 :

Particulars	(in ₹ million)							
	Gratuity		Provident Fund		Non Contractual Pension Plan		Post Retirement Medical Benefits	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>I. Expense recognised in the Statement of Profit and Loss for the year ended 31<sup>st</sup> March:</b>								
1. Current service cost	2.6	2.7	18.1	12.2	—	—	1.3	1.4
2. Curtailment (credit)/cost	—	—	—	—	—	—	—	9.1
3. Net interest on net defined benefit liability / (asset)	1.1	(0.4)	4.2	14.6	—	—	6.6	5.7
	<b>3.7</b>	<b>2.3</b>	<b>22.3</b>	<b>26.8</b>	<b>—</b>	<b>—</b>	<b>7.9</b>	<b>16.2</b>
<b>II. Recognised in other comprehensive income for the year</b>								
1. Return on plan assets excluding amount included in net interest on net defined benefit liability/(assets)	11.0	(12.6)	(167.4)	93.5	(11.2)	(11.4)	—	—
2. Actuarial (Gain)/Loss on account of:								
— Financial Assumptions	1.0	(1.7)	0.2	(45.2)	—	—	3.2	(5.0)
— Experience Adjustments	(0.8)	1.7	136.5	(73.1)	11.1	11.2	0.2	1.1
— Demographic Assumptions	—	—	—	—	—	—	—	—
	<b>11.2</b>	<b>(12.6)</b>	<b>(30.7)</b>	<b>(24.8)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>3.4</b>	<b>(3.9)</b>
<b>III. Net Asset/(Liability) recognised in the Balance Sheet as at 31<sup>st</sup> March</b>								
1. Present value of defined benefit obligation as at 31 <sup>st</sup> March	194.1	249.2	1,066.5	1,353.2	159.8	168.8	100.9	94.1
2. Fair value of plan assets as at 31 <sup>st</sup> March	77.2	145.4	1,034.1	1,284.6	159.8	168.7	—	—
3. Surplus/(Deficit)	(116.9)	(103.8)	(32.4)	(68.6)	—	(0.1)	(100.9)	(94.1)
4. Current portion of the above	(91.2)	(67.3)	(4.3)	(2.7)	—	—	(9.0)	(8.2)
5. Non current portion of the above	(25.7)	(36.5)	(28.1)	(65.9)	—	(0.1)	(91.9)	(85.9)

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 15(a). Employee Benefit Obligations (contd.)

(in ₹ million)

Particulars	Gratuity		Provident Fund		Non Contractual Pension Plan		Post Retirement Medical Benefits	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>IV. Change in the present value of defined obligation during the year ended 31<sup>st</sup> March</b>								
1. Present value of defined benefit obligation at the beginning of the year	249.2	407.8	1,353.2	1,922.2	168.8	190.2	94.1	88.2
2. Expenses Recognised in Profit and Loss Account								
— Current Service Cost	2.6	2.7	18.1	12.2	—	—	1.3	1.4
— Interest Expense (Income)	2.9	3.3	79.3	126.8	—	—	6.6	5.7
— Other adjustment	—	—	—	1.5	—	—	—	—
— Curtailment (credit)/cost	—	—	—	—	—	—	—	9.1
3. Remeasurement gains / (losses)								
— Actuarial Gain (Loss) arising from:								
i. Financial Assumptions	1.0	(1.7)	0.2	(45.2)	—	—	3.2	(5.0)
ii. Experience Adjustments	(0.8)	1.7	136.5	(73.1)	11.1	11.2	0.2	1.1
4. Benefit payments								
— paid by Company	—	—	—	—	—	—	(4.5)	(6.4)
— paid from planned assets	(60.8)	(164.6)	(530.6)	(614.6)	(20.1)	(32.6)	—	—
5. Employee Contributions	—	—	9.8	23.4	—	—	—	—
6. Present value of defined benefit obligation at the end of the year	<u>194.1</u>	<u>249.2</u>	<u>1,066.5</u>	<u>1,353.2</u>	<u>159.8</u>	<u>168.8</u>	<u>100.9</u>	<u>94.1</u>
<b>V. Change in fair value of assets during the year ended 31<sup>st</sup> March</b>								
1. Fair value of plan assets at the beginning of the year	145.4	293.2	1,284.6	1,703.2	168.7	189.9	—	—
2. Interest on plan assets	1.8	3.7	75.1	112.2	—	—	—	—
3. Acquisition adjustments	—	—	—	1.5	—	—	—	—
4. Remeasurement gains / (losses)								
— Actual return on plan assets excluding amount included in net interest on net defined benefit liability / (asset)	(11.0)	12.6	167.4	(93.5)	11.2	11.4	—	—
5. Employer Contribution	1.8	0.5	27.8	152.4	—	—	—	—
6. Employee Contribution	—	—	9.8	23.4	—	—	—	—
7. Benefit payments	(60.8)	(164.6)	(530.6)	(614.6)	(20.1)	(32.6)	—	—
8. Fair value of plan assets at the end of the year	<u>77.2</u>	<u>145.4</u>	<u>1,034.1</u>	<u>1,284.6</u>	<u>159.8</u>	<u>168.7</u>	<u>—</u>	<u>—</u>

The net liability disclosed above relate to funded and unfunded plans is as follows:

(in ₹ million)

Particulars	Gratuity	Provident Fund	Non Contractual Pension Plan	Post Retirement Medical Benefits
<b>31<sup>st</sup> March, 2023</b>				
Present value of funded obligations	249.2	1,353.2	168.8	94.1
Fair value of plan assets	145.4	1,284.6	168.7	—
<b>Deficit of funded plan</b>	<u>103.8</u>	<u>68.6</u>	<u>0.1</u>	<u>94.1</u>
<b>31<sup>st</sup> March, 2024</b>				
Present value of funded obligations	194.1	1,066.5	159.8	100.9
Fair value of plan assets	77.2	1,034.1	159.8	—
<b>Deficit of funded plan</b>	<u>116.9</u>	<u>32.4</u>	<u>—</u>	<u>100.9</u>

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 15(a). Employee Benefit Obligations (contd.)

#### Significant estimates: Actuarial assumptions and sensitivity

The significant weighted actuarial assumptions are as follows:

Particulars	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Discount rate		
— Pension	7.00%	7.30%
— Gratuity	6.90%	7.30%
— Others	6.90%	7.30%
Salary growth rate	7% – 10%	7% – 10%
Medical inflation rate	8.00%	8.00%
Mortality table		
In Service Mortality rate	India Assured Lives Mortality (2006–08) ult	India Assured Lives Mortality (2006–08) ult
Post Retirement Mortality	Annuitants 2012–2015	Annuitants 2012–2015
Withdrawal rates		
Officers		
Less than 5 years	16%	16%
5–10 years	5%	5%
Above 10 years	5%	5%
Non Officers		
Less than 5 years	0%	0%
Above 5 years	0%	0%

#### Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(in ₹ million)

Particulars	Gratuity Scheme (LIC)		Gratuity Scheme (In house Fund)		Non Contractual Pension Plan		Post Retirement Medical Benefits		Provident Fund	
	Change in assumptions		Change in assumptions		Change in assumptions		Change in assumptions		Change in assumptions	
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
<b>Discount rate</b>										
Increase by 0.25%	(0.5)	(0.6)	(0.1)	(0.1)	(*)	(*)	(2.1)	(2.0)	(0.1)	(0.1)
Decrease by 0.25%	0.5	0.6	0.1	0.1	*	*	2.2	2.0	0.1	0.1
<b>Salary growth rate</b>										
Increase by 0.25%	0.3	0.3	0.1	0.1	—	—	—	—	—	—
Decrease by 0.25%	(0.3)	(0.4)	(0.1)	(0.1)	—	—	—	—	—	—
<b>Withdrawal Rate</b>										
Increase by 5%	(0.8)	(0.5)	(0.3)	(0.2)	—	—	(5.1)	(4.8)	—	—
Decrease by 5%	1.0	0.4	0.4	0.3	—	—	10.7	9.8	—	—
<b>Medical Inflation</b>										
Increase by 1%	—	—	—	—	—	—	7.5	6.9	—	—
Decrease by 1%	—	—	—	—	—	—	(6.5)	(6.0)	—	—

\* Amount is below the rounding off norm adopted by the Company.

The above sensitivity analyses is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected aggregate contributions to post employment benefit plans for the year ending 31 March, 2025 are ₹ 15.1 million (March 31, 2024 ₹ 35.5 million).

As at March 31, 2024, the weighted average duration of the defined benefit obligation for gratuity scheme is 7 years (March 31, 2023 7 years) and Provident fund is 4.9 years (March 31, 2023 5.2 years)

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 15(a). Employee Benefit Obligations (contd.)

#### Maturity profile of defined benefit obligation

	(in ₹ million)			
	Less than a Year	Between 1–2 years	Between 2–5 years	Between 5–10 years
<b>31<sup>st</sup> March, 2023</b>				
Gratuity	212.5	5.8	11.5	27.4
Post Retirement Medical Benefits	8.5	8.7	25.7	40.5
<b>Total</b>	<b>221.0</b>	<b>14.5</b>	<b>37.2</b>	<b>67.9</b>
<b>31<sup>st</sup> March, 2024</b>				
Gratuity	162.1	3.2	7.9	28.3
Post Retirement Medical Benefits	9.3	9.4	27.0	41.8
<b>Total</b>	<b>171.4</b>	<b>12.6</b>	<b>34.9</b>	<b>70.1</b>

#### Risk exposure

Through its defined benefit obligation the Company is exposed to a number of risks, the most significant of which are detailed below–

**Interest rate risk** – The defined benefit obligation calculated uses a discount rate based on Government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**Salary inflation risk** – Higher than expected increase in salary will increase the defined benefit obligation.

**Demographic risk** – This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligations is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in financial analysis the retirement benefit of the short career employee typically costs less per year as compared to a long service employee.

**Medical inflation risk** – Higher than expected increase in premium will lead to increase in defined benefit obligations. The risk is mitigated by capping the benefit paid by insurance Company (limiting the premium amount for the Company).

**Investment return risk** – Lower the expected investment return, higher will be the defined benefit obligation.

	(in ₹ million)			
	31 <sup>st</sup> March, 2024		31 <sup>st</sup> March, 2023	
Major category of plan assets are as follows – Provident fund	Amount	in %	Amount	in %
Government Bonds	232.2	22.45%	440.0	34.25%
Debt Instruments	290.4	28.08%	349.4	27.20%
Investment funds	91.2	8.82%	97.5	7.59%
Special Deposit scheme (including FD's & special deposit)	361.5	34.96%	323.6	25.19%
Cash	58.8	5.69%	74.1	5.77%
	<b>1,034.1</b>	<b>100.00%</b>	<b>1,284.6</b>	<b>100.00%</b>

	(in ₹ million)			
	31 <sup>st</sup> March, 2024		31 <sup>st</sup> March, 2023	
Major category of plan assets are as follows – Gratuity	Amount	in %	Amount	in %
Insurer Managed Funds	77.2	100.00%	145.4	100.00%

#### Employee Benefit – Leave Obligations

Employee benefit expenses for the year include gain of ₹ 7.3 million (Previous year expense ₹ 3.6 million) towards leave obligations

Provision for leave obligation as on 31<sup>st</sup> March, 2024 is ₹ 92.5 million (as at 31<sup>st</sup> March, 2023, ₹ 115.5 million)

Provision for long term service award as on 31<sup>st</sup> March, 2024 is ₹ 1.0 million (as at 31<sup>st</sup> March, 2023, ₹ 1.1 million)

### 16. Current Tax Liabilities (Net)

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Provision for tax [net of advance tax ₹ 2,426.3 million (As at 31 <sup>st</sup> March, 2023 ₹ 1,087.7 million)]	74.8	60.8
<b>Total Current Tax Liabilities (Net)</b>	<b>74.8</b>	<b>60.8</b>

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 17. Other Current Liabilities

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
Advances from Customers	23.1	18.7
Others		
— Statutory Dues (Contributions to Provident Fund, Professional Tax, Withholding Taxes, Goods and Services Tax etc.)	27.3	19.1
<b>Total Other Current Liabilities</b>	<u><b>50.4</b></u>	<u><b>37.8</b></u>

### 18. Revenue from Operations

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
<b>Revenue from contracts with customers</b>		
Sale of Traded goods	3,333.8	3,672.3
Sale of Services [Refer Note 30]	6.6	18.8
<b>Other Operating Revenue</b>		
Commission Income [Refer Note 30]	10.3	96.3
<b>Total Revenue from Operations</b>	<u><b>3,350.7</b></u>	<u><b>3,787.4</b></u>

### 19. Other Income

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
Interest Income under effective interest rate method on financial assets at amortised cost		
On Bank Deposits	363.9	276.0
From Customers	0.2	0.1
Interest income on income tax refund of earlier years	187.8	267.5
Unwinding of Discount on Security Deposits	1.5	1.4
Credit Balances Written-Back	4.5	6.4
Gain on derecognition of lease liability and Right-of-Use Assets [Refer Note 32]	26.8	—
Gain on sale of property plant and equipment	—	2.4
Gain on sale of Property held for sale	32.1	26.5
Miscellaneous Income	—	0.8
<b>Total Other Income</b>	<u><b>616.8</b></u>	<u><b>581.1</b></u>

### 20. Changes in Inventories of Stock-in-trade

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
<b>Opening Stock</b>		
Stock-in-Trade	547.2	570.7
<b>Total Opening Stock</b>	547.2	570.7
<b>Closing Stock</b>		
Stock-in-Trade	(448.6)	(547.2)
<b>Total Closing Stock</b>	(448.6)	(547.2)
<b>Total Changes in Inventories of Stock-in-trade</b>	<u><b>98.6</b></u>	<u><b>23.5</b></u>



## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 21. Employee Benefits Expense

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
Salaries and Wages* [Refer Note 15(a)]	210.4	331.4
Contributions to Other Funds [Refer Note 15(a)]	5.4	2.6
Share Based Payments [Refer Note 34]	2.5	3.9
Staff Welfare Expenses [Refer Note 15(a)]	11.3	18.5
<b>Total Employee Benefits Expense</b>	<u><u>229.6</u></u>	<u><u>356.4</u></u>

\* Net of expenses recharged of ₹ 10.1 million (31 March 2023 ₹ 41.0 million) recharged to other companies. (Refer Note 31)

### 22. Finance Costs

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
Interest expense under effective interest rate method on financial liabilities not at fair value through Statement of Profit and loss		
Lease liabilities	14.8	17.0
Security Deposits	0.1	0.5
<b>Total Finance Costs</b>	<u><u>14.9</u></u>	<u><u>17.5</u></u>

### 23. Depreciation Expense

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
Depreciation of Property, Plant and Equipment	1.8	17.6
Depreciation of Right-of-Use Assets [Refer Note 32]	24.3	43.0
<b>Total Depreciation Expense</b>	<u><u>26.1</u></u>	<u><u>60.6</u></u>

### 24(a). Other Expenses\*

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
Power and Fuel	1.8	3.5
Rent [Refer Note 32]	1.1	1.8
Repairs and Maintenance		
Buildings	1.1	—
Others	0.2	—
Insurance	4.4	4.9
Rates and Taxes	61.7	83.0
Legal and Professional Charges	54.2	50.6
Travelling and Conveyance	18.8	17.8
Other Outside Services	48.7	125.8
Auditors' Remuneration [Refer Note 24(b)]	7.8	6.1
Expenditure towards Corporate Social Responsibility Activities [Refer Note 24(c)]	10.0	4.1
Freight, Forwarding and Distribution	139.3	218.8
Advertisement and Sales Promotion	19.4	61.0
Printing, Postage and communication	1.4	2.6
Commission to Independent Directors [Refer Note 31]	3.0	3.0
Directors Sitting fees [Refer Note 31]	1.3	1.1
Royalty	25.4	29.3
Provision for deposits/advances	1.0	6.2
Provisions for Contingencies [Refer Note 26 (ii)]	21.7	88.1
Net Loss on Foreign Currency Transactions and Translation	2.7	10.6
Miscellaneous Expenses	43.4	41.3
<b>Total Other Expenses</b>	<u><u>468.4</u></u>	<u><u>759.6</u></u>

\* Including expenses recharged to other companies [Refer Note 31]

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 24(b). Auditors' Remuneration

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
<b>Payment to Auditors</b>		
<b>As auditor:</b>		
Audit Fees	6.9	5.6
Reimbursement of Expenses	0.9	0.5
<b>Total Payments to Auditors</b>	<b>7.8</b>	<b>6.1</b>

### 24(c). Expenditure towards Corporate Social Responsibility Activities

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Amount spent during the year on:		
(i) Donations	10.0	4.1
(ii) Expenditure on maintenance of gardens	—	—
(iii) Expenditure on health awareness	—	—
<b>Total</b>	<b>10.0</b>	<b>4.1</b>
Gross amount required to be spent as per Section 135 of the Act	10.0	4.0
Amount approved by Board to be spent during the year	10.0	4.0
Amount spent during the year on		
(i) Construction/acquisition of an asset	—	—
(ii) On purposes other than (i) above	10.0	4.1
(iii) Transactions with Related Party	—	—
Excess CSR spent in current year	—	0.1
Amount unspent during the year	0.1	—
Due to unavoidable circumstances, amount could not be spent before 31 <sup>st</sup> March, 2024 (deposited entire unspent amount of ₹ 0.07 million towards ongoing project on 23 <sup>rd</sup> April, 2024 with BNP Paribas bank)		

### 25. Contingent Liabilities and Commitments

	Refer note below	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
		(in ₹ million)	(in ₹ million)
<b>A Contingent Liabilities*</b>			
Claims against the Company not acknowledged as debt			
Income–Tax matters			
(i) Matters decided in favor of the Company but disputed further by the income–tax authorities		8.2	18.9
(ii) Matters decided against the Company in respect of which the Company has preferred an appeal	Note 1	101.0	114.8
(iii) Tax demands by assessing officer in respect of which Company has preferred an appeal		2,949.8	2,949.8
Sales Tax matters	Note 2	446.2	587.9
Service Tax	Note 3	26.2	26.2
Custom matters	Note 4	—	21.6
Drug Price Control Order 2013	Note 36	416.2	416.2
Claims from third party manufacturer in respect of Excise matters	Note 5	—	57.1
Goods and Services tax	Note 6	36.2	—

The Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required.

\*Including Interest and Penalty, where applicable.

#### Note 1

Company has on-going disputes with income–tax authorities, whereby cases are pending before various levels of Appellate Courts. The disputes largely relate to legacy issues pertaining to tax exemption, tax deduction, depreciation, capital gains etc. Additionally, Company also has on-going withholding tax litigation. The Company periodically receives notices/enquiries/orders from direct tax authorities/courts and evaluates the same to determine if a provision/ contingent liability is to be created based on whether demands are likely to sustain or not.

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 25. Contingent Liabilities and Commitments (contd.)

#### Note 2

This consist of State specific Litigations at various forums under Valued Added Tax Act, Central Sales Tax Act and Entry Tax Act. Under Value Added Tax Act and Entry Tax Act, issues under litigation can be broadly classified into Claim of TDS/Tax Payment not allowed, Enhancement in Turnover, ITC/Credit Notes disallowance, Tax Free & Concessional sales disallowance etc. Under Central Sales Tax Act, issues under litigation can be broadly classified into Enhancement in Turnover, Exports/Tax Free goods/Concessional sales disallowed, Non-Submission of Statutory Forms etc.

#### Note 3

Service tax consist of litigation pending before CESTAT in respect of demand on the license fees/marketing fees.

#### Note 4

Custom duty consist of matter related to fulfillment of export obligation.

#### Note 5

This consists of litigation of levy of excise duty relating to classification issue for manufacture of certain products.

#### Note 6

This consists of state specific litigations mainly due to denial of input tax credit under Goods and Service tax Act.

Note:

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

### 26. Provisions

	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
<b>(i) Provision for Non-saleable Sales Returns</b>		
As at 1 <sup>st</sup> April	43.6	61.3
Provision made during the year	28.1	37.0
Amounts used during the year	(37.1)	(54.7)
As at 31 <sup>st</sup> March	<u>34.6</u>	<u>43.6</u>
Provision is made for the non-saleable sales returns of goods from the customers estimated on the basis of historical data of sales return trends with respect to the shelf life of various products, level of inventories in the distribution channel, specific events during the year, etc. Such provision for non-saleable sales returns is reduced from sale of products for the year. These claims are expected to be settled in next financial year.		
<b>(ii) Provision for Contingencies</b>		
As at 1 <sup>st</sup> April	167.8	79.7
Provision/Adjustments made during the year	53.7	88.1
Amounts used during the year	(32.0)	—
As at 31 <sup>st</sup> March	<u>189.5</u>	<u>167.8</u>
Provision for matter related to pricing dispute for products covered under DPCO and sales tax matters made for probable liabilities/claims arising out of pending disputes, litigations/commercial transactions with statutory authorities/third parties.		
<b>(iii) Provision for Employee Separation</b>		
As at 1 <sup>st</sup> April	188.6	501.8
Provision made during the year	—	70.3
Amounts used/paid during the year	(34.5)	(383.5)
As at 31 <sup>st</sup> March	<u>154.1</u>	<u>188.6</u>

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

27. Disclosures as required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006. This information and that given in Note 14(b)– Trade Payables regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
(a) Principal amount remaining unpaid to any supplier as at the end of the year	6.4	12.3
Interest due thereon remaining unpaid to any suppliers as at the end of the year	0.1	*
(b) The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during the year	—	—
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified	0.5	0.3
(d) The amount of interest accrued and remaining unpaid at the end of the year	1.4	0.3
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	0.3	0.1

\*Amount is below the rounding off norm adopted by the Company.

## 28. Tax expense

	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
<b>(a) Tax expense</b>		
<b>Current tax</b>		
In respect of the current year	314.7	210.8
In respect of the earlier years*	61.6	(194.0)
<b>Total current tax expense</b>	<b>376.3</b>	<b>16.8</b>
<b>Deferred tax</b>	0.2	103.4
<b>Total deferred tax expense</b>	<b>0.2</b>	<b>103.4</b>
<b>Tax expense recognised in statement of profit or loss</b>	<b>376.5</b>	<b>120.2</b>

\* Represents (write back of provision)/ provision made towards Income tax demand orders.

**28. Tax expense (contd.)**

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
<b>(b) The Income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
Profit before tax	1,228.4	1,153.8
Income Tax expense*	309.2	290.4
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of expenses that are not deductible in determining taxable profit	6.3	26.8
Other items	(0.6)	(3.0)
Adjustments for current tax of prior years (net)	61.6	(194.0)
<b>Income tax expense</b>	<u><b>376.5</b></u>	<u><b>120.2</b></u>
* The tax rate used for the FY 2023–24 and FY 2022–23 in the reconciliations above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profit under the Indian tax laws.		
<b>(c) Income tax recognised in Other Comprehensive Income</b>		
<b>Deferred Tax</b>		
Arising on amounts recognised in Other Comprehensive Income		
— Remeasurements of Defined Benefit Plans	(4.1)	(10.4)
	<u><b>(4.1)</b></u>	<u><b>(10.4)</b></u>

**29. Segment Information**

The Company has a single business segment namely 'Pharmaceutical Business', and generates revenues from its operations in India. The Company has only one customer with whom revenue from sale of traded goods ₹ 1,611.0 million (Previous year ₹ 1,800.3 million) is more than 10% of the total revenue from sale of traded goods.

**30. Revenue from Operations**

**A. Reconciliation of Revenue from sale of products with contracted price**

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
Contracted Price	3,651.5	4,020.1
Less: Trade discounts, free goods etc	(317.7)	(347.8)
<b>Sale of Products</b>	<u><b>3,333.8</b></u>	<u><b>3,672.3</b></u>

**B. Disaggregation of revenue from contracts with customers**

Out of the revenue from contracts with customer, ₹ 1,611.0 million (Previous year ₹ 1,800.3 million) of revenue from sale of traded goods pertains to one major customer and remaining revenue from sale of traded goods and sale of services ₹ 1,729.4 million (Previous year ₹ 1,890.8 million) pertains to other customers.

## Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

### 30. Revenue from Operations (contd.)

#### C. Contract Balances

	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
Contract Liabilities [Refer Note 17]	23.1	18.7
	<b>23.1</b>	<b>18.7</b>

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2024. Contract liability of current year will be recognised as revenue in coming twelve months.

#### D. Performance Obligation

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms. For the accounting policy for revenue recognition see Note 1J

<b>Type of product/Service</b>	<b>Nature and timing of satisfaction of performance obligation, including significant payment terms</b>
Sale of traded goods	Revenue from sales of products is recognized at a point in time when control of the products is transferred to the customer, generally when the goods are dispatched from the Company's warehouse. Payments terms are generally in the range of 7 days to 90 days
Sale of services	Revenue is recognised at a point in time when the Company satisfies performance obligations by transferring the promised services to its customers. Payments terms are generally 30 days.

### 31. Related Party Disclosures

#### (A) Enterprise where control exists

Holding Company	Novartis AG, Switzerland
-----------------	--------------------------

#### (B) Other Related Parties with whom the company had transactions during the year and/or the previous year

(i) Fellow Subsidiaries with whom transactions have taken place during the year	Novartis Healthcare Private Limited, India
	Novartis Holding AG, Switzerland
	Novartis Pharma AG
	Novartis Pharma Services AG, Switzerland
	Novartis Farma – Produtos Farmacêuticos, S.A.
	Novartis–Mitarbeiterbeteiligungsstiftung (MBS)
(ii) List of other related parties (Post–employment benefit plan of Novartis India Limited)	Novartis International AG
	Novartis India Limited Employees' Provident Fund Novartis India Limited Superannuation Fund

#### (C) Key Management Personnel

S. Murdeshwar (Till 2 April, 2024)
C. Snook*
J. Hiremath @ (Till 31 March, 2024)
S. Gira @ (From 31 March, 2024)
S. Martyres @
Sanker Parmeswaran @
Monaz Noble* (Till 21 November, 2022)
Shilpa Joshi (From 22 November, 2022)

@ Independent Directors

\* Non Independent Non Executive Director



**31. Related Party Disclosures (contd.)**

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

	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
<b>(a) Holding Company and Ultimate Holding Company</b>		
Dividend paid	828.9	174.5
Royalty Expense	25.4	29.3
Balance as at the year end — Outstanding Payable	11.5	16.0
<b>(b) Fellow Subsidiaries</b>		
	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
Purchases of Stock-in-Trade Novartis Pharma AG	809.9	754.2
	<b>809.9</b>	<b>754.2</b>
Sale of Services Novartis Healthcare Private Limited	6.6	18.8
	<b>6.6</b>	<b>18.8</b>
Commission Income Novartis Healthcare Private Limited	10.3	96.3
	<b>10.3</b>	<b>96.3</b>
Services Availed Novartis Healthcare Private Limited	22.0	22.4
	<b>22.0</b>	<b>22.4</b>
Sale of Property Plant and Equipment Novartis Healthcare Private Limited	—	2.0
	<b>—</b>	<b>2.0</b>
Purchase of Restricted Shares (including shares under ESPP) of Novartis AG on behalf of employees of the Company by Novartis-Mitarbeiterbeteili- gungsstiftung (MBS)	6.0	—
Novartis Holding AG	0.9	3.1
	<b>6.9</b>	<b>3.1</b>
Forfeiture of Restricted Shares of Novartis AG by Novartis Holding AG	—	7.6
	<b>—</b>	<b>7.6</b>
Expenses paid by Company on behalf of the related party Novartis Pharma Services AG Novartis Farma – Produtos Farmacêuticos, S.A.	—	41.0
	10.1	—
	<b>10.1</b>	<b>41.0</b>
Expenses paid by the related party on behalf of the Company Novartis International AG Novartis Healthcare Private Limited	—	0.2
	1.1	—
	<b>1.1</b>	<b>0.2</b>

Notes forming part of the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

31. Related Party Disclosures (contd.)

	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
<b>Balances as at the year end –</b>		
Outstanding Receivables		
Novartis Healthcare Private Limited	0.9	15.6
Novartis Pharma AG	—	13.7
	<u><b>0.9</b></u>	<u><b>29.3</b></u>
Outstanding Payables		
Novartis Healthcare Private Limited	7.4	37.4
Novartis Holding AG	—	3.1
Novartis–Mitarbeiterbeteiligungsstiftung (MBS)	6.0	—
Novartis Pharma AG	138.5	105.1
	<u><b>151.9</b></u>	<u><b>145.6</b></u>
<b>(c) Post Employment Benefit Plans of Novartis India Limited</b>		
	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
Contribution to In–house Trust for Post Employment Benefits		
Novartis India Limited Employees’ Provident Fund	27.8	152.4
Novartis India Limited Employees’ Superannuation Fund	0.1	0.3
	<u><b>27.9</b></u>	<u><b>152.7</b></u>
<b>(d) Key Management Personnel Compensation</b>		
	<b>31<sup>st</sup> March, 2024</b>	<b>31<sup>st</sup> March, 2023</b>
	<b>(in ₹ million)</b>	<b>(in ₹ million)</b>
Managing Director–Remuneration	17.3	10.1
Whole time Director & Chief Financial Officer	12.4	3.8
Post–employment & long term benefits	0.2	0.4
Commission to Independent Directors	3.0	3.0
Sitting fees to Independent Directors	1.3	1.1
<b>Total compensation</b>	<u><b>34.3</b></u>	<u><b>18.4</b></u>

Notes:

- 1) The company had a Managing Director during the year, till 2<sup>nd</sup> April, 2024.
- 2) No amounts have been written off/provided for or written back in respect of amounts receivable from or payable to the related parties except as disclosed above.
- 3) Outstanding balances at the year–end are unsecured and interest free and settlement occurs in cash.

### 32. Disclosures required under Ind AS 116 “Leases”

The Company has taken residential/office premises on lease. The lease term in respect of these leases range from 3 to 10 years. In respect of the said leases, the additional information is as under:

#### Right-of-use assets

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
The carrying amount of right of use assets at the start of reporting period by class of underlying asset.	174.0	201.7
Depreciation charge for right-of-use assets	24.3	43.0
Addition to right-of-use assets	—	15.3
Derecognition of right-of-use assets	96.8	—
The carrying amount of right of use assets at the end of reporting period by class of underlying asset.	52.9	174.0
Depreciation charge for right-of-use assets	24.3	43.0
Interest expense on lease liability	14.8	17.0
Gain on derecognition of lease liability and Right-of-Use Assets (Refer Note below)	26.8	—
Total cash outflow for leases	37.0	57.4
Addition to right of use assets	—	15.3
The carrying amount of right of use assets at the end of reporting period by class of underlying asset.	52.9	174.0
Maturity analysis of lease liabilities (on undiscounted basis):		
not later than one month;	2.0	4.8
later than one month and not later than three months;	4.0	9.6
later than three months and not later than one year;	18.0	43.3
later than one year and not later than five years; and	56.8	201.7
later than five years	—	—
Weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date of initial application	8.50%	8.41%

#### General description of significant leasing agreements

- (i) Refundable interest free deposits have been given under lease agreements.
- (ii) Some of the agreements provide for increase in rent.
- (iii) Some of the agreements provide for early termination by either party with a specified notice period / renewal with conditions.

Note : The Company has amended the original agreement with the lessor for one of the premise taken on lease, which has resulted in decrease in scope of original agreement. Pursuant to such decrease, there is a partial derecognition of the lease liability and the Right of Use asset. The gain on the resulting derecognition has been recognised under Other Income.

### 33. Earnings Per Share

Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The company has not issued any potential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same. Earnings per share has been computed as under:

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
(a) <b>Basic &amp; diluted earnings per share:-</b>		
From operations attributable to the equity holders of the Company (in ₹) (Face value of ₹5/share)	34.50	41.86
(b) <b>Earnings used in calculation of basic &amp; diluted earnings per share</b>		
Profit for the year attributable to the equity shareholders of the Company (in ₹ million)	851.9	1,033.6
(c) Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per share (number of shares)	24,690,797	24,690,797

### 34. Disclosures for Employee Share Based Payments

The Company offers its employees, share based payments in the form of a "Select" plan. The Equity Plan "Select" is a global equity incentive plan for eligible employees. This plan allows its participants to choose the form of their equity compensation in 'Restricted Shares' or 'Tradable Options' of the ultimate holding company, Novartis AG, Basel. The "Select" plan of the ultimate holding company is being managed and administered by the group company, Novartis Holding AG and the Company is compensating Novartis Holding AG for the Restricted Shares or Tradable Options acquired towards the grants made to the employees and accordingly these costs are being reflected in the financial statements.

There are two schemes under which employees are granted stock options:

- (A) Tradable Stock Options, as per which the employee can sell the options to market maker once it is vested. Tradable Options have a contractual life of 10 years from the date of grant.

There were no tradable stock options outstanding as at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 and no tradable stock options were granted during both these financial years.

- (B) Restricted Shares are the shares of its ultimate holding company. These do not have voting rights until vested to employees. There is no time limit to sell the Restricted Shares once these are vested.

#### Restricted Shares

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
Type of Arrangement		
(i) Date of Grant	@	\$
(ii) Numbers Granted	747	402
(iii) Vesting Conditions	1 – 3 Years	3 years
@ 24 <sup>th</sup> January, 2024, 2 <sup>nd</sup> May, 2023		
\$ 26 <sup>th</sup> January, 2023		

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
(i) Balance at the beginning of the year	810	6,370
(ii) Granted	747	402
(iii) Grants forfeited	—	1,092
(iv) Grants vested	192	2,389
(v) Grants Transferred	—	2,481
(vi) Balance at the end of the year	1,365	810
(vii) Weighted average remaining contractual life of Restricted Shares outstanding at end of period	1.66 years	2.08 years

### 34. Disclosures for Employee Share Based Payments (contd.)

#### Fair Value of the Restricted Stock Units

The Fair Value of Restricted Stock Unit is equivalent to the market price of traded stock of Novartis AG as on date of grant.

#### Expenses arising from share based payment transactions

Total expenses/(credit) arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense is as follows:

Particulars	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Restricted Stock Units	2.5	3.9
<b>Total employee share based payment expense/(credit)</b>	<b>2.5</b>	<b>3.9</b>

### 35. Employee Share Purchase Plan (ESPP)

In the year ending 31<sup>st</sup> March 2024 Novartis AG started to grant shares under the Employee Share Purchase Plan (ESPP). The ESPP enables employees to voluntarily purchase Novartis AG shares through payroll deductions at a discounted price. The shares are not subject to a vesting period.

The total charge to Statement of Profit and Loss on of ESPP is ₹ 0.1 million

The total carrying amount as on 31 March 2024 on account of ESPP is ₹ 0.4 million

36. (a) The Company has filed a Writ Petition on 8<sup>th</sup> May, 2014 before the Hon'ble Delhi High Court challenging the move of the National Pharmaceuticals Pricing Authority ("NPPA") to include Voveran 50 GE Tablets, marketed by the Company, under price control in terms of the Drug Price Control Order 2013 ("DPCO 2013").

During the pendency of the Writ Petition, the NPPA issued a Show Cause Notice dated 24<sup>th</sup> September, 2014 to the Company alleging over charge on sales of Voveran 50 GE Tablets by the Company. The Company responded to the show cause notice vide its letters dated 13<sup>th</sup> October, 2014 and 27<sup>th</sup> October, 2014. The NPPA issued a Demand Notice dated 31<sup>st</sup> October, 2014 directing the Company to pay ₹ 281.8 million (including interest) by 15<sup>th</sup> November, 2014. This demand has been challenged by the Company before the Hon'ble Delhi High Court by way of miscellaneous applications followed by an amended writ petition. The Hon'ble Delhi High Court passed order restraining the NPPA from taking coercive steps in respect of the aforesaid demand. Due to COVID-19 the Hon'ble Delhi High Court is taking up the cases filed during the pandemic, therefore there has been delay in taking up case. The Next tentative next date of hearing is 15<sup>th</sup> May, 2024.

In the opinion of the Company, Voveran 50 GE Tablet is not covered under the category of essential medicines under the National List of Essential Medicines and, hence, is a non-scheduled drug under DPCO, 2013. Therefore, Voveran 50 GE Tablet cannot be brought under the regime of price control under Paragraph 14 of the DPCO, 2013. Accordingly, no provision is considered necessary at this stage.

- (b) The NPPA had issued a demand notice dated 20<sup>th</sup>/25<sup>th</sup> June, 2018 of ₹ 134.4 million (including interest) on the Company alleging over charge on sales of Tegrital CR 200 by the Company. This demand has been challenged by the Company before the Hon'ble Delhi High Court by filing a Writ Petition on 27<sup>th</sup> July, 2018 challenging the move of the NPPA to include Tegrital CR 200, marketed by the Company, under price control in terms of the DPCO 2013. The Hon'ble Delhi High Court had on 6<sup>th</sup> August, 2018 passed an order directing the NPPA not to give effect to the aforesaid impugned demand notice. Due to COVID-19 the Hon'ble Delhi High Court is taking up the cases filed during the pandemic, therefore there has been delay in taking up case. This writ petition was listed on 30<sup>th</sup> March, 2022, however due to paucity of time hearing has been adjourned to 23<sup>rd</sup> July, 2024.

In the opinion of the Company, the Price Revision Notification dated 28<sup>th</sup> April, 2014 would not apply to Tegrital CR 200 as it was not covered by the ambit of price notification in as much Tegrital CR 200 drug was not a "scheduled formulation" under DPCO 2013. When Tegrital CR became a scheduled formulation w.e.f. 10<sup>th</sup> March, 2016, NPPA issued a separate Ceiling Price Notification on 29<sup>th</sup> March, 2016 for the said formulation, which amounts to admission on the part of NPPA that this formulation could be covered only by the subsequent Notification of 2016 and not by the prior Notification of 2014, on the basis whereof the impugned Demand has been raised by NPPA. Accordingly, no provision is considered necessary at this stage.

### 37. Financial Instruments

#### Financial Instruments – Fair values and Risk Management

##### A Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

##### Carrying amount of financial assets and liabilities at amortised cost

Particulars	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
<b>Financial assets at amortised cost</b>		
Trade Receivables	414.7	361.6
Cash and Cash Equivalents	449.8	194.2
Bank Balances other than (ii) above	5,511.0	5,365.2
Other Financial Assets	8.1	138.7
	<b>6,383.6</b>	<b>6,059.7</b>
<b>Financial liabilities not measured at fair value</b>		
Bank Overdraft	0.2	—
Lease Liabilities	18.8	41.2
Trade Payables	615.9	596.7
Other Financial Liabilities	266.2	301.3
	<b>901.1</b>	<b>939.2</b>

##### Fair value of Financial assets and liabilities at amortised cost

Particulars	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
<b>Financial assets at amortised cost (level 2)</b>		
Other non-current financial assets	21.7	25.4
<b>Financial liabilities at amortised cost (level 2)</b>		
Other non-current financial liabilities	2.2	77.9

##### Note

Fair values of financial instruments such as trade receivables, short term loans, cash and cash equivalents, bank balances other than cash and cash equivalents and trade payables have not been disclosed because their carrying amounts are a reasonable approximation of fair value.

##### Fair value hierarchy

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3** – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following tables show the valuation techniques used in measuring Level 2 fair values for financial instruments.

Type	Valuation technique
Non-current loans	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The own non-performance risk in case of financial liabilities was assessed to be insignificant.
Other non-current financial assets	
Other non-current financial liabilities	



### 38. Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. Market risk is the loss of future earnings, fair values or future cash flows that may result from the change of a price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables.

#### (A) Credit Risk

The Company is exposed to credit risk, which is the risk that counter party will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers including outstanding receivables.

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

##### (i) Trade and other receivables

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. The Company manages credit risk through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

At 31<sup>st</sup> March, 2024, the Company had 5 customers (At 31<sup>st</sup> March, 2023 : 5 customer) that owed the Company more than ₹ 10 million each and accounted for approximately 66% (At 31<sup>st</sup> March, 2023 : 60%) of all the trade receivables, excluding related parties. The Company performs regular monitoring of credit limits and key performance indicators as agreed as well as manages the collection of receivables in order to minimize the credit risk exposure.

In furtherance to above, the Company has assessed the impact of the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized in respect of trade receivables.

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account historical data of collections. Receivables are classified into different buckets based on the overdue period ranging from 6 months – one year to more than two years. There are different provisioning rates for each bucket.

Historical trends of impairment of trade receivables do not reflect any significant credit losses. The Company has further considered internal and external sources of information, specifically having regard to the current macro economic conditions and the global health pandemic to assess the impact on credit losses. Basis the information available as at the date of approval of these financial statements, the Company expects the historical trend of minimal credit losses to continue.

For credit risk exposure, refer note 8 Trade Receivables.

The following table provides information about the exposure to credit risk and ECL's for trade receivables from individual customers:

##### [ii(a)] Expected Credit loss assessment for customers

As at March 31, 2024	Trade receivable balance	Weighted average loss rate	Impairment loss allowance	Credit Impaired
Not due	404.9	0.7%	2.9	No
1–30 Days	2.5	0.0%	—	No
31–90 days	3.9	0.0%	—	No
91–180 days	0.8	0.0%	—	No
181–360 days	1.1	0.0%	—	No
More than 360 days	26.5	83.3%	22.1	Yes
	<b>439.7</b>		<b>25.0</b>	

### 38. Financial risk management (contd.)

#### [ii(b)] Expected Credit loss assessment for customers

As at March 31, 2023	Trade receivable balance	Weighted average loss rate	Impairment loss allowance	Credit Impaired
Not due	350.1	1.0%	3.5	No
1–30 Days	7.3	0.0%	–	No
31–90 days	1.9	0.0%	–	No
91–180 days	1.6	0.0%	–	No
181–360 days	0.6	0.0%	–	No
More than 360 days	23.4	84.6%	19.8	Yes
	<b>384.9</b>		<b>23.3</b>	

#### [ii(c)] Movement in expected credit loss allowance

Particulars	(in ₹ million)
<b>As at 1<sup>st</sup> April, 2022</b>	<b>26.5</b>
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	3.7
Debts (written off)	(6.9)
<b>As at 31<sup>st</sup> March, 2023</b>	<b>23.3</b>
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	1.7
<b>As at 31<sup>st</sup> March, 2024</b>	<b>25.0</b>

#### (iii) Cash and cash equivalents and deposits with banks

Credit risk on Cash and Cash Equivalents is limited as the Company generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

## (B) Liquidity Risk

### (i) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due. Company's treasury maintains flexibility in funding by maintaining sufficient cash and bank balances available to meet the working capital requirements. Bank balances are maintained with reputed banks. Management monitors rolling forecasts of the company's liquidity position (comprising the unused cash and bank balances along with temporary investments in fixed deposits) on the basis of expected cash flows. This is generally carried out at Company level in accordance with practice and limits set by the Company. These limits vary to take into account the liquidity of the market in which the Company operates.

### (ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity based on their remaining contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual cash flows. Balances approximate their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	(in ₹ million)				
	Less than 1 year	1 to 3 years	More than 3 years	Total	Carrying value
<b>31<sup>st</sup> March, 2024</b>					
<b>Non-derivative financial liabilities</b>					
Non-Interest bearing	882.1	—	—	882.1	882.1
Fixed interest rate instruments*	0.2	—	2.2	2.4	2.4
Lease Liability	24.0	56.8	—	80.8	69.5
<b>Total</b>	<b>906.3</b>	<b>56.8</b>	<b>2.2</b>	<b>965.3</b>	<b>954.0</b>

**38. Financial risk management (contd.)**

Contractual maturities of financial liabilities	(in ₹ million)				
	Less than 1 year	1 to 3 years	More than 3 years	Total	Carrying value
<b>31<sup>st</sup> March, 2023</b>					
<b>Non-derivative financial liabilities</b>					
Non-Interest bearing	898.0	75.0	—	973.0	973.0
Fixed interest rate instruments*	—	—	2.9	2.9	2.9
Lease Liability	57.7	201.7	—	259.4	215.1
<b>Total</b>	<b>955.7</b>	<b>276.7</b>	<b>2.9</b>	<b>1,235.3</b>	<b>1,191.0</b>

\* Effective interest rate payable on security deposit on 31 March, 2024 is 5.88% (31 March 2023 – 4.4%) and on bank overdraft on 31 March 2024 is 9.1% (31 March 2023 – Nil)

**(iii) Maturities of financial assets**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial assets	(in ₹ million)				
	Less than 1 year	1 to 3 years	More than 3 years	Total	Carrying value
<b>31<sup>st</sup> March, 2024</b>					
<b>Non-derivative financial assets</b>					
Non-Interest bearing	525.1	6.8	18.4	550.3	512.7
Fixed interest rate instruments*	5,893.2	4.7	—	5,897.9	5,895.8
<b>Total</b>	<b>6,418.3</b>	<b>11.4</b>	<b>18.4</b>	<b>6,448.2</b>	<b>6,408.5</b>
<b>31<sup>st</sup> March, 2023</b>					
<b>Non-derivative financial assets</b>					
Non-Interest bearing	520.5	22.0	18.4	560.9	487.5
Fixed interest rate instruments*	5,576.2	6.4	—	5,582.6	5,582.6
<b>Total</b>	<b>6,096.7</b>	<b>28.4</b>	<b>18.4</b>	<b>6,143.5</b>	<b>6,070.1</b>

\*Effective interest rate is 3%

**(iv) Financing arrangements**

The Company has access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
	(in ₹ million)	(in ₹ million)
Bank Overdraft/ WCDL facility	19.8	20.0
Non-Fund Based facility: (Letter of Credit, Bank Guarantee, etc.)	117.5	108.2

### 38. Financial risk management (contd.)

#### (C) Market Risk – Foreign Exchange

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. These transactions are mainly with the related parties only. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the Company is to minimize the volatility of the ₹ cash flows of highly probable forecast transactions.

The Company actively monitors and seeks to reduce, where it deems it appropriate to do so, fluctuations in these exposures.

#### (i) Foreign Currency Risk Exposure:

The Company has not entered into any derivative transactions during the year.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ (in million), is as follows :

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
<b>Receivables</b>		
USD	—	—
<b>Payables</b>		
USD	144.5	108.1
SGD	1.1	—

#### (ii) Sensitivity:

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

	<u>31<sup>st</sup> March, 2024</u>	<u>31<sup>st</sup> March, 2023</u>
	(in ₹ million)	(in ₹ million)
<b>USD sensitivity</b>		
₹/USD –Increase by 1% #	(1.4)	(1.1)
₹/USD –decrease by 1% #	1.4	1.1
#Holding all other variables constant		

### 39. Capital management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company has a bank overdraft as at 31<sup>st</sup> March, 2024 and no borrowings as at 31<sup>st</sup> March, 2023, and no borrowings were availed during the previous year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023.

**40. Ratios**

Ratio	Numerator	Denominator	2024	2023	% Change as compared to 2023
<b>Current Ratio</b>	Current Assests	Current liabilities	<b>4.4</b>	4.2	5%
<b>Debt–equity ratio</b>	Lease liabilities + Borrowings	Shareholder equity	<b>0.01</b>	0.03	(66%)
<b>Explanation</b>	Variance in lease liabilities is due to reduction in lease area resulting in reduced lease payments compared to previous year.				
<b>Debt Service coverage ratio</b>	Earning available for debt service	Lease payments	<b>24.2</b>	19.4	25%
<b>Explanation</b>	Variance in lease liabilities is due to reduction in lease area resulting in reduced lease payments compared to previous year.				
<b>Return on equity Ratio</b>	Profit for the year	"Average Shareholder's equity (Opening + Closing)/2"	<b>11.2%</b>	14.1%	(20%)
<b>Inventory turnover Ratio</b>	Sale of Products	"Average Inventory (Opening + Closing)/2"	<b>6.7</b>	6.6	2%
<b>Trade receivable turnover Ratio</b>	Revenue from Operations	"Average Trade Receivables (Opening + Closing)/2"	<b>8.6</b>	9.4	(8%)
<b>Trade Payable turnover Ratio</b>	Purchases of Stock–in–Trade + Other Expenses	"Average Trade payables (Opening + Closing)/2"	<b>4.1</b>	4.2	(3%)
<b>Net capital turnover Ratio</b>	Revenue from Operations	"Average Working Capital (Opening + Closing)/2"	<b>0.6</b>	0.8	(16%)
<b>Net Profit Ratio</b>	Profit for the year	Revenue from Operations	<b>25.4%</b>	27.3%	(7%)
<b>Return on capital employed</b>	Earnings Before Interest and Taxes	Capital Employed	<b>9.2%</b>	7.9%	17%
<b>Return on Investment</b>	Weighted average Interest Income on Bank Deposit	Weighted average bank deposits	<b>6.4%</b>	5.2%	24%

- 41.** There are no funds that have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 42.** There are no funds that have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**43. Additional disclosures****i Details of benami property held**

No proceedings have been initiated on/or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**ii Willful defaulter**

The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

### 43. Additional disclosures (contd.)

#### iii Relationships with struck off Companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956 for the year ended 31 March 2023

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956 except as mentioned below for the year ended 31 March 2024.

Sr.no	Company name	No of Shares	Relationship with company
1	FAIRTRADE SECURITIES LIMITED	1.0	Shareholder
2	ROOPAK TRADING AND INVESTMENTS PVT LTD	50.0	Shareholder
3	MHT INVESTMENT PVT.LTD.	2.0	Shareholder

#### iv Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

#### v Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

#### vi Details of Crypto currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

#### vii Compliance with number of layers of Companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

#### viii Valuation of Property plant and equipment, intangible assets and investment property

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

#### ix Charges or satisfaction which are yet to be registered with Registrar of Companies beyond the satisfactory period.

Sr. no	Charge holder's name	Amount in Million	Status
1	Grindlays Bank	452.0	There is no outstanding liability w.r.t. these charges. However, the details of satisfaction of charge have been communicated with acknowledgement to Register of Charges but the procedures of updation of Register of Charges for satisfaction of charge is yet to be completed.
2	The Industrial Credit and Investment Corporation of India Ltd	200.0	
3	Citi Bank N.A	5.0	
4	The National Bank of India Ltd	0.3	

As per our report of even date attached.

For and on behalf of the Board  
CIN – L24200MH1947PLC006104

#### For B S R & Co LLP

Chartered Accountants

Firm's Registration Number – 101248W/W – 100022

#### Christopher Snook

Chairman

DIN: 00369790

#### Shilpa Joshi

Whole time Director &

Chief Financial Officer

DIN: 09775615

#### Maulik Jhaveri

Partner

Membership no. 116008

Mumbai, 10<sup>th</sup> May, 2024

#### Chandni Maru

Company Secretary &

Compliance Officer

Membership no. ACS 60291

Mumbai, 10<sup>th</sup> May, 2024





## FINANCIALS SUMMARY OF 10 YEARS

(₹ in million)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
<b>I. INCOME, PROFIT AND DIVIDEND</b>										
Sales of product (Net)	<b>3334</b>	3672	3754	3565	3997	4322	4980	5836	7222	8122
Profit before tax (PBT)	<b>1228</b>	1154	-38	400	286	858	1575	917	2717	932
Profit after tax (PAT)	<b>852</b>	1034	-37	209	101	518	784	572	1983	791
Dividend	<b>617</b>	1173	247	247	247	247	247	281	320	320
Dividend - ₹ per share	<b>25</b>	47.5	10	10	10	10	10	10	10	10
<b>II. SHAREHOLDER'S FUND</b>										
Share capital	<b>123</b>	123	123	123	123	123	123	141	160	160
Reserve and surplus	<b>7325</b>	7633	6,794	6989	7084	7469	7213	9055	11776	9860
Net worth (Shareholder's fund)	<b>7448</b>	7757	6917	7112	7207	7592	7336	9196	11936	10020
<b>III. RATIOS</b>										
Return on sales (PAT) %	<b>25.6</b>	28.1	-1.0	5.9	2.5	12	15.7	9.8	27.5	9.7
Return on shareholder's fund (PAT) %	<b>11.4</b>	13.3	-0.5	2.9	1.4	6.8	10.7	6.2	16.6	7.9
Earning per share (calculated on PAT) ₹	<b>34.5</b>	41.86	-1.51	8.46	4.08	20.97	28.43	19.1	62.04	24.75

**Notes:**

- 1) In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, with effect from April 1, 2016. The figures mentioned for the financial year 2015-16 in the above table have been restated to Ind AS.
- 2) In the financial year 2017-18, the Company undertook buy back of 3,450,000 shares by way of tender offer through stock exchange mechanism.
- 3) In the financial year 2016-17, the Company undertook buy back of 3,820,000 shares by way of tender offer through stock exchange mechanism.
- 4) The financial year 2015-16 includes extraordinary items from sale of OTC and Animal Health Divisions.
- 5) The financial year 2021-22 includes an exceptional expense towards employee separation relating to a business transaction of Established Medicines Division.



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