

June 30, 2022

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 2021-22 and Notice convening the 74th Annual General Meeting of Novartis India Limited ('the Company')

This is further to our letter dated May 19, 2022, wherein we had informed that the 74th Annual General Meeting ('AGM') of the Company is scheduled to be held on **Friday, July 29, 2022, 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 2021-22 along with the Notice of 74th AGM of the Company, which is also being sent to the Members through electronic mode.

The Annual Report for the financial year 2021-22 containing the Notice of AGM is also available on the website of the Company at <https://www.novartis.in/investors/novartis-india-financial-results>

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 **Tuesday, July 26, 2022 at 9:00 a.m. (IST)** and ends on **Thursday, July 28, 2022 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. **Friday, July 22, 2022**, 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**



Nikhil Malpani
Company Secretary and Compliance Officer

Encl.:

Annual Report for the financial year 2021-22 containing Notice of the 74th Annual General Meeting



NOVARTIS INDIA LIMITED
ANNUAL REPORT 2021-22





CONTENTS

Letter from the Chairman	03
Letter from the Vice Chairman & Managing Director	04
Notice	16
Board's Report	45
Report on Corporate Governance	67
Certificate on Corporate Governance	87
Business Responsibility Report	88
Independent Auditors' Report	96
Balance Sheet	108
Profit and Loss Account	109
Notes Forming Part of the Financial Statements	111
Cash Flow Statement	147
Financial Summary for Ten Years	Inside Back Cover

BOARD OF DIRECTORS

Christopher Snook	Chairman
Sanjay Murdeshwar	Vice Chairman & Managing Director
Monaz Noble	Non-Executive & Non-Independent Director
Jai Hiremath	Independent Director
Sandra Martyres	Independent Director
Sanker Parameswaran	Independent Director

Nikhil Malpani	Company Secretary & Compliance Officer (w.e.f. April 27, 2022)
Shilpa Joshi	Chief Financial Officer (w.e.f. May 1, 2022)
CIN	L24200MH1947PLC006104
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Telephone Nos.	+91 22 5024 3000
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Website	www.novartis.in
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Telephone Nos.	+91 22 4918 6000
Fax	+91 22 4918 6060
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Annual General Meeting

11.00 a.m. Friday, July 29, 2022

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 to note 3 on page number 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 Shareholder,

That the COVID-19 pandemic is behind us would have been a heartening opening to my note. Alas, as we enter the third year of hosting this unwelcome virus, the end seems elusive, often in the vicinity, yet blurry.

The unsolicited change inflicted by this pandemic upon humankind, almost overnight, brought to fore the astonishing fortitude of people across the globe. Our intrinsic nature as a social being was put to test, let alone the emotional and physical angst we endured. The young were left devoid of making friends and going to school and the old were left engulfed with untimely fears. Many lost their means to livelihood and lives of their loved ones. Yet, resilient we are, and through these incredibly testing and challenging times, we unlearned our ways and are adapting.

We are gradually learning to co-exist.

Personally, for me the silver lining is the much-deserved prominence gained by 'Health' and its 'Care'. Not only by the Governments and healthcare industries, but people like you and me. I am humbled by the unprecedented contribution and collaboration of the healthcare ecosystem to battle the pandemic, even as the industry itself was greatly impacted by it. India in particular demonstrated laud-worthy success in producing three indigenous vaccines, affordable home-based diagnostics, and truly rechristened healthcare delivery.

As a society, as an economy, as individuals, while we are still grappling with its aftermath, our resilience has led to some revival and recovery. The global public health crisis has had an impact on the economy and today industries the world over are on the path to rediscover and re-engineer their ways of working.

Embracing technology has proven fruitful and comes with a promise to go a long way in strengthening healthcare delivery in India.

The fear of the COVID-19 virus led to negligence of other health conditions and impacted health outcomes, especially non-communicable diseases, transplant, treatable blindness, amongst others. The agility in rolling out the teleconsultation policy by the Government of India, at the very onset of the pandemic, redefined the way our patients are receiving care today. This technique to bridge the gap between the physical and digital worlds has opened up opportunities to enable the uptake of pharmaco-economics to ensure healthcare accessibility leading to improved health outcomes.

What makes me most optimistic is the launch of the National Digital Health Mission (NDHM) by Hon'ble Prime Minister Mr. Narendra Modi last year. This gives India an opportunity for evidence-based policy decisions that would aid in developing systems to assess new and existing health technologies and bring us closer to realising the Universal Health Coverage. It seeks to follow the same model that the Government has followed in the direct benefit transfers of its various schemes – build on the technology stack based on Aadhar and Bank accounts linked to it. It has the potential to revolutionise how healthcare is delivered to hundreds of millions of Indians.

The Indian Government also announced ₹86,200.65 crore (US\$ 11.28 billion) outlay for the healthcare sector over six years in the Union Budget 2022-23 to strengthen the existing 'National Health Mission'.¹ These efforts can improve access to healthcare for Indian patients as well as drive economic growth by



enhancing India's global competitiveness. However, we still need to traverse a long journey to reduce the out-of-pocket expenditure, thereby minimising inequality in healthcare services.

A robust governance system has an immense multiplier effect on the healthcare system initiatives in a country. With technology that exists today, we have a way to promote the right and expected behaviours in the health delivery system, and to monitor and link them back to corrective actions.

At Novartis India Limited, we have been committed to improving and extending people's lives by reimagining access. This annual report provides a glimpse into how we overcame challenges to reimagine access to our medicines.

On behalf of the Board of Directors, I am pleased to continue with our steady dividend policy and propose a dividend of ₹10 per equity share of ₹5 face value per equity share at the forthcoming Annual General Meeting subject to the approval of the shareholders of the Company.

Thank you for your continued confidence in our Company. I look forward to the same in the years ahead.

Sincerely,
Christopher Snook
Chairman

1. <https://www.ibef.org/industry/healthcare-india.aspx>



Dear Shareholder,

At the outset, I would like to thank you for the trust you have reposed in our Company over the years. Our Company has the responsibility to help improve access to medicines and healthcare for those in need.

Healthcare is about life and outcomes. It is about people living longer with reduced days of illness. A healthcare system rests on the foundation of healthcare delivery and financing where both these need to work in tandem to deliver high quality healthcare to the citizens. Owing to the unique set of challenges faced by our nation we will need to evolve our own systems and solutions which work for our country. Merely copying models that are currently available in the Western world may not necessarily work.

The use of technology and leapfrogging the brick-and-mortar style of delivery will be crucial for India. The Government machinery as well as the private sector are making huge strides in this direction.

Through Ayushman Bharat, the Government aims to provide Comprehensive Primary Health Care (CPHC) through set-up of 150,000 Ayushman Bharat-Health and Wellness Centres¹ (HWCs) by December 2022, of which 77,786 have been operationalised as of September 2021.² This could potentially be strengthened by inclusion of Out-Patient Department (OPD) procedures that may help reduce the 70 percent³ out-of-pocket expenditure of the country. Incentives would then

be available for the private sector to invest in creating better infrastructure towards driving awareness, diagnosis, and treatment.

The Ayushman Bharat Digital Mission (ABDM) is expected to be rolled out in FY2022-2023. This aims to bridge the existing gaps in the healthcare ecosystem by the rollout of a Unified Health Interface (UHI) which will enable citizens to use a host of health services, including teleconsultations, and bookings of laboratory tests through the digital platform.⁴ By January 2022, nearly 150 million health IDs had been generated and 8,378 doctors and 5,016 facilities had been registered on the platform. Additionally, the allocation for ABDM was increased by ₹2 billion to develop the National Digital Health Ecosystem.⁵

A record number of healthcare start-ups have also sprung up, propelled by an entrepreneurial and technological spirit across the entire ecosystem of healthcare delivery.

On the financing side of healthcare, with an outlay of ₹64,180 crore till 2025-26 for increased investments in public health and other health reforms, the Government has laid concrete the foundation for the expansion of health insurance in a segment of the society devoid of healthcare, thus truly paving the path for improved access and health outcomes.⁶ Private insurance players are also gradually seen launching significant specialty coverage and innovative policies

1. Ayushman Bharat Health and Wellness Centres – Transforming India's Primary Healthcare System, MHFW GoI, 2021

2. Annual Report 2021-2022, Department of Health & Family Welfare, Ministry of Health & Family Welfare, GoI

3. Nearly 70 percent expenditure on health to come out of patients' pockets: Finance Commission report-The New Indian Express

4. More than 15 crore National Digital Health IDs created under ABDM, Press Release, 4th Feb 2022, Ministry of Health and Family Welfare

5. Union Budget FY 2022-23, GoI

6. Ministry of Health and Family Welfare, HFW/Press Conf of HFM on PM AB-HIM /26thOctober2021/4

taking care of advanced treatments, particularly in Oncology, Transplant, and Non-Communicable Diseases. There is an emergence of private healthcare financing players going the social entrepreneurship route to support treatment financing.

As we move ahead in this journey to improve access, we will need to find innovative ways to ensure that we reach the remotest village and person needing diagnosis and treatment.

Novartis AG lauds India's efforts to create a stronger healthcare environment through evidence-led innovations and programmes like – Make in India, National Health Policy, Ayushman Bharat, Digital Health Mission and many others.

If we look at the Indian Pharmaceutical industry, it has grown 10 times⁷ in the last two decades, driven by better awareness, diagnosis, affordable medicine, and more focus on healthcare.

Some of the key drivers of this growth are:

- Collaborations between multinational and local companies: For multinationals, these agreements enable more efficient and widespread reach of key brands, while for local manufacturers, it is an opportunity to expand disease area portfolios with best-in-class medicines;
- Accelerated technology adoption bolstered by ABDM and the surge in online orders on e-pharmacies

(~65 percent in 2021), leading to an unprecedented growth which is estimated to reach 70 million households by 2025 (FICCI).⁸

However, the industry also has to take into consideration the regulatory and external factors as it defines its strategy. In August 2021, the Department of Pharmaceuticals amended the 2013 Drugs Price Control Order with respect to drug ceiling price revisions. Following the amendment, the revision of prices has been delinked from the revision of the National List of Essential Medicines (NLEM). In September 2021, an updated NLEM 2021, including 39 additional drugs and 16 deletions from the previous list, was submitted to the Ministry of Health and Family Welfare for evaluation. The new, expanded version of the list – which includes a number of additional Antiretrovirals, Cancer, Cardiovascular and Anti-Diabetic Drugs – is now anticipated to be released in 2022.

As a tailwind to the industry, in April 2022, the National Pharmaceutical Pricing Authority has allowed a price hike of 10.8 percent in FY2023, significantly higher than the 0.5-4.2 percent price hikes allowed for NLEM drugs over FY2018-22.⁹ Fixed Dose Combination (FDC) medicines continue to be under the regulatory radar. This, coupled with the stringent requirements to gain marketing authorisation for FDCs, is gradually witnessing shifts in the portfolios of most manufacturers that previously marketed such products.

To improve access to healthcare and medicines our Company is committed to patients, healthcare partners and society at large. We aspire to discover new ways to improve and extend people's lives and be a trusted leader in changing the practice of medicine. Barring unforeseen circumstances, our endeavour is to continue to invest and build our portfolio on our four key disease areas of focus, namely Mature Neurology, Transplant, Mature Oncology and Bone & Pain. One step to this effect has been the exclusive sales and distribution arrangement entered by the Company with Dr. Reddy's Laboratories for some of our Established Medicines which include the Voveran® range, the Calcium range and Methergine®. This arrangement aims to further broaden access of these medicines beyond the current geographies to benefit many more patients, more efficiently, by significantly extending the reach of healthcare professionals through an expanded field force.

I am optimistic that with this increased focus and our best efforts, coupled with innovative lifecycle management, harnessing technology, capability building and meaningful partnerships, we are poised to benefit many more patients.

We extend our gratitude to you for your faith in us and continued loyalty and support.

Sincerely,
Sanjay Murdeshwar
Vice Chairman & Managing Director

7. EY India Pharma Report 2021

8. ePharmacies at COVID-19 Frontline, Fighting the Odds. Serving the Nation, FICCI, August 2020

9. Order dt. 30th March, 2022, Government of India, Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals, National Pharmaceutical Pricing Authority

Improving and extending lives of people living with transplanted organs in India

“Love recognises no barriers,” the American writer Maya Angelou once said. “It jumps hurdles, leaps fences, penetrates walls to arrive at its destination full of hope.” When Navika and Ashok (names changed) tied the knot in December 2011, they had yet to learn what marriage truly meant; the world was opening up for them, and there was so much to look forward to. Less than three months later, their lives turned topsy-turvy in ways that they could not begin to imagine.

THE SHOCK

It started with a routine medical check-up. Ashok, who was thirty years old, felt absolutely fine, and expected the results to be uneventful. An innocuous-looking number, however, raised an alarm. Ashok’s creatinine levels were higher than normal, and this is the first time Navika felt her heart sink.

As fate would have it, Navika was a professional counsellor to transplant patients and hence she couldn’t help but suspect a renal ailment. She knew that creatinine leaves the body as a waste product and healthy kidneys filter this chemical compound out. But none of her knowledge and experience prepared her for the upheaval she would experience in her own life.

For a while, Navika and Ashok believed that there was hope and non-invasive

medicines would come to their rescue. A nephrologist at one of Mumbai’s premier hospitals suggested that medicines might control the situation. For six months, Ashok remained on medication, yet his creatinine levels stubbornly stayed high and hypertension joined forces as a comorbidity. It was then that the doctor suggested a biopsy.

Over time, Navika and Ashok had steeled themselves for bad news. But the results turned out to be far worse than they had imagined. Ashok’s kidneys, they discovered, were functioning at just 20 percent of their capacity. “For me it was shocking,” Navika recalled. “We had just gotten married, and my world came crashing down!”

Clutching at straws, and a sliver of hope, Navika and Ashok decided to take a second opinion – and then a third – each time at a different hospital. His medications were extended for another six months, but at one point, the creatinine levels shot through the roof. Ashok would have to immediately start dialysis, the doctor said; with the fluid levels in his body so high, there could be pressure on his heart, and a multi-organ failure.

THE ACCEPTANCE

For Navika, it was a knife-edge. On the one hand, she was the caregiver, and had to manage all that this

entailed – the huge financial burden involved, coping with her own emotions owing to this trauma, and absorbing the impact of this devastating experience on her husband. On the other hand, as a counsellor, she knew she had to keep her emotions, anxiety and fear suppressed. “You have to manage the patient, as well as yourself,” she explained. “If the caregiver shows fear, the patient will also lose confidence, so it is very important to stay strong.” Speaking to patients about this was one thing; experiencing it herself was another.

They had registered for a kidney donation, but the wait was a long one. Until a suitable kidney was made available for transplant, Ashok went through dialysis thrice a week, returning home exhausted and in pain every time. “For five years, he went through this and would come back with fever and just lie in bed,” said Navika. Fighting the fever was hard enough, but depression, naturally, became a constant enemy too. “The caregiver also suffers,” she pointed out.

In addition to the emotional havoc, there was the immense financial strain. The doctors had told them that they had to have around ₹10 lakh available at any given point of time in case a suitable kidney was found. The distress,



Disclaimer: People in the images are models and not real patients. Images used are for representative purposes only.

Maintenance therapy is extremely important for the longevity of the transplant. After going through this emotional, physical and financial trauma, we pray and work towards just that. The first six months are especially crucial to avoid any infections. It is like taking care of a newborn baby.

both financial and emotional, had a shattering impact on the entire family.

As the couple grew increasingly desperate, Navika explored the option of donating her own kidney, but it was not a match. Ashok's parents had diabetes, so their kidneys would not be suitable either.

THE FEARS

There was also the additional worry that – if the dialysis itself caused so much difficulty, what would the actual transplant involve? Ashok had already undergone procedures that had led to complications – including losing his voice for six months. What, if after all the stress and financial burden of a kidney transplant, the body rejected it?

Doctors and counsellors tried to allay these fears, speaking of modern induction therapy and immunosuppressants that helped to fight infection; these medicines would encourage the body to accept the transplanted organ, they said.

THE HOPE IN A TRAGEDY

Though Ashok and Navika's confidence had been badly bruised, they decided to go ahead with the transplant if a kidney

became available. Eventually for them, another family's tragedy became their ray of hope. A 38-year-old woman had died of brain haemorrhage; Ashok was now 39 so they were well matched in age. The blood group was also right. Since this was a cadaver transplant, there was no time to waste; tests for human leukocyte antigens (HLA) matching had to be done on the spot – at a cost of close to ₹70,000 – and then Ashok had to be immediately admitted. The doctors had prepared them for this, but they had also said that it was a "lottery". Though the healthcare professionals were putting in their best efforts, there was every possibility that the body would reject the transplanted organ.

The surgery was successful but there were still many challenges to be faced. It seemed like the body was going into rejection mode. With a cadaver transplant, the patient's creatinine levels often continue to remain high, and the steroids take time to act. When, more than a month after the transplant surgery had passed and Ashok's creatinine levels did not reduce, the doctor decided to put a stent in the kidney to improve the flow – "like you do for the heart", Navika said. It involved more expense, and more trauma, but

they were too deep in the situation to give up now.

Fortunately, with all the precautions that the couple took, and with the right medication, Ashok's kidney transplant proved successful. Ashok was in hospital for eight days but being discharged did not mean being able to let their guard down. "The patient must be kept isolated, and the room in the house is like a hospital," explains Navika. "The patient can't get up from bed, and medicines must be taken on time. The immunosuppressants must be taken every 12 hours, and you cannot miss this. It has to be clockwork. The hospital gave it at 8.30 a.m. so at 8.30 am the alarm still rings at our home even after three years of the transplant."

THE FINANCIAL DENT

They have spent a fortune – ₹40,000 for the biopsy, ₹2 lakh for the stent, ₹15 lakh for the transplant surgery itself, and much more on various tests, including MRIs and CT scans. It has been a long and painful procedure that involves much stress and patience. Each test can only be done after the result of the earlier test is known. "And you can be told at any time that an MRI or CT scan is required," Navika said. All these



tests, of course, must be done in large hospitals or in approved laboratories.

THE GIFT OF LIFE

Still, life is looking much better for Navika and Ashok. They have jumped the hurdles, leapt over fences, and penetrated walls to meet what seemed like an insurmountable challenge. Ashok is one of the luckier kidney transplant patients in the country, because a kidney transplant was indeed possible. The shortage of available organs means that patients are often unable to obtain one.

It has been three years since the surgery and Ashok and Navika continue

to take care. Navika's heart still sinks at the thought of the organ getting into a rejection mode and the pandemic meant that Ashok is at a greater risk of being infected. He must ensure that he takes his medicines on time and that he does not gain weight. His diet is carefully controlled, and sugar and blood pressure regularly monitored. Before the surgery, he did not have sugar issues. "After the transplant, everything depends on the patient and caregiver," Navika remarks. "Maintenance therapy is extremely important for the longevity of the transplant. After going through this emotional, physical and financial trauma, we pray and work towards just that. The first six months are especially

crucial to avoid any infections. It is like taking care of a newborn baby."

"But I thank God for what I have today," stated an optimistic Navika. Her close proximity to many many transplant patients, some of whom were not that fortunate and suffered organ rejections or early failures of the transplanted organs, brought to fore many a case.

One unfortunate incident she narrated was that of a young girl who had undergone three renal transplants but due to callousness, not only did she put her own life at risk, but that of the three family members who donated their kidneys to save her life – let alone



Disclaimer: Image used is for representative purpose only.

Navika is now determined to counsel every patient and their caregiver about the importance of maintaining the correct lifestyle and treatment regime. Navika tells her patients and their caregivers to stay strong.

the enormous amount of money that was wasted. In this case, the transplant was successful each time with the girl's body accepting the organ but due to her non-compliance to the dietary recommendations and medications, the transplanted organ gave up within 2 years after each surgery.

THE PURPOSE

Navika is now determined to counsel every patient and their caregiver about the importance of maintaining the correct lifestyle and treatment regime. Navika tells her patients and their caregivers to stay strong. "You are not alone," she says. "We are always there with you." She also advises them to take the medicine on time; eat nutritious food; drink three to four litres of water daily, avoid anything raw and ensure cleanliness, especially in the washroom, where many infections begin.

"I understand what they are going through because my husband and I have been through it," she says. For her, counselling is no longer just a matter of holding their hands and giving advice; the empathy that she feels comes from the deepest recesses of her being. Though the journey has been unimaginably hard, she knows that with the right care and therapy, the challenges can also be overcome. The trauma will take a lifetime to forget, but for now, the fact that they have survived is enough.

This was a heart-wrenching story of a couple's pursuit for a normal everyday life. All they desire now is to keep this second chance at life for as long as they can – value it, protect it and maintain

it with all their might. And while lakhs of patients like Ashok strive to adjust to this new normal, there was a whole new normal that the world braced itself to get used to.

THE EPIPHANY AMIDST COVID-19

In March 2020, when the first restrictions were imposed in India to mitigate the spread of the COVID-19 virus, the already low rate of organ transplant surgeries in the country dropped to almost zero as across the country, elective surgeries came to a complete standstill. While the entire health infrastructure was being redirected towards COVID-19 patients, there was another reason why organ transplant surgeries were impacted.

Dr. Deepak Shankar Ray, Head, Department of Nephrology and Renal Transplantation, Rabindranath Tagore International Hospital, shared his learning and turmoil as a physician during this time.

"The reason for putting a complete stop to transplants was that the fact that we did not have a clue about the effect of COVID-19 infections on mortality and morbidity of transplant recipients, who are immunocompromised patients," he explained.

He made an important observation that, in fact, among dialysis patients, the mortality rate owing to COVID-19 infections was unacceptably high at 30 – 40 percent, as the procedure involved patients visiting a hospital twice or thrice a week, exposing them to the virus.

However, patients who had transplant surgeries had a better chance of survival. This knowledge, he said, "gave us courage to start our transplantation (renal) programme from June 2020 with full COVID-19 precautions, and it took us around six months' time to come to the high-volume transplant we used to do in the pre-COVID-19 era."

THE CONFIDENCE AMONGST THE MEDICAL FRATERNITY

Like Dr. Ray, nephrologists across the country had a similar reckoning. Conversations within the community played a role in boosting confidence in transplant surgery numbers during the pandemic. The revival of transplantation in India during the pandemic also witnessed international acclaim.

Dr. Ray, who holds the post of Vice-President, Indian Society of Organ Transplantation (ISOT), says that thanks to Dr. (Prof.) Vivek Kute, ISOT's Honorary Secretary, the Indian experience is being quoted in renowned peer-reviewed international journals. Dr. Kute's paper, '*Clinical Profile and Outcome of COVID-19 in 250 Kidney Transplant Recipients: A Multicenter Cohort Study From India*' included 226 living donor and 24 deceased donor Kidney Transplant Recipients (KTRs) in its analysis.¹ In their paper in *The Lancet*, Dr. Kute, Dr. Ray and other co-authors, say: "Our findings support that the outcomes of KT (Kidney Transplant) after COVID-19 recovery are excellent with absence of COVID-19 sequelae during follow-up."²

1. Kute, V. B., Bhalla, A. K., Guleria, S., Ray, D. S., Bahadur, M. M., Shingare, A., Hegde, U., Gang, S., Raju, S., Patel, H. V., Jain, S., Godara, S., Modi, P., Gumber, M., Engineer, D. P., Dalal, S., Darji, P., Balwani, M., Patel, A. H., & Mishra, V. V. (2021). Clinical Profile and Outcome of COVID-19 in 250 Kidney Transplant Recipients: A Multicenter Cohort Study From India. *Transplantation*, 105(4), 851–860. <https://doi.org/10.1097/TP.0000000000003593>

2. Kute V.B., Ray, D.S., Aziz F., and others. *The Lancet*, March 25, 2022. <https://doi.org/10.1016/j.lancet.2022.101359>

The strict COVID-19 protocols for doctors and nurses that were followed across transplantation centres ensured that infection numbers and mortality rates came down; these continue to be in operation today. Nephrologists also modified induction therapy depending on the risk of infection, though the maintenance therapy protocols remain unchanged.

Another huge advantage, from the patient's point of view, is the digital revolution that has taken place during the pandemic. Patients started consulting their doctors online from the safety of their homes rather than visiting a hospital to do so.

THE UNMET NEED OF THE TRANSPLANT ECOSYSTEM

With the snowballing burden of diabetes and hypertension in India, growing need for transplants, especially of the kidney, is deemed inevitable. The incidence of end-stage renal disease (ESRD) is reported to be about 150 per million population in India³ and kidney transplantation requirement estimated to be about 220,000 annually.⁴ However, only 7500 kidney transplantations⁵ are carried out at 250 transplant centres⁶ across the country with 90 percent⁷ of the transplanted kidneys coming from living donors and only 10 percent⁸ of cadavers. While efforts are being made to strengthen the transplant health infrastructure today, there is also the urgency to extend the durability of a transplanted organ.

THE RECKONING

Today, ISOT and other associations are working towards increasing the availability of organs in India, and the number of centres that are equipped to perform transplants. India is now the third largest country doing transplants, apart from the United States and China.⁹ However, we still need to do many more transplants because our requirement is higher.

The availability of organs is an issue of concern, but there has been some improvement in recent times. Procedures such as desensitisation of HLA antibodies and ABO-incompatible transplantation have made more organs available through live donors. Efforts are also being made to increase the deceased donor pool, but the gap is high, and there is a need to do something about it. The deceased donor program has developed well in the Southern and Western parts of India, but more needs to be done in the North and East.

According to Dr. Ray, while cadaver transplants have gone up from only 2 – 3 percent a few years back to about 10 percent of the overall transplants, he believes that it can be increased further, considering the number of road accidents that take place in India. “If we compare the number of deaths and the number of organs retrieved, the ratio is still low and has a huge potential to improve. There is a long waiting list,” he observes.

THE FINE BALANCE

Thanks to modern medicines and upskilled surgeons, organ rejection rates have significantly dropped. Nephrologists believe that a balance must be maintained between preventing rejection and making one very susceptible to infection. However, non-compliance in maintenance therapy can be an issue.

Dr. Ray believes that if doctors were to meet post-transplant patients more frequently, compliance levels would be higher. In his own experience he found that patients became non-compliant if two years after the surgery, he only saw them once in six months. When he increased the frequency to once in four months, he found the compliance levels improved. “I think if you see them more often, they remember to continue the medicine and come in for check-ups whenever required,” he remarks. Dr. Ray believes that providing private insurance facilities for patients – which are currently non-existent – could also play a role in improving the patients' lives.

With the right care and maintenance, many of the patients who have undergone organ transplant have lived quality lives for years afterwards. Dr. Ray speaks of patients who continue to meet him 16 years after their surgeries. “Looking at them you will not know that they have undergone a transplant!” he says. One patient, who was an eighth-standard student when he underwent a transplant, dropped in for a visit recently. “He is

3. Balasubramaniyan, T., Samuel, Hanock Unni, Thirumavalavan S., Vasudevan C, Kumar, RP Senthil, Murugesan, V. A Study of Prevalence of Renal Diseases among Healthy Urban Population (clinmedjournals.org), December 31, 2020

4-8. Shroff S. (2016). Current trends in kidney transplantation in India. Indian Journal of Urology: IJU : journal of the Urological Society of India, 32(3), 173–174. <https://doi.org/10.4103/0970-1591.185092>

9. PIB, Nov. 27, 2021 <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1775562>





Our Company has a long-standing commitment towards improving and extending lives of those living with transplanted organs for several decades now. These scientific advancements have truly helped those who have undergone organ transplant to live a normal life...

now leading the engineering section of a mobile company in eastern India,” Dr. Ray smiles. “When you see such patients, it really feels so good!”

THE COMMITMENT

A few decades back, the notion of replacing one’s organ with that of another human seemed nothing short of a miracle. An incredible feat of medical science is certainly this ability, made foreseeable today. While on the one hand, concerted efforts are being made across stakeholder groups to improve the healthcare infrastructure, increase organ donations and in turn save lives of those who are in need of a transplant; focus of improving longevity of the transplant organ and safe-guarding it from infections is also gradually picking up.

The physical, emotional, and financial turmoil that the patients and their loved ones have to experience before and during a transplant certainly merits that there is equal impetus laid on ensuring that the transplanted organ is accepted well by one’s body and remains healthy for as long as possible.

Our Company has a long-standing commitment towards improving and extending lives of those living with transplanted organs for several decades now. These scientific advancements have truly helped those who have undergone

organ transplant to live a normal life by maintaining a healthy lifestyle, keeping in touch with their physicians regularly and adhering to the medication regime prescribed by their physicians.

Even after a successful transplant, the organ is treated as a foreign body and the immune response of the patient makes ignorant attempts to attack the very treasured organ that has been secured with such toil. This is where immunosuppressants come in, to reduce the strength of these natural defences. Hence, the fine balance between mitigating rejections and staying away from infections is critical.

THE POST-PANDEMIC REVIVAL SAGA

The need to keep infections at bay has received its fair share of recognition only with the pandemic. However, selective surgeries including transplants took a massive hit owing to COVID-19. As a Company that is deeply involved in helping transplant patients, it was pertinent to educate patients, engage healthcare professionals and play our part in strengthening the healthcare systems. Keeping these in close view, we undertook awareness initiatives focused on adherence to treatment with our patients. Recognising the opportunity to support healthcare providers to

educate patients, we developed QR code-based material that could be used post teleconsultations, in-clinic and in-hospital visits.

Accelerated adoption of digital technologies and new generation engagement tools such as emails, webinars and video calls, truly aided in our continued engagement with healthcare professionals. And now even as we have learnt to live with the pandemic, we are continuing to use a fair mix of these channels to ensure that we keep alive the scientific discussions around the innovative medicines that our Company has in the offing for our patients.

We also worked closely with Key Medical Experts to help them develop an Induction Therapy Protocol which was further adopted in more than 22 transplant centres across the country. The unprecedented 16.4 percent growth witnessed by our transplant portfolio in FY 2021-22 versus PY is a clear testimony to the value that our medicines are bringing, in truly improving and extending lives of our patients, in turn building the trust that we enjoy with the healthcare professionals in the country.

As we bolster these efforts, our goal is to help protect transplanted organs in a way that gives someone a real life, a normal life.

Notice

NOVARTIS INDIA LIMITED
CIN: L24200MH1947PLC006104
Regd. Office: Inspire - BKC, Part of 601 and 701, Bandra Kurla Complex,
Bandra East, Mumbai 400051
Tel: +91 022-50243000; Fax: +91 022-50243005
Email: india.investors@novartis.com; Website: www.novartis.in

NOTICE is hereby given that the 74th Annual General Meeting ('AGM') of **NOVARTIS INDIA LIMITED** ('the Company') is scheduled to be held on Friday, July 29, 2022 at 11:00 a.m. (IST), through Video Conferencing /Other Audio Visual Means ("VC") to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended March 31, 2022, together with the Reports of the Directors and the Auditors thereon by passing the following Resolution.

"RESOLVED THAT the Audited Financial Statement of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors 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, 2022 by passing the following Resolution.

"RESOLVED THAT Dividend of ₹ 10/- (Rupees Ten Only) per Equity Share of ₹ 5/- (Rupees Five Only) each for the financial year ended March 31, 2022 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. Monaz Noble (DIN: 03086192) as Director, who retires by rotation and being eligible, offers herself for re-appointment by passing the following 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. Monaz Noble (DIN: 03086192) as a Director, who is liable to retire by rotation."

4. **Appointment of M/s B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and Board of Directors of the Company, M/s B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W100022), be and are hereby appointed as the Statutory Auditors of the Company for

a term of 5 (five) consecutive years, who shall hold office from the conclusion of the 74th Annual General Meeting till the conclusion of the 79th Annual General Meeting of the Company to be held in the year 2027, at such remuneration as may be determined by the Audit Committee of the Company.

RESOLVED FURTHER THAT the Board of Directors (which term includes a duly constituted Committee of the Board of Directors) of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient to give effect to this Resolution and for matters connected therewith, or incidental thereto.”

Special Business

5. **Approval of payment of Commission to the Independent Directors for the financial year 2021-22**

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

“RESOLVED THAT in partial modification to the Resolution passed by the Company at the 69th Annual General Meeting held on July 28, 2017 and pursuant to the provisions of Sections 149, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Schedule V to the Act, and the rules made thereunder, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modifications or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, and further based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, consent of the members of the Company be and is hereby accorded for the payment of Commission of ₹ 10 lakh only (Rupees Ten Lakh Only) to each of the Independent Directors of the Company (in addition to the sitting fees paid for attending the meetings of the Board or the Committee thereof) for the financial year 2021-22, being an amount not exceeding the limit as set out in Schedule V to the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and expedient to give effect to the aforesaid Resolution.”

6. **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**

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

“RESOLVED THAT pursuant to the provisions of Sections 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, and further based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, consent of the members of the Company be and is hereby accorded to pay remuneration by way of Commission or otherwise to the Non-Executive and Independent Directors of the Company, for a period of 5 (five) years commencing from April 01, 2022 to March 31, 2027 on an annual

basis, not exceeding 1% (one percent) of the net profits of the Company computed in accordance with the provisions of Section 198 of the Companies Act, 2013, and the said remuneration is in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof and the said remuneration be paid in such amount, proportion and manner as may be decided by the Board of Directors of the Company from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and expedient to give effect to the aforesaid Resolution.”

7. **Ratification of Remuneration paid to Mr. Sanjay Murdeshwar, Vice Chairman and Managing Director (DIN: 01481811) for the financial year 2021-22**

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

“**RESOLVED THAT** in partial modification to the Resolution passed by the Company at the 71st Annual General Meeting held on August 09, 2019 and pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Schedule V to the Act, and the rules made thereunder (including any statutory modifications or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, and further based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, consent of the members of the Company be and is hereby accorded for the ratification of remuneration of ₹ 72 lakh only (Rupees Seventy-Two Lakh Only) paid to Mr. Sanjay Murdeshwar, Vice Chairman and Managing Director (DIN: 01481811) for the financial year 2021-22, being an amount not exceeding the limit as set out in Schedule V to the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be necessary and expedient to give effect to the aforesaid Resolution.”

By Order of the Board of Directors

NIKHIL MALPANI
Company Secretary & Compliance Officer
Membership No: ACS 20869

Registered Office

Novartis India Limited

Inspire - BKC, Part of 601 and 701,
Bandra Kurla Complex
Bandra East, Mumbai 400 051

Date: June 23, 2022

Place: Mumbai

NOTES:

1. Meeting through VC

- i. Ministry of Corporate Affairs (“MCA”) has vide its General Circular Nos. 2/2022 and 21/2021 and SEBI vide its Circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and other relevant Circulars (collectively referred to as ‘Circulars’), allowed the Companies to hold their AGM through VC.
- ii. In compliance with the provisions of the Circulars, the 74th 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. 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.

2. 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 2021-22 are being sent only through electronic mode (by email) to those members whose email addresses are registered with the Company/Depositories.
- ii. Members may note that the Notice of AGM and Annual Report for the financial year 2021-22 will also be available on the website of the Company at www.novartis.in, website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and on the e-voting website of National Securities Depository Limited (“NSDL”) <https://www.evoting.nsdl.com>

3. Register your e-mail address 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 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 providing 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://linkintime.co.in/emailreg/email_register.html for updating their details online.
- ii. Members holding share(s) in electronic mode are requested to register/update their email address with their respective Depository Participants (“DPs”) for receiving all communications from the Company electronically.

4. 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 74th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

5. **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 with a copy marked to evoting@nsdl.co.in. 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.
6. 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. Please note that members’ question will be answered only if they continue to hold the shares as on cut-off date.
7. 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 as an **Annexure-1**.
8. **Book Closure**

The Register of Members and Share Transfer Books will remain closed on all days from Friday, July 22, 2022 to Friday, July 29, 2022 (both days inclusive).
9. The Explanatory Statement pursuant to Section 102 of the Act in respect of Item Nos. 4 to 7 is annexed hereto and forms part of this Notice. As per the provisions of Clause 3.A.II. of the General Circular No. 20/2020 dated May 5, 2020, the matters of Special Business as appearing at Item Nos. 5 to 7 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forms part of this Notice.
10. **Information related to dividend**
 - i. Payment of dividend for the financial year ended March 31, 2022 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 Thursday July 21, 2022 and to those whose names appear as Beneficial Owners as on end of the day on Thursday July 21, 2022.
 - 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 final 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 www.novartis.in
- iii. Shareholders are requested to furnish appropriate declarations and documents by 11:59 p.m. (IST) on Sunday, July 17, 2022 by email to novartisdivtax@linkintime.co.in Alternatively, shareholder could use the link <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> for uploading 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 Monday, July 18, 2022.
- 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"> • If dividend income to a resident Individual shareholder during the financial year 2022-23 does not exceed ₹ 5,000/- • 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
Resident individuals submitting Form 15G/ 15H	Nil	Shareholders providing Form 15G (applicable to individuals below 60 years)/ Form 15H (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./DPID - 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. 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).

- vii. 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 December 8, 2021 for the financial year 2013-14.
- ii. The details of shareholders, whose shares have been transferred to IEPF, are placed on the website of the Company at www.novartis.in
- 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 www.novartis.in
- 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
- v. Members who have not encashed dividend warrant(s) for the financial year 2014-15 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.

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
2014-15	10	23.07.2015	28.08.2022
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

13. Other information

- i. Members holding 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 consolidated share certificate will be issued to such member after making requisite changes. Members are requested to use the share transfer Form SH-4 for this purpose.

- ii. 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.
- iii. 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.
- iv. 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 29, 2022. Members seeking to inspect such documents may send their request in writing in advance to the Company at india.investors@novartis.com
- v. In compliance with the provisions of MCA vide its Circular No. 2/2022 dated May 05, 2022 and SEBI Circular (SEBI/HO/CFD/CMD2/CIR/P/2022/62) dated May 13, 2022, 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 2021-22 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 address at india.investors@novartis.in mentioning Folio No/ DP ID and Client ID. The Annual Report for the financial year 2021-22 shall also be available on the website of the Company at www.novartis.in

14. 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	:	Friday, July 22, 2022
Remote e-voting period 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 Tuesday, July 26, 2022 and ends at 5.00 p.m. (IST) on Thursday, July 28, 2022
URL for remote e-voting	:	https://www.evoting.nsdl.com

- ii. The Board of Directors has appointed Mr. S. N. Ananthasubramanian (FCS 4206; COP: 1774), and failing him Mr. S. N. Viswanathan (ACS 61599; COP 24335) 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 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.
- 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 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 22, 2022, may obtain the login ID and password by sending a request at evoting@nsdl.co.in 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 or call on toll free no. 1800 1020 990 and 1800 22 44 30. 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 22, 2022 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:

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 the SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 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.

Type of shareholders	Login Method
Individual shareholders holding securities in demat mode with NSDL	<p>For users already registered on IDeAS</p> <ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-services website of NSDL. 2. Open web browser by typing the following URL: https://eservices.nsd.com/ either on a personal computer or on a mobile device. 3. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. 4. A new screen will open. Enter your User ID and Password. After successful authentication, you will be able to see e-voting services. 5. Click on “Access to e-voting” under e-voting services and you will be able to see e-voting page. 6. Click on options available against company name or e-voting service provider_NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. 7. If the user is not registered for IDeAS e-Services <ol style="list-style-type: none"> a) Option to register is available at https://eservices.nsd.com b) Select “Register Online for IDeAS” Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 8. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a personal computer or on a mobile device. 9. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. 10. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. 11. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on options available against company name or e-voting service provider_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.

Type of shareholders	Login Method
	<p>12. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</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"> 1. Existing users who have opted for Easi/ Easiest, they can login through their User ID and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi 2. After successful login of Easi/Easiest the user will be also able to see the e-voting Menu. The menu will have links of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-voting page by providing Demat account number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile and email as recorded in the demat account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.

Type of shareholders	Login Method
Individual shareholders (holding securities in demat mode) login through their Depository Participants	<ol style="list-style-type: none"> 1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. 2. Once you login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. 3. Click on options available against company name or e-voting service provider-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 Forgot User ID and Forgot Password option available at the 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 to evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual shareholders holding securities in demat mode with CDSL	Members facing any technical issue to login can contact CDSL helpdesk by sending a request to helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

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 Login 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 device.
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 e-services i.e. IDEAS, you can login at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you login to NSDL eservices after using your login 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:
For member 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*****.
For member 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*****.
For member 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 123456 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 in 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 the 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
 - "Physical User Reset Password"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com
 - If you are still unable to get the password by the two options, you can send a request to evoting@nsdl.co.in 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 their votes on the e-voting system of NSDL**

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

Step 2: Details regarding how to cast your vote electronically during the 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 which is 120233 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 a 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 with a copy marked to evoting@nsdl.co.in. 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 5 (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 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 or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal at evoting@nsdl.co.in

Process for those shareholders whose email IDs are not registered with the depositories for procuring User ID and Password and registration of email 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 to india.investor@novartis.com
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 india.investor@novartis.com. 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.co.in 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.

Important information for Members attending the AGM through VC/OAVM

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by the steps mentioned above for **Access to NSDL e-voting system**. After successful login, you can see the link of “VC/OAVM link” placed under “**Join meeting**” menu against the 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 can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/Folio number, PAN, mobile number at india.investors@novartis.com from July 2, 2022 (9:00 a.m. IST) to July 22, 2022 (5:00 p.m. IST). Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

4. 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 5 (five) unsuccessful attempts to key in the password. In such an event, you will need to go through the “Forgot User Details/Password” or “Physical User Reset Password” option available on <https://www.evoting.nsd.com> to reset the password.
5. Members are encouraged to join the Meeting through Laptops for better experience.
6. Further members will be required to allow Camera (especially those registered as Speakers) and use Internet with a good speed to avoid any disturbance during the meeting.
7. 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.
8. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/ 1800 1020 990 /1800 224 430 or contact Mr. Amit Vishal, Asst. Vice President- NSDL at evoting@nsdl.co.in or call 1800 1020 990 /1800 224 430.
9. 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.nsd.com> or call on toll free no.: 1800 1020 990 /1800 224 430 or send a request to evoting@nsdl.co.in
10. 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.co.in/ Tel: 1800 1020 990 /1800 224 430.
11. 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.
12. The result declared along with the Scrutinizer’s Report shall be placed on the Company’s website at www.novartis.in and on the website of NSDL <https://www.evoting.nsd.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

NIKHIL MALPANI
Company Secretary & Compliance Officer
Membership No: ACS 20869

Registered Office

Novartis India Limited

Inspire - BKC, Part of 601 and 701,
Bandra Kurla Complex
Bandra East, Mumbai 400 051

Date: June 23, 2022

Place: Mumbai

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE ACT

Item No. 4: Appointment of M/s B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), were appointed as the Statutory Auditors of the Company at the 69th AGM held on July 28, 2017, for a period of 5 (five) years to hold office from the conclusion of said Meeting till the conclusion of 74th AGM to be held in the year 2022 pursuant to the provisions of Section 139(1) of the Act read with the Companies (Audit and Auditors) Rules, 2014.

The term of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company will expire at the conclusion of the ensuing 74th AGM to be held on July 29, 2022.

Accordingly, the Board of Directors at its meeting held on May 19, 2022, on the recommendation made by the Audit Committee, have approved and recommended appointment of M/s. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company for a term of 5 (five) consecutive years to the members of the Company. The term of appointment of Statutory Auditors is from the conclusion of 74th AGM till the conclusion of 79th AGM of the Company to be held in the year 2027. The appointment is subject to the approval of the shareholders of the Company.

In accordance with Section 139 of the Companies Act, 2013 ('the Act'), M/s. B S R & Co. LLP, Chartered Accountants, have confirmed that they are eligible to be appointed as the Statutory Auditors of the Company and they satisfy the criteria as provided in Section 141 of the Act.

Pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following disclosures are required for M/s. B S R & Co. LLP, Chartered Accountants, who are proposed to be appointed as Statutory Auditors of the Company:

- a) **Proposed fees payable to Statutory Auditors** – The Board of Directors on the recommendation of the Audit Committee, proposed fees of ₹ 6.2 million to M/s. B S R & Co. LLP for the financial year ending March 31, 2023 plus applicable taxes and re-imbursment of out-of-pocket expenses incurred in connection with the audit of financial statement of the Company. The remuneration for the balance period will be decided by the Audit Committee of the Board of Directors.
- b) **Terms of appointment** – The appointment of M/s. B S R & Co. LLP is for a term of 5 (five) consecutive years subject to the approval of the members at the ensuing AGM.
- c) **Any material change in the fee payable to such new auditor from that paid to the outgoing auditor along with the rationale for such change** – Not Applicable
- d) **Basis of recommendation for appointment of Statutory Auditors** – The existing Statutory Auditors M/s. Deloitte Haskins & Sells LLP, Chartered Accountants would be completing their tenure of 5 (five) years at the conclusion of the ensuing AGM.
- e) **Credentials of Statutory Auditors proposed to be appointed** – M/s. B S R & Co. was constituted on March 27, 1990 having firm's registration no. as 101248W. It was converted into limited liability partnership i.e. B S R & Co. LLP on October 14, 2013 thereby having a new firm registration no. 101248W / W-100022. The registered office of the firm is at 14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Centre, Western Express Highway, Goregaon (East), Mumbai - 400063.

B S R & Co. LLP is a member entity of B S R & Associates, a network registered with the Institute of Chartered Accountants of India.

B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi. It has over 3,000 staff and 100 + partners.

B S R & Co. LLP audits various companies listed on stock exchanges in India including companies in the life sciences sector.

The Board of Directors recommends the Resolution stated in the Item No. 4 for the approval of the members of the Company by way of an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relative are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Item No. 5: Approval of payment of Commission to the Independent Directors for the financial year 2021-22

At the 69th AGM of the Company held on July 28, 2017, pursuant to the then applicable provisions, the members had passed a Special Resolution for the payment of Commission on Net Profits (not exceeding 1% thereof) to the Non-Executive and Independent Directors of the Company, which was valid for a period of 5 (five) years commencing from April 01, 2017 to March 31, 2022.

The Members are aware that the Company had no profits for the year under review as computed under Section 198 of the Companies Act, 2013 ('the Act') due to exceptional expense of an amount of ₹ 496.4 million towards employee separation cost under NIL Employee Separation Scheme ('ESS') for the financial year 2021-22. Accordingly, the Company is not able to remunerate the Independent Directors for the financial year 2021-22 by way of Commission within the limits prescribed under Section 197 of the Act.

Section 197 of the Act has been amended to enable payment of remuneration to Non-Executive Directors, including Independent Directors, in case of no profit or inadequacy of profits in a manner similar to Executive Directors, in accordance with the provisions of Schedule V to the Act. Further, on March 18, 2021, the Ministry of Corporate Affairs (MCA) amended Schedule V to the Act to prescribe the remuneration limits for Non-Executive Directors including Independent Directors, in situations of no profits or inadequate profits.

Schedule V to the Act permits payment to each of the Independent Director for the financial year 2021-22 of an aggregate amount of ₹ 24 lakh (Rupees Twenty Four Lakh only) plus 0.01% of the Effective Capital in excess of ₹ 250 crores (Rupees Two Hundred and Fifty Crores only) notwithstanding that the remuneration exceeds the limits prescribed under Section 197 of the Act. Commission of ₹ 10 lakh (Rupees Ten Lakh Only) proposed to be paid to each of the Independent Director for the financial year 2021-22 falls within the limits specified under Schedule V to the Act.

In terms of Article 121(b)(ii) of the Articles of Association of the Company, the payment of the said Commission to the Independent Directors would require approval of shareholders by way of a Special Resolution.

During the financial year 2021-22, the Independent Directors of the Company with their rich experience and expertise in management have devoted considerable amount of their valuable time to guide the Company in this situation. With the growing complexities of business and various challenges faced by the Company, the Independent Directors have played an active role in steering and guiding the Company. Hence, it is necessary to appropriately compensate the Independent Directors (in addition to the sitting fees) for their contributions and efforts made during the year under review, even in case of no profits, provided that the compensation paid for the financial year 2021-22 is within the limits as prescribed under Schedule V to the Act. The Company has also approached the shareholders with disclosure requirements mandated under Schedule V to the Act for their approval.

Based on the recommendation of the Nomination & Remuneration Committee, the Board at its meeting held on May 19, 2022 have recommended payment of Commission to Independent Directors of the Company for the financial year 2021-22 within the limits prescribed under Schedule V to the Act and recommend passing of the Resolution for approval of the members of the Company.

Disclosures as required under Section II of Part II of Schedule V to the Act are given under **Annexures-1A** and **1C** forming part of the said Notice.

In accordance with the provisions of Section 197 read with the Schedule V of the Act and Articles of Association of the Company, members' approval by way of a Special Resolution is required for the payment of Commission to the Independent Directors for the financial year 2021-22.

None of the Directors, Key Managerial Personnel or their respective relatives, except all of the Independent Directors of the Company to whom the Resolution relates, are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

This Statement may be regarded as disclosures under Secretarial Standard – 2 and Schedule V to the Act.

Item No. 6: 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

Section 197 of the Companies Act, 2013 ("the Act") read with Regulation 17(6)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits payment of remuneration to the Non-Executive and Independent Directors of a Company by way of Commission, if the Company authorizes such payment by way of a Resolution passed by members.

The members of the Company at the 69th AGM held on July 28, 2017, approved the remuneration payable to Non-Executive and Independent Directors of the Company by way of Commission not exceeding 1% (one per cent) of the net profits of the Company for each year for a period of 5 (five) years commencing from April 1, 2017 to March 31, 2022.

Since the validity of the earlier Resolution passed by the shareholders expired in the financial year i.e. 2021-22, approval is sought from shareholders for renewal of the Resolution for a further period of 5 (five) years commencing from April 1, 2022 upto March 31, 2027 on an annual basis.

In terms of Article 121(b)(ii) of the Articles of Association of the Company, the payment of the said Commission to the Independent Directors would require approval of shareholders by way of a Special Resolution.

Considering the rich experience and expertise brought to the Board by the Non-Executive and Independent Directors of your Company, as well as keeping in view the enhanced Corporate Governance requirements, particularly Board Governance and Management, requiring greater time commitments, attention and higher level of oversight of the Independent Directors, it is proposed that, remuneration by way of Commission or otherwise not exceeding 1% (one per cent) of the net profits of the Company, calculated in accordance with the provisions of the Act, be continued to be paid and distributed amongst the Non-Executive and Independent Directors of the Company in accordance with the recommendations of the Nomination and Remuneration Committee and Board of Directors of the Company, for a further period of 5 (five) years commencing from April 1, 2022.

Details of Commission proposed to be paid to Non-Executive and Independent Directors for the financial year 2021-22 is provided in the Corporate Governance Report forming part of the Annual Report.

The requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to Non-Executive and Independent Directors if made within the limits prescribed under the Act.

The Board of Directors recommends the Resolution set forth in Item No. 6 for the approval of the members by way of a Special Resolution.

None of the Directors, Key Managerial Personnel or their respective relatives, except all of the Non-Executive and Independent Directors of the Company to whom the Resolution relates, are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Item No. 7: Ratification of Remuneration paid to Mr. Sanjay Murdeshwar, Vice Chairman and Managing Director (DIN: 01481811) for the financial year 2021-22

At the 71st AGM of the Company held on August 09, 2019, Mr. Sanjay Murdeshwar was appointed as the Vice Chairman and Managing Director of the Company for a term of 5 (five) consecutive years, from June 15, 2019 to June 14, 2024.

The Company had no profits for the year under review as computed under Section 198 of the Act due to exceptional expense of an amount of ₹ 496.4 million towards employee separation cost under NIL Employee Separation Scheme ('ESS') for the financial year 2021-22. In accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013 ('the Act'), members' approval by way of an Ordinary Resolution is required for the payment of remuneration within the limits prescribed under the said Section read with the said Schedule V, in case of inadequate profits or loss in any financial year. The Board at its meeting held on May 19, 2022 based on the recommendation of the Nomination and Remuneration Committee approved and ratified the remuneration of ₹ 72 lakh (Rupees Seventy-Two Lakh Only) paid to Mr. Sanjay Murdeshwar during the financial year 2021-22, subject to members' approval at the ensuing 74th AGM of the Company.

Schedule V to the Act permits payment to Mr. Sanjay Murdeshwar for the financial year 2021-22 of an aggregate amount of ₹ 120 lakh (Rupees One Hundred and Twenty Lakh Only) plus 0.01% of the Effective Capital in excess of ₹ 250 crores (Rupees Two Hundred and Fifty Crores Only) notwithstanding that the remuneration exceeds the limits prescribed under Section 197 of the Act. Remuneration of ₹ 72 lakh (Rupees Seventy-Two Lakh Only) paid to Mr. Sanjay Murdeshwar for the financial year 2021-22 falls within the limits specified under Schedule V to the Act. The Company has also approached the shareholders with disclosure requirements mandated under Schedule V to the Act for their approval.

Disclosures as required under Section II of Part II of Schedule V to the Act are given under **Annexures-1B** and **1C** forming part of the said Notice.

The Board of Directors recommends the said Resolution set forth in Item No. 7 for the approval of the members of the Company by way of an Ordinary Resolution.

Except for Mr. Sanjay Murdeshwar and/ or his relatives, no other Director, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

This Statement may be regarded as disclosures under Secretarial Standard – 2 and Schedule V to the Act.

By Order of the Board of Directors

NIKHIL MALPANI
Company Secretary & Compliance Officer
Membership No: ACS 20869

Registered Office

Novartis India Limited

Inspire - BKC, Part of 601 and 701,
Bandra Kurla Complex
Bandra East, Mumbai 400 051

Date: June 23, 2022

Place: Mumbai

Annexure-1

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

Profile and other details of Director seeking re-appointment

At the ensuing AGM, Ms. Monaz Noble, Director (DIN: 03086192) 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. Noble is Non-Executive and Non-Independent Director on the Board of the Company effective June 1, 2019.

Ms. Noble, aged about 55 years, is a commerce graduate from Sydenham College and MBA from NMIMS, Mumbai. She is also an Associate member of the Institute of Company Secretaries of India and Associate Cost and Management Accountant. She has rich experience in the areas of treasury, accounting, taxation, strategy, commercial finance, M&A, secretarial and corporate governance. In a career spanning over three decades, she has also worked with Cadbury India Limited and Godrej Soaps Limited. She is Independent Director on the Board of Godrej Industries Limited effective May 1, 2020 and Ageas Federal Life Insurance Company Limited effective July 29, 2019.

Ms. Monaz Noble joined the Company in February 2010 and was the Chief Financial Officer of the Company from May 2014 and effective June 13, 2016 upto May 31, 2019, she was also the Whole Time Director of the Company. Effective June 1, 2019, Ms. Noble moved to Novartis Healthcare Private Limited ('NHPL') as the Chief Financial Officer of Novartis Global Service Centre ('NGSC') Hyderabad & Novartis Customer & Technology Solutions India. NHPL is a wholly owned subsidiary of Novartis Pharma AG, whose ultimate holding company is Novartis AG. Novartis AG is the holding company of the Company.

Ms. Noble in her capacity as Non-Executive and Non-Independent Director continues to contribute and add value on the Board through her immense experience and financial acumen in Pharma and FMCG business. She does not receive any Salary or Commission from the Company effective June 1, 2019.

The number of Board/Committee meetings attended by Ms. Noble during the financial year is disclosed in the Corporate Governance Report.

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. Noble and her relatives, to the extent of their shareholding in the Company, if any.

Details of Director seeking re-appointment at the 74th AGM

Particulars	Ms. Monaz Noble
Category of Director/ Designation	Non-Executive and Non-Independent Director
Date of Birth	September 5, 1967
Nationality	Indian
Date of Appointment	June 13, 2016
Qualifications	<ul style="list-style-type: none"> • BCOM from Sydenham College • MBA from NMIMS, Mumbai • Associate member of the Institute of Company Secretaries of India and Institute of Cost Accountants of India
Expertise in specific functional areas	Ms. Noble has rich experience in the areas of treasury, accounting, taxation, strategy, commercial finance, M&A, Board and corporate governance. In a career spanning over two decades, she has worked with Cadbury India Limited and Godrej Soaps Limited. She is also on the Boards of large reputed companies as mentioned below.
Directorships held in other companies (excluding Foreign Companies and Section 8 Companies)	<p>Listed Company</p> <ul style="list-style-type: none"> • Godrej Industries Limited <p>Public Company</p> <ul style="list-style-type: none"> • Ageas Federal Life Insurance Company Limited (erstwhile IDBI Federal Life Insurance Co. Ltd.)
Memberships/ Chairmanships of committees of the Company	<ul style="list-style-type: none"> • Member of Corporate Social Responsibility Committee and Risk Management Committee • Chairperson of Stakeholders Relationship Committee
Memberships/ Chairmanships of committees of other companies	<p>Ageas Federal Life Insurance Company Limited (IDBI Federal Life Insurance Co. Ltd.)</p> <ul style="list-style-type: none"> • Member of Audit Committee, Policyholder Protection Committee • Chairperson of Nomination and Remuneration Committee • Chairperson of Corporate Social Responsibility Committee <p>Godrej Industries Limited</p> <ul style="list-style-type: none"> • Member of Audit Committee and Nomination and Remuneration Committee
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

Annexure-1A

INFORMATION RELATING TO OTHER DIRECTORS SEEKING APPROVAL OF REMUNERATION AT THE 74th AGM

Particulars	Mr. Jai Hiremath	Ms. Sandra Martyres	Mr. Sanker Parameswaran
Category of Director/ Designation	Non-Executive Independent Director	Non-Executive Independent Director	Non-Executive Independent Director
DIN	00062203	00798406	00008187
Date of Birth/ Age	29/04/1948 74 Years	05/10/1952 69 Years	28/02/1960 62 Years
Profile/ Background Details/ Experience Recognition or Awards	<p>Mr. Jai Hiremath possess profound financial and accounting related expertise.</p> <p>Mr. Hiremath is the Founder and Chairman of Hikal Limited and has over 40 years of experience in the fine chemicals and pharmaceuticals industry. His contribution to the industry has been recognized on global forums. In the year 2000, he was nominated for Ernst & Young Entrepreneur of the year Award. In 2005, he was awarded Chemtech Business Leader of the Year Award (Chemicals). Mr. Hiremath is the past President of the Indian Chemical Council (ICC), and the former Chairman of the Chemicals Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is an ex-board member of the Drug, Chemical and Associated Technologies Association (DCAT) headquartered in New Jersey, USA</p>	<p>Ms. Sandra Martyres has a banking career spanning over 35 years. She started with Indian Bank where she worked in various capacities covering retail banking, trade finance, Foreign Exchange dealing. Thereafter she joined Societe Generale from where she retired as Deputy CEO SG - India. She received trainings in the Bank's offices in London, Paris, Singapore, Hong Kong and an Investment Banking Training at Kellogg's in Chicago. During her tenure with Societe Generale, she was actively involved in the bank's foray into CSR, Financial Inclusion etc. She also headed the Indian Chapter of SG Feminin – SG, a global initiative of the Societe Generale group to promote diversity in the workplace.</p> <p>She held the position of Director on the Boards of ALD Automotive India Private Ltd. & SG Wealth Management Services P. Ltd (subsidiaries of the Societe Generale group) and as Trustee Director on the SBI Mutual Fund Trustee Board from 2008-2014</p>	<p>Mr. Sanker Parameswaran is Head - Legal at RBL Bank. He brings over 3 (three) decades of work experience in the field of law in India.</p> <p>In his current role with RBL Bank, he is responsible for the Legal function where he looks after strategic investments and complex legal issues and supervise on corporate and business transactions, mergers and acquisitions, joint venture and key litigation.</p> <p>Prior to joining RBL Bank, he was the Legal Advisor at ICICI Bank. Preceding this, he was the General Counsel & Company Secretary at ICICI Bank for 6 years. In addition to this, Mr. Parameswaran has spent over 3 (three) decades as the General Counsel & Company Secretary at reputed organisations such as Godrej Agrovet, Marico, Colgate Palmolive, Reliance Infocom and Indian Hotels</p>

Particulars	Mr. Jai Hiremath	Ms. Sandra Martyres	Mr. Sanker Parameswaran
Qualifications	Mr. Hiremath is a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and he is a 2002 alumnus of Harvard University, USA	Ms. Sandra Martyres holds a Master's Degree in Economics from Bombay University; a Diploma in Business Administration; CAIIB & a double certification in Commercial French from Alliance Francaise de Paris and the Chambre de Commerce et Industrie de Paris	Mr. Sanker Parameswaran has done his LLM in Commercial Law from University of Mumbai followed by Associate Membership of the Institute of Company Secretaries of India
Date of first appointment on the Board	January 28, 2006	April 19, 2016	June 22, 2020
Commission proposed/ sought to be paid (per annum)	₹ 10 lakh	₹10 lakh	₹ 10 lakh
Commission last drawn (per annum)	₹ 10 lakh	₹ 10 lakh	₹ 10 lakh
Shareholding in the Company	Nil	Nil	Nil
Relationship with other Directors and other Key Managerial Personnel of the Company/ Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel or Other Director	None	None	None
Number of Meetings of the Board attended during the year	4	6	6

Particulars	Mr. Jai Hiremath	Ms. Sandra Martyres	Mr. Sanker Parameswaran
Other Directorships	<ol style="list-style-type: none"> 1. Ekadant Investment Pvt. Ltd. 2. Shri Badrinath Investment Pvt. Ltd. 3. Shir Rameshwara Investment Pvt. Ltd. 4. Iris Investment Pvt. Ltd. 5. Decent Electronics Pvt. Ltd. 6. Karad Engineering Consultancy Pvt. Ltd. 7. Rushabh Capital Services Pvt. Ltd. 8. Hikal Limited 9. Acoris Research Limited 10. Zirad Art and Heritage Foundation 	<ol style="list-style-type: none"> 1. HNI Office India Limited 2. Daystar Travels Private Limited 3. Franklin Templeton Trustee Services Private Limited 4. SG Wealth Management Solutions Private Limited 5. INEOS Styrolution India Limited 	Nil
Other Membership/ Chairmanship of Committees of other Boards	Please refer to the Report on Corporate Governance forming part of this Annual Report	Please refer to the Report on Corporate Governance forming part of this Annual Report	Nil
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The Commission payable to the Independent Directors have been benchmarked with the Commission being drawn by peers in similar capacity in Pharmaceuticals Companies of comparable size in the Pharmaceuticals Industry and has been recommended by the Nomination and Remuneration Committee and Board of Directors of the Company at their meetings held on May 19, 2022. The profile of Independent Directors, their responsibilities, complex business operations, industry benchmark and size of the Company justify payment of the said Commission.		

Annexure-1B

STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V TO THE COMPANIES ACT, 2013

I. Information about the appointee:

- (1) Background details/Qualifications/Experience–The Board of Directors at its meeting held on June 15, 2019 approved appointment of Mr. Sanjay Murdeshwar as Vice-Chairman and Managing Director effective June 15, 2019 for a period of 5 (five) years i.e. June 14, 2024. Further, the shareholders at the 71st AGM of the Company held on August 09, 2019, approved his appointment by passing an Ordinary Resolution in this behalf.

Mr. Murdeshwar, aged 55 years, has obtained Bachelors' Degree in Chemical Engineering and Master's in Business Administration.

Mr. Murdeshwar comes with more than 20 years of experience in the healthcare industry, which includes varied roles in the pharmaceuticals and consumer health businesses. Before joining Novartis, Mr. Murdeshwar was with AstraZeneca based in Maryland, USA as Vice-President in their Global Product & Portfolio Strategy group, prior to which he held various general management roles with AstraZeneca. Prior to joining AstraZeneca, he was with Bayer AG with stints in various roles in both developed and emerging markets.

Mr. Murdeshwar does not hold any equity share in the Company. He attended 6 (six) meetings of Board during the financial year 2021-22. Mr. Murdeshwar also holds directorships in the following companies/entities:

- Novartis Healthcare Private Limited
- Organisation of Pharmaceutical Producers of India

- (2) Past remuneration - ₹ 72 lakh per annum
- (3) Job profile and his suitability- Mr. Sanjay Murdeshwar has a vast experience in the healthcare industry. Considering his qualifications, vast experience and deep knowledge of the business in which the Company operates, the remuneration paid commensurate with his job profile and is justified.
- (4) Remuneration paid- ₹ 72 lakh per annum

- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person

The remuneration paid to Vice-Chairman & Managing Director is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company and nature of its businesses. The remuneration is determined by the Board based on the recommendations of the Nomination and Remuneration Committee which peruses the industry benchmarks in general, remuneration prevalent in the industry, profile, knowledge, skills and responsibilities of the Managing Director and other relevant factors.

- (6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Besides remuneration as stated hereinbefore, Mr. Sanjay Murdeshwar along with his relatives do not have any pecuniary relationship with the Company. His relatives, to the extent of their shareholding, if any, in the Company may be deemed to be interested in the proposed Resolutions.

Further, he is not related to any Director and Key Managerial Personnel of the Company.

Annexure-1C

I. General information:

1. **Nature of industry:** Pharmaceuticals
2. **Date or expected date of commencement of commercial production:**
December 13, 1947
3. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**
Not Applicable
4. **Financial performance based on given indicators:**

(₹ in million)

Particulars	2022	2021	2020
Revenue from Operations	3998.7	3813.5	4382.5
Profit/(Loss) before tax	(38.2)	400.4	286.4
Tax expenses	(1.0)	191.4	185.6
Net Profit/(Loss)	(37.2)	209.0	100.8
Earnings per Equity Share (Face Value ₹ 5 each)	(1.51)	8.46	4.08

5. **Foreign investments or collaborations, if any :** Nil

II. Other information:

1. Reasons of loss or inadequate profits	The Profit/(Loss) before tax for the year stood at ₹ (38.2) million representing a decrease of 109.5% over the previous year mainly due to sales and distribution arrangement with Dr. Reddy's Laboratories (Dr. Reddy's) for a few of its Established Medicines brands that led to role redundancies resulting in employee separation cost of ₹ 496.4 million (net of re-evaluation of retirement obligations)
2. Steps taken or proposed to be taken for improvement	The Company has entered into an exclusive sales and distribution arrangement for few of its Established Medicines brands with Dr. Reddy's. This arrangement aims to further broaden access of these medicines beyond the current geographies to benefit many more patients, more efficiently, by significantly extending the reach of healthcare professionals through an expanded field force.

<p>3. Expected increase in productivity and profits in measurable terms</p>	<p>For Established Medicines business, the arrangement with Dr. Reddy's brings together the manufacturing and development synergies of Novartis India Limited with the sales and distribution strengths of Dr. Reddy's leading to operational efficiencies and increasing reach of medicines to benefit more patients. Transplant business will continue to focus on induction and maintenance therapy share growth through innovative medico marketing initiatives.</p>
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III. Disclosures:

The requisite details are stated in the Report on Corporate Governance forming part of this Annual Report. The Company pays remuneration to Independent Directors by way of sitting fees; and Commission as approved by the members of the Company. Non-Executive Non-Independent Directors of the Company do not accept any sitting fees/commission etc. Remuneration to Executive Director is paid within the limits as approved by the members of the Company, from time to time.

Board's Report

Dear Members,

Your Directors are pleased to present the 74th Annual Report along with the audited financial statement for the year ended March 31, 2022 ("year under review").

Summary of Financial Results

	(₹ in million)	
Particulars	2021-22	2020-21
Revenue from Operations	3998.7	3813.5
Total Income	4330.6	4144.4
Profit/(Loss) before Tax	(38.2)	400.4
Profit/(Loss) after tax	(37.2)	209.0
Other Comprehensive Income for the year	81.9	(60.9)
Retained Earnings balance brought forward from previous year	6981.6	7080.4
Available for appropriation		
The Directors have made the following appropriations:		
Dividend	246.9	246.9
Carry forward	6779.4	6981.6

Dividend

Your Board of Directors have recommended payment of dividend of ₹ 10 (Rupees Ten Only) per equity share of ₹ 5 (Rupees Five Only) each (200%) for the financial year ended March 31, 2022. The said dividend, if approved by the members at the Annual General Meeting (hereinafter referred to as 'AGM'), will result in a cash outflow of ₹ 246.9 million.

The Board continues to support a steady dividend policy and the recommended dividend is in accordance with the Dividend Distribution Policy of the Company. The Dividend Distribution Policy, 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.in/investors/novartis-india-corporate-policies>

Transfer to General Reserves

Your Company does not propose to transfer any amount to the General Reserves for the financial year ended March 31, 2022.

Management Discussion and Analysis

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

a. Economy, Industry and Development

The COVID-19 pandemic has been the most impactful global public health crisis in decades, and yet it has illustrated the resilience of global health systems as they have readily adapted to peaks in demand.

The global economy recovered strongly in CY 2021 even as new variants of the COVID-19 virus fueled additional waves of the pandemic. Robust policy support in advanced economies, availability of vaccines and relaxation of pandemic restrictions helped economies bounce back, collectively expanding world output by an estimated 6.1%¹.

Trends in medicine use and spending have been impacted by the immediate effects of COVID-19, with a seven-year cumulative reduction in spending of USD 175 billion through 2026 compared to the pre-pandemic outlook. Spending on COVID-19 vaccines and novel therapeutics are expected to generate more than USD 300 billion in spending over the same period, and the outlook is a cumulative USD 133 billion higher than projected prior to the pandemic.²

The global medicine market is expected to grow at 3 - 6% CAGR through 2026, reaching about USD 1.8 trillion in total market size in 2026, including spending on COVID-19 vaccines³. This will be supported by strong growth in pharmerging markets and new brands in developed markets will contribute to global spending through 2026².

Due to economic disruptions caused by the third wave of the COVID-19 pandemic and spike in inflation due to Russia-Ukraine conflict, the Indian economy grew at 8.7% in FY 21-22⁴. India's GDP is projected to grow between 8% to 8.5% in financial year 2022-23⁵.

The Indian Pharmaceutical Industry is currently valued at USD 42 billion and is expected to reach USD 65 billion by 2024 and ~USD 120-130 billion by 2030. Indian pharma exports witnessed a growth of 103% since 2013-14, from ₹ 90,415 crores in 2013-14 to ₹ 1,83,422 crores in 2021-22. Exports achieved in 2021-22 is the Pharma Sector's best export performance ever. It is a remarkable growth with exports growing by almost USD 10 billion in 8 years⁶. Indian drugs are exported to more than 200 countries in the world, with the US being the key market⁷.

The Prime Minister of India announced the pilot project of the National Digital Health Mission ('NDHM') on August 15, 2021, and launched the project on September 27, 2021⁸. It will also aim to digitally reconcile the gap among different stakeholders in India's healthcare sector. NDHM comprises of five key components such as Health ID, Patient Health Record, Electronic Medical Record, Digi Doctor Platform, and Health Facility Registry. At a later stage, NDHM will also include e-pharmacy and telemedicine services⁹.

According to NDHM, individuals will get a health card (ABHA: Ayushman Bharat Health Account) containing personal details and current health record of the cardholder. This mission will connect medical practitioners and patients digitally. Additionally, it will promote stable and well-structured healthcare across the nation. The ABHA number will be used for the purposes of uniquely identifying persons, authenticate and threading their health records across multiple healthcare systems and stakeholders with a consent from patient⁹.

The health-tech start-up space in India is witnessing an exponential growth since COVID-19 pandemic. Pandemic has opened many opportunities for start-ups in the areas of online video consultations, ordering medicines online, managing chronic conditions using technology etc.

References

1. World Economic Outlook, IMF April 2022
2. The Global Use of Medicines 2022, IQVIA Institute for Human data Science
3. <https://www.iqvia.com/newsroom>
4. <https://pib.gov.in/PressReleasePage.aspx?PRID=1829784#:~:text=The%20growth%20in%20GDP%20during,growth%20rate%20of%2019.5%20percent>
5. Economic Survey Report 2021-22
6. <https://pib.gov.in/PressReleasePage.aspx?PRID=1821747>
7. Indian Pharmaceuticals Industry Analysis Presentation | IBEF
8. <https://www.thehealthsite.com/diseases-conditions/national-digital-health-mission-what-changes-industry-experts-expect-from-this-pilot-project-884076/>
9. Ayushman Bharat Digital Mission: <https://ndhm.gov.in/abdm-components>

b. Performance

Revenue from operations for the financial year ended March 31, 2022 was ₹ 3,998.7 million illustrating an increase of 4.9% over the previous year.

The Profit/ (Loss) before tax for the year stood at ₹ (38.2) million signifying a decrease of 109.5% over the previous year mainly due to an exceptional expense of ₹ 496.4 million (net of re-evaluation of retirement obligations) towards its erstwhile associates of Established Medicines Division in this year under Employee Separation Scheme.

Year 2021-22 witnessed the second wave of COVID-19 pandemic along with sporadic increase in cases across geographies. However, having learnt from the first wave of COVID-19, businesses made efforts to ensure business continuity along with high employee engagement. These efforts helped the business to drive growth in spite of all the external challenges. Although, there were instances of delay in import clearances and in local supply chain activities in Q3, this was subsequently streamlined in the coming months. Due to limited supplies, there was also the challenge of product substitution at local pharmacy levels for a while, which was addressed and reversed. In the pain management category, many patients postponed their visits to the healthcare professionals resulting in reduced patient load at many OPDs/nursing homes during the financial year. These changes resulted in limited prescription generation specially for the topical portfolio.

Transplant business observed gradual recovery in the number of transplants done throughout the year. Most of the transplant centers were operating at almost 70-80% of the pre-COVID-19 periods.

Keeping in mind the safety of our employees, we advised our employees to take an informed decision while going back to the field. To minimize this impact on business, the Company amplified its innovative digital engagements for the Physicians to ensure high brand recall and for the dissemination of key scientific messages. This was done by developing innovative campaigns which were implemented by RTEs (Rep Triggered E-mails) and ENGAGE calls (using secure video call platforms). The incredible agility and resilience shown by our employees in driving new digital ways of working ensured that we could continue to increase our engagement levels with all the relevant stakeholders.

c. Operational performance

The Pharmaceuticals business registered Net Revenue from Operations of ₹ 3,998.7 million representing an increase of 4.9% over the previous year.

Pain portfolio recorded a growth during the year under review which is an outcome of few innovative campaigns that were launched in orals, injectables and topicals. These innovative campaigns helped the business to differentiate and increase SoV in the highly cluttered market.

Transplant business growth was driven by the gain in induction therapy patient share where Simulect® became a preferred choice of induction therapy especially in low to moderate risk patients. This was achieved by driving innovative medico-marketing initiatives focusing on 'prevention of infection'.

During the year under review, the Company announced an exclusive sales and distribution arrangement entered by the Company with Dr. Reddy's Laboratories (Dr. Reddy's) for some of its Established Medicines brands which include the Voveran range®, the Calcium range and Methergine®. This arrangement aims to further broaden access of these medicines beyond the current geographies to benefit many more patients, more efficiently, by significantly extending the reach of healthcare professionals through an expanded field force. Barring unforeseen circumstances and given the sales and distribution strengths of Dr. Reddy's, this has the potential to drive value for shareholders of the Company. Novartis AG will retain the Trademark ownership of these medicines.

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

Therapeutic Area	Therapeutic Area Product
Pain & Inflammation	Voveran®
Transplantation/Immunology	Simulect®, Certican®, Sandimmun®, Neoral®, Myfortic®
Central Nervous System	Tegrital® Exelon®

d. Key Financial Indicators

Particulars	2021-22	2020-21
Operating profit margin (%)*	4.4	3.8
Net profit margin (%)*	8.4	5.5
Debtors' turnover ratio	9.6	10.0
Current ratio*	4.3	4.5
Return on Equity*	4.8	2.9
Inventory turnover ratio	7.1	6.7
Debt service coverage ratio*	4.4	3.4
Debt equity ratio	0.03	0.09

* The results for the financial year 2021-22 are impacted with an exceptional item relating to a business transaction leading to a net expense of ₹ 496.4 million towards employee separation and current liability of ₹ 501.8 million. This has been excluded for the ratios above as applicable.

Reasons for change compared to the previous financial year in some of the 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 a company produces from its operations. It is calculated by dividing the operating earnings before interest and tax by turnover. Margins have improved due to 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 excluding exceptional item. It is calculated by dividing profit for the year by turnover. Net profit margin in the financial year 2021-22 has improved due to operational efficiencies.

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 Net Worth

Return on Net Worth is a measure of profitability of a company expressed in percentage. It is calculated by dividing profit for the year by total equity. Return on net worth has improved due to operational efficiencies.

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 earnings available for debt service by lease payments. The ratio has been impacted positively due to reduction in lease liability on account of lease modification.

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 impacted due to reduction in lease liability on account of lease modification.

e. Risks, Threats, and Concerns

Supply continuity, increasing cost pressure, inflation, high price elasticity (especially in Transplant products), control of prices of certain drugs under the Drug Price Control Order ('DPCO') continues to affect the profitability of the Pharmaceutical Industry. Revision of the National List of Essential Medicines ('NLEM') could result in expansion of price controls under the DPCO, which would put further downward pressure on drug prices. Building investments in non-traditional opportunities, coupled with heightened competition and a rising cost of talent, will result in margin pressures.

The Indian Pharmaceutical Market ('IPM') is dominated by generic formulations and these drugs account for nearly 75% of the pharma industry. Prescription by generic names could also have an impact on pharma companies and it could necessitate a change in the Company's promotional strategies.

Regulations to cap trade margins on non-scheduled products, could impact the business model for trade generics.

Novartis AG, which is the Company's holding company, owns directly or indirectly several companies in Novartis Group worldwide including various brands and patents. Therefore, any merger, acquisition, divestment or restructuring by Novartis AG or its subsidiaries, would have an influence on the Company's operations in India as well.

f. Outlook

Medicine spending in India is projected to grow 9-12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending¹.

The last two years have been difficult for the world economy on account of the COVID-19 pandemic. Repeated waves of infection, supply-chain disruptions and more recently, global inflation have created particularly challenging times for policy making. While government spending on healthcare has accelerated, the upward trend has been gradual rather than transformative, and medium-term targets – which envisage that public health expenditure will reach 2.5% of GDP by 2025² – are unlikely to be met. However, macroeconomic stability indicators suggest that the Indian Economy is well placed to take on the challenges of financial year 2022-23.

We have the optimism that with increased focus and harnessing the potential of the ecosystem, coupled with innovative lifecycle management, leveraging technology, capability building and meaningful partnerships, we are poised to benefit many more patients.

¹ Indian Pharmaceuticals Industry Analysis Presentation | IBEF

² <https://pib.gov.in/PressReleasePage.aspx?PRID=1793820#:~:text=The National Health Policy%2C 2017,1.3%25 in 2019-20.>

g. 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 Head of Internal Audit together with external audit consultants 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.

h. 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, 2022 was 81.

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 and environment. The CSR Policy adopted by the Board of Directors is available on the Company's website at <https://www.novartis.in/investors/novartis-india-corporate-policies>

Health: The Government of India announced its commitment to eradicate leprosy from the country by 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 organisation in Telangana to set up an integrated health management system, which resulted in digitisation of leprosy records, with the aim that this data will eventually serve to drive early diagnosis of leprosy.

The Company's Healthy Families Program, Arogya Parivar continued its health awareness programs reaching out to more than 5.86 million individuals across rural India and conducted 338,130 health education programs and 1,061 health camps in the year under review.

Environment: The Company supported the upkeep of a beautiful garden in the heart of the city for five months.

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 (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.

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.in/investors/novartis-india-corporate-policies>

Further, in terms of the provisions of Section 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 2021-22, 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, other obligations as approved by members under erstwhile Clause 49(VII)(E) of the Listing Agreement at the 67th AGM of the Company held on July 23, 2015.

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.

Fixed 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 2021-22.

Particulars of Loans, Guarantees or Investments

As on March 31, 2022, there were no outstanding loans or guarantees covered under the provisions of Section 186 of the Act.

Board of Directors and Key Managerial Personnel

Board of Directors:

Re-appointment of Director retiring by rotation

Ms. Monaz Noble has been functioning on the Board of the Company as a Non-Executive and Non-Independent capacity effective June 1, 2019. Ms. Noble 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 6 (six) 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 financial year 2021-22 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'):

Resignation

During the year under review, Mr. Trivikram Guda and Mr. Felix Doss resigned from their respective positions of Company Secretary & Compliance Officer and Chief Financial Officer on November 30, 2021 and December 31, 2021 respectively and were subsequently relieved from their responsibilities.

Appointment

Mr. Nikhil Malpani was appointed as Company Secretary and Compliance Officer of the Company from the conclusion of the Board Meeting held on April 27, 2022 and Ms. Shilpa Joshi was appointed as Chief Financial Officer of the Company with effect from May 1, 2022.

By virtue of the above changes in KMP and in terms of provisions of Section 203 of the Act, the following are the KMP of the Company as on date :

- i. Mr. Sanjay Murdeshwar – Vice Chairman and Managing Director
- ii. Ms. Shilpa Joshi – Chief Financial Officer
- iii. Mr. Nikhil Malpani – Company Secretary and Compliance Officer

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 Board at its meeting held on May 19, 2022, as recommended by the Nomination and Remuneration Committee, considered and approved amendments to the said Policy in line with the recent amendments in the SEBI Listing Regulations. The updated 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.in/investors/novartis-india-corporate-policies>

Board Evaluation

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, the Board of Directors have carried out the annual performance evaluation of its own performance, the Directors individually as well as working of its Audit, Nomination and Remuneration, Stakeholders Relationship, Risk Management and Corporate Social Responsibility Committees.

A structured questionnaire was prepared for the Board evaluation process for the financial year 2021-22, 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 May 09, 2022, 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 and Managing 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 2021-22. 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 2021-22 was placed before the Board of Directors at its meeting held on May 19, 2022 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 reflect 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 at March 31, 2022 and of the loss of the Company for the year ended March 31, 2022
- (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

Familiarisation 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 provided to the Directors of the Company are available on the website of the Company at <https://www.novartis.in/investors/novartis-india-corporate-policies>

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. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), were appointed as Statutory Auditors of the Company at the AGM held on July 28, 2017 for a term of 5 (five) years to hold office from the conclusion of the 69th AGM till the conclusion of the 74th AGM (i.e. the ensuing AGM) of the Company.

As the tenure of M/s. Deloitte Haskins & Sells LLP would expire at the conclusion of the 74th AGM of the Company, it is recommended to appoint M/s B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W100022) for a period of 5 (five) years from the conclusion of 74th AGM till the conclusion of 79th AGM subject to the approval of the shareholders of the Company.

M/s B S R & Co. LLP, Chartered Accountants, would be eligible for appointment at the conclusion of the forthcoming AGM in accordance with Section 139 of the Act. The Board of Directors, on the recommendation of the Audit Committee, has proposed the appointment of M/s B S R & Co. LLP, Chartered Accountants. The appointment of the Statutory Auditors is proposed to the shareholders in the Notice of the forthcoming AGM.

The Auditors' Report issued by M/s. Deloitte Haskins & Sells LLP to the shareholders on the Accounts of the Company for the financial year ended March 31, 2022 does not contain any qualification, reservation or adverse remark. The said Report for the financial year ended March 31, 2022 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 2021-22, the total fees for the statutory audit rendered by the Statutory Auditors are given below:

Auditors' Remuneration (Excluding GST, where applicable)	(₹ in million)	
	2021-22	2020-21
Audit Fees	9.5	9.0
Tax Audit Fees	1.3	1.3
Reimbursement of Expenses	-	0.2
Total	10.8	10.5

(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 2021-22. The Secretarial Audit Report is annexed herewith as **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 2022-23. 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.

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 2021-22, 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 2021-22.

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 Report

As mandated by the Securities and Exchange Board of India, the Business Responsibility Report ('BRR') forms part of the Annual Report. The report on the nine principles of National Voluntary Guidelines on social, environmental and economic responsibilities of business as framed by the Ministry of Corporate Affairs is provided in relevant sections of the BRR.

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.in/investors/novartis-india-corporate-policies>

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 2021-22, one complaint was received by the Company related to sexual harassment and the same was addressed and closed.

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 (as substituted by the Companies (Management and Administration) Amendment Rules, 2021 dated March 05, 2021), a copy of the Annual Return is available on the website of the Company at <http://www.novartis.in/investors/novartis-india-financial-results>

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 and the date of this Report
- 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 for the year ended March 31, 2022

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 19, 2022
Place: Singapore

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, Company Secretary and Chief Financial Officer during the financial year 2021-22 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 are as under:

Name and Designation of Directors and Key Managerial Personnel	% increase/ decrease in remuneration in the year 2022 as compared to the year 2021	Ratio of the remuneration to median remuneration of the employees (MRE)
Executive Director		
Mr. Sanjay Murdeshwar, Vice Chairman and Managing Director	0%	5.8:1
Non-Executive Non-Independent Directors		
Mr. Christopher Snook, Chairman	NA	NA
Ms. Monaz Noble	NA	NA
Independent Directors		
Mr. Jai Hiremath	NA	NA
Ms. Sandra Martyres	NA	NA
Mr. Sanker Parameswaran	NA	NA
Key Managerial Personnel ('KMP')		
Mr. Trivikram Guda – Company Secretary and Compliance Officer *	0%	NA
Mr. Felix Doss – Chief Financial Officer #	0%	NA

* Resigned as Company Secretary and Compliance Officer on November 30, 2021

Resigned as Chief Financial Officer on December 31, 2021

Notes:

Remuneration paid to Independent Directors consists of only sitting fees and Commission in the financial year 2021-22 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: 4.5%
- (C) The number of permanent employees on the rolls of the Company as on the financial year end: 81
- (D) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year was 3.6%, while increase in the remuneration of managerial personnel was 0%
- (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 2021-22

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.in/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. Sanjay Murdeshwar	Chairman of the Committee; Vice Chairman and Managing Director	2	2
2	Ms. Sandra Martyres	Member; Non-Executive and Independent Director	2	2
3	Ms. Monaz Noble	Member; Non-Executive and Non-Independent Director	2	2

3. The Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are also disclosed on the website of the Company at www.novartis.in
4. Provide the details 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
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in million)	Amount required to be set-off for the financial year, if any (₹ in million)
1	2021-22	2	2

6. Average net profit of the company as per Section 135(5) of the Act: ₹ 409.3 million
7. (a) Two percent of average net profit of the Company as per Section 135(5): ₹ 8.2 million
 (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil
 (c) Amount that is required to be set off for the financial year: ₹ 2 million
 (d) Total CSR obligation for the financial year (7a + 7b – 7c): ₹ 6.2 million
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in million)	Amount Unspent (₹ in million)				
	Total Amount (INR) transferred to Unspent CSR Account as per Section 135(6).		Amount (INR) transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of Transfer
4.16	2.04	April 29, 2022	Not Applicable	Nil	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: (₹ in million)

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Project Duration	Amount allocated for the project	Amount spent in the current FY	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Integrated Healthcare Management System	(i)	No	Telangana	Hyderabad	3 years (FY 2020-21 to FY 2022-23)	1.85	Nil	1.85	No	Sivananda Rehabilitation Home	CSR00004822
2.	CSR Monitoring and Evaluation Fees	NA	NA	NA	NA	Ongoing	0.56	0.37	0.19	NA	NA	NA
Total (b)							2.41	0.37	2.04			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in million)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Health Diagnosis Camps and related incidentals-Arogya Parivar	(i)	No	Uttar Pradesh, Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh, Rajasthan, Gujarat, Maharashtra, Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, Uttarakhand, Orissa		3.43	Yes	NA	NA
2.	Garden Maintenance	(iv)	Yes	Maharashtra	Mumbai	0.36	Yes	NA	NA
Total (c)						3.79			

(d) Amount spent in Administrative Overheads for CSR Project Monitoring and Evaluation Fees: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the financial year (8b+8c+8d+8e): ₹ 4.16 million

(g) Excess amount for set off, if any:

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

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil
10. There is no creation or acquisition of capital asset, through CSR spent in the financial year 2021-22 and hence there are no details to furnish in this regard.
11. Specify the reason(s), if the Company has failed to spend two per cent of the Average Net Profit as per Section 135(5)

While the total obligation was allocated, the delay in spends was due to unavoidable circumstances owing to reduction in services required from our M&E partner and administrative errors by the non-profit partner. The unspent amount for the financial year 2021-22 was transferred to Unspent CSR Account as per the CSR Rules.

On behalf of the Board of Directors

SANJAY MURDESHWAR
Chairman of the CSR Committee;
Vice Chairman & Managing Director
DIN: 01481811

Date: May 19, 2022

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, 2022
None
2. Details of material contracts or arrangement or transactions at arm's length basis during the financial year ended March 31, 2022

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, 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 th 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 ₹ 762.5 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 were granted by the Audit Committee from time to time
(f)	Amount paid as advances, if any	None

Note : 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. The Form AOC-2 envisages disclosure of material contracts or arrangement or transactions at arm's length basis. The above details are as per the 'Policy on dealing with Related Party Transactions' adopted by the Company.

On behalf of the Board of Directors

CHRISTOPHER SNOOK
Chairman of the Board
DIN: 00369790

Date: May 19, 2022
Place: Singapore

Annexure D to the Board's Report

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[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, Part of 601 and 701
Bandra Kurla Complex, Bandra East
Mumbai City 400 051

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 us 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 31st March, 2022, 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 31st March, 2022 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 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) Regulations, 2014 (up to 12th August 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13th August 2021);
 - iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (up to 15th August 2021);
 - iv. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 (up to 15th August 2021);
 - v. Securities and Exchange Board of India (Issue and Listing of Non-Convertible securities) Regulations, 2021 (with effect from 16th August, 2021);
 - vi. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (up to 9th June 2021) and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (with effect from 10th June 2021);
 - vii. The Securities and Exchange Board of India (Buyback 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 generally 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. There were no changes in the composition of the Board of Directors that took place during the period under review.
- 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 : S1988MH004801
PR. 1003/2020

Place : Mumbai
Date : May 19, 2022
UDIN : F001596D000350670

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, Part of 601 and 701
Bandra Kurla Complex, Bandra East
Mumbai City 400 051

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 were appropriate 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 : S1988MH004801
PR. 1003/2020

Place : Mumbai
Date : May 19, 2022
UDIN : F001596D000350670

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, 2022.

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.

Some of the benefits derived from this new office since occupancy, from the last 4 years include the following:

- Energy Efficient Lighting System consisting of LED Lighting installed on office floors.
- Occupancy and motion-based sensor LEDs are installed at all workstation areas and meeting rooms, for reduction of energy consumption when not in use.
- On the ventilation front, the Air Handling Units (AHUs) and Variable Refrigerant Flow system operate with the best efficiency.
- Ample natural lighting is made available from the façade along with open lay-out which helps in better air circulation and lighting distribution.
- Co₂ monitoring sensor installed at appropriate places.
- Biodegradable plates/cutlery/glassware are used in the cafeteria and meeting rooms thereby avoiding single usage plastic and thereby reducing water use for cleaning of utensils.
- Water efficient, aerator type faucets are installed in all washrooms.
- Employees of the Company have flexi working policy and use various digital platforms for meetings with their stakeholders, wherever possible.

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.
- **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 ₹ 352.9 million and the foreign exchange outgo was ₹ 797.7 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 (or 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.

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, 2022 comprises of 6 (six) 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.

Ms. Monaz Noble has been functioning on the Board of the Company in a Non-Executive and Non-Independent capacity effective June 1, 2019. Ms. Noble retires by rotation at the ensuing Annual General Meeting (hereinafter referred to as '**AGM**') and being eligible, offers herself for re-appointment.

Except for the Non-executive Chairman, Vice Chairman & Managing Director and Independent Directors of the Company, all other Directors are liable to retire by rotation.

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 2021-22 and attendance of Directors

During the financial year under review, 6 (six) 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 and 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 April 15, 2021, June 17, 2021, August 11, 2021, November 11, 2021, February 10, 2022 and February 11, 2022, each meeting being consecutively numbered from 1 to 6.

Details of Directors and their attendance at the Board Meetings and AGM during the financial year ended March 31, 2022 are given below:

Name of the Director	Meetings of the Board for the financial year 2021-22							Attendance at the AGM August 27, 2021
	No. of Meetings held during the tenure of the Director	Attendance of Directors						
1		2	3	4	5	6		
Mr. C. Snook	6	√	√	√	√	√	√	√
Mr. S. Murdeshwar	6	√	√	√	√	√	√	√
Ms. M. Noble	6	√	√	√	√	√	√	√
Mr. J. Hiremath	6	√	√	√	√	×	×	√
Ms. S. Martyres	6	√	√	√	√	√	√	√
Mr. S. Parameswaran	6	√	√	√	√	√	√	√

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, 2022, 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 ⁱ			Committee Memberships ⁱⁱ	Committee Chairmanships ⁱⁱ
				Public Companies		Private Cos./ Section 8 Cos.		
				Listed	Unlisted			
1.	Mr. C. Snook	Non-Executive Chairman	01.08.2008	1	—	—	2	—
2.	Mr. S. Murdeshwar	Vice Chairman and Managing Director	15.06.2019	1	—	2	1	—
3.	Ms. M. Noble	Non-Executive & Non-Independent Director	13.06.2016	2	1	1	3	1
4.	Mr. J. Hiremath	Independent Director	28.01.2006	2	1	8	1	1
5.	Ms. S. Martyres	Independent Director	19.04.2016	1	1	3	3	—
6.	Mr. S. Parameswaran	Independent Director	22.06.2020	1	—	—	2	—

- 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.

None of the Directors and their relatives hold shares in the Company as on March 31, 2022. Further, there is no relationship amongst the Directors of the Company.

Details of the Directorship as on March 31, 2022 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. M. Noble	Godrej Industries Limited	Independent Director
4.	Mr. J. Hiremath	Hikal Limited	Whole-time Director
5.	Ms. S. Martyres	—	—
6.	Mr. S. Parameswaran	—	—

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.

Further, in opinion of the Board, the Independent Directors fulfill the conditions specified in Regulations 16 and 25 of the SEBI Listing Regulations and are independent of the management.

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 your 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, 2022. This certificate forms part of the Report on Corporate Governance.

The profile of all Directors of the Company are placed on the website of the Company at <https://www.novartis.in/about-us/our-leadership/novartis-india-board-directors>

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 16, 2021, 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 provided to the Directors of the Company is available on the website of the Company at <https://www.novartis.in/investors/novartis-india-corporate-policies>

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

The Board of Directors ('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 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:

Skills and its description	Mr. Snook	Mr. Murdeshwar	Mr. Hiremath	Ms. Martyres	Ms. Noble	Mr. Parameswaran
Vision Familiarity and commitment to Novartis / Company's culture and values	√	√	√	√	√	√
Strategic expertise Ability to understand, review and suggest appropriate strategies	√	√	√	√	√	√
Experience Leadership experience in managing people and achieving change	√	√	√	√	√	√
Industry Knowledge of pharma, healthcare, manufacturing, marketing, finance, banking, HR, legal and public affairs in which the Company operates	√	√	√	√	√	√
Technical 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
Legal & Governance Knowledge and understanding of legal and regulatory landscape in which the Company operates	√	√	√	√	√	√
Behavioral 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	√	√	√	√	√	√
Personal attributes 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

i. 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 statements 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 statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report
- Review, with the management, the quarterly financial statements 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 monitoring 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 rupees 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, acts as Secretary to the Committee.

The Vice Chairman & Managing Director, Non-Independent Director, Chief Financial Officer, Internal Auditor, Statutory Auditors (wherever needed) are invitees to the Audit Committee meetings.

During the financial year under review, the Audit Committee met 4 (four) times on June 17, 2021, August 11, 2021, November 11, 2021 and February 10, 2022, each meeting being consecutively numbered from 1 to 4.

Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2022 are given below:

Name of the Member	Category	Meetings of the Committee for the financial year 2021-22				
		No. of Meetings held during the tenure	1	2	3	4
Mr. J. Hiremath	Chairman of the Committee; Non-Executive and Independent Director	4	√	√	√	×
Mr. C. Snook	Member; Non-Executive Director	4	√	√	√	√
Ms. S. Martyres	Member; Non-Executive and Independent Director	4	√	√	√	√
Mr. S. Parameswaran	Member; Non-Executive and Independent Director	4	√	√	√	√

Mr. J. Hiremath, Chairperson of the Audit Committee was present at the AGM of the Company held on August 27, 2021

ii. 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 once on June 17, 2021.

Constitution of the Nomination and Remuneration Committee and attendance details during the financial year ended March 31, 2022 are given below:

Name of the Member	Category	Meetings of the Committee for the financial year 2021-22	
		No. of Meetings held during the tenure	1
Ms. S. Martyres	Chairperson of the Committee; Non-Executive and Independent Director	1	√
Mr. C. Snook	Member; Non-Executive Director	1	√
Mr. J. Hiremath	Member; Non-Executive and Independent Director	1	√

Ms. S. Martyres, Chairperson of the Nomination and Remuneration Committee was present at the AGM of the Company held on August 27, 2021

The Nomination and Remuneration Committee at its meeting held on July 25, 2014, approved the Nomination and Remuneration Policy and the methodology for conducting the performance appraisal of the Board, the Board Committees and the Directors. The details of Nomination and Remuneration Policy and methodology for conducting the performance appraisal of the Board, the Board Committee and the Directors are given below. Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on February 4, 2019 approved the increase in age for appointment / re-appointment of Director from 70 years to 75 years.

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.

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 policy, Senior Management shall mean employees hired at the level of Divisional Heads and Corporate Function Heads or equivalent positions, as per SEBI Listing Regulations.

The policy provides that the candidate should have appropriate qualifications, skills and experience for discharging the role. The qualifications, 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, KMP 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.

Performance Evaluation

The process approved by the Nomination and Remuneration Committee 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:

- 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.
- 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.
- 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.
- 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 and Managing Director gets a monthly salary, perquisites and performance pay as per the policies of the Company. In the event of the Managing Director desiring to leave the services of the Company, he shall give to the Company six months' notice. The Company may, at its sole discretion, relieve the Managing Director of his duties any time by giving six months' notice.

The criteria for making payments to the Vice Chairman and Managing Director is:

1. Salary, as recommended by the Nomination and Remuneration Committee 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 and Managing Director is determined keeping in view industry benchmarks and Novartis policies.

Remuneration of the Vice Chairman and Managing Director is within the limits approved by the Board and shareholders of the Company.

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 each year based on industry benchmarks and commensurate challenges.

The remuneration paid or payable to the Directors is given below:

(₹ in million)

Name of the Director	Salary	Perquisite	Performance incentive	Commission	Other long term benefits	Total
Mr. C. Snook	—	—	—	—	—	—
Mr. S. Murdeshwar	7.2	—	—	—	—	7.2
Ms. M. Noble	—	—	—	—	—	—
Mr. J. Hiremath	—	—	—	1.0	—	1.0
Ms. S. Martyres	—	—	—	1.0	—	1.0
Mr. S. Parameswaran	—	—	—	1.0	—	1.0

The Nomination and Remuneration Policy of the Company is available on the website of the Company at <https://www.novartis.in/investors/novartis-india-corporate-policies>.

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

iii. 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 & Share 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 June 17, 2021, August 11, 2021, November 11, 2021 and February 10, 2022, each meeting being consecutively numbered from 1 to 4.

Details of constitution and attendance details of the Stakeholders Relationship Committee as on March 31, 2022 are given below:

Name of the Member	Category	Meetings of the Committee for the financial year 2021-22				
		No. of Meetings held during the tenure	1	2	3	4
Ms. M. Noble	Chairperson of the Committee; Non-Executive and Non- Independent Director	4	√	√	√	√
Mr. C. Snook	Member; 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. M. Noble, Chairperson of Stakeholders Relationship Committee was present at the AGM of the Company held on August 27, 2021.

Mr. Nikhil Malpani, Company Secretary and Compliance Officer is Secretary to the Stakeholders Relationship Committee.

During the financial year 2021-22, 1 (one) complaint was received from a shareholder, the same has been attended/resolved. There was no complaint from shareholders pending as on March 31, 2022. The shareholder grievance was attended and resolved within thirty days. The Chairperson of the Stakeholders Relationship Committee attends the AGM of the Company to answer queries of the security holders, if any.

iv. 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 June 17, 2021 and November 11, 2021, each meeting being consecutively numbered from 1 to 2.

Details of constitution and attendance of the CSR Committee as on March 31, 2022 are given below:

Name of the Member	Category	Meetings of Committee for the financial year 2021-22		
		No. of Meetings held during the tenure	1	2
Mr. S. Murdeshwar	Chairman of the Committee; Vice Chairman & Managing Director	2	√	√
Ms. S. Martyres	Member; Non-Executive and Independent Director	2	√	√
Ms. M. Noble	Member; Non-Executive and Non-Independent Director	2	√	√

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 financial year 2021-22.

v. 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, including 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 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, the Committee met thrice on August 11, 2021, November 11, 2021 and February 10, 2022, each meeting being consecutively numbered from 1 to 3.

Details of constitution and attendance of Committee as on March 31, 2022 are given below:

Name of the Member	Category	Meetings of Committee for the financial year 2021-22			
		No. of Meetings held during the tenure	1	2	3
Mr. J. Hiremath	Chairman of the Committee; Non-Executive and Independent Director	3	√	√	×
Ms. M. Noble	Member; Non-Executive and Non-Independent Director	3	√	√	√
Mr. S. Parameswaran*	Member; Non-Executive and Independent Director	3	√	√	√
Mr. N. Kumar	Country Head Ethics, Risk and Compliance	3	√	√	√
Mr. Felix Doss#	Chief Financial Officer	2	√	√	N.A.

*Mr. S. Parameswaran, Non-Executive and Independent Director of the Company was appointed as a member of the Committee effective June 17, 2021.

#Mr. Felix Doss resigned as Chief Financial Officer of the Company on December 31, 2021.

At the meeting held on May 19, 2022, the Board of Directors re-constituted the Risk Management Committee and inducted Ms. Shilpa Joshi, Chief Financial Officer, as a member of the Risk Management Committee.

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. AGMs:

AGM for the financial year	Location of holding AGM	Date and time of AGM
2020-2021	Video conferencing / Other Audio-Visual Means	August 27, 2021 at 11:30 a.m.
2019-2020	Video conferencing / Other Audio-Visual Means	August 7, 2020 at 11:30 a.m.
2018-2019	Mumbai Cricket Association [MCA] Banquet Hall, Ground Floor, G Block BKC, RG – 2, Bandra (E), Mumbai 400 051	August 9, 2019 at 11:30 a.m.

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

Particulars of Special Resolutions passed at the last three AGMs

No Special Resolution was passed at the preceding 3 (three) AGMs.

ii. Postal Ballot:

No Special Resolution was passed through postal ballot during the financial year 2021-22.

No Special Resolution is currently proposed to be conducted through postal ballot.

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 2021-22	1
ii.	Number of complaints disposed of during the financial year 2021-22	1
iii.	Number of complaints pending as on end of the financial year 2021-22	0

6. 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.in/investors/novartis-india-corporate-policies>

- The Company does not have any subsidiary and is not required to formulate any Policy for determining 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 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 financial statement of the Company is unqualified
- The Company does not have any securities in the demat suspense account/ unclaimed suspense account
- Adequate disclosures and policies are available on the website of the Company at <https://www.novartis.in/investors/novartis-india-corporate-policies>

7. 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.in/investors/novartis-india-financial-results#ui-id-3=1&ui-id-2=0>

The Management Discussion and Analysis Report forms part of this Annual Report.

8. 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, 2022 and a declaration to that effect, signed by the Managing 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.

9. 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, Practicing Company Secretary, is annexed to this Report.

10. General Shareholder Information

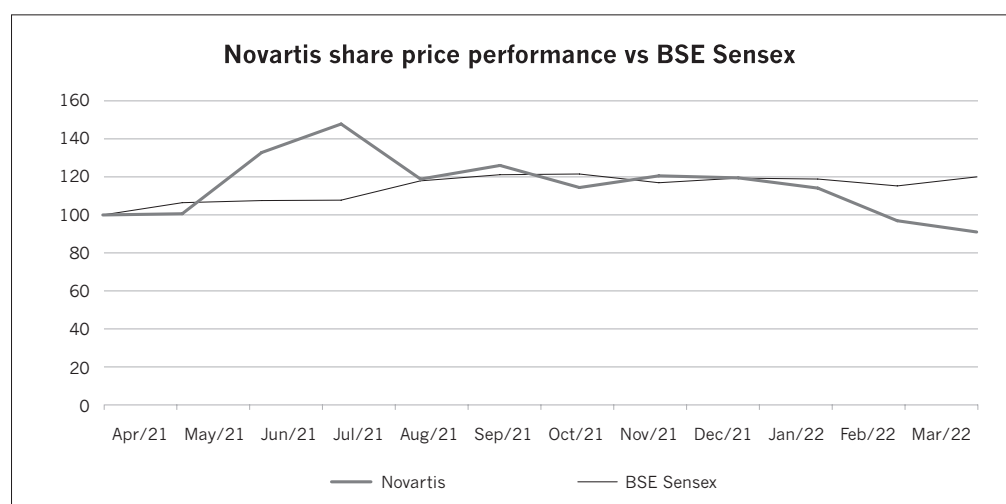
AGM day, date, venue and time	: Friday, July 29, 2022 through Video conferencing or Other Audio-Visual Means at 11:00 a.m. (IST)
Financial Year	: April 1, 2021 to March 31, 2022
First quarter results	: Second fortnight of July 2022
Second quarter results	: First fortnight of November 2022
Third quarter results	: Second fortnight of February 2023
Results for the year ending March 2023	: Second fortnight of May 2023
Date of Book closure; Record Date	: Friday, July 22, 2022 to Friday, July 29, 2022 (both days inclusive); Record Date is July 21, 2022

Dividend payment date : On or after August 02, 2022
 Listing on Stock Exchange : BSE Limited, Mumbai
 Payment of Annual Listing Fees : The Annual Listing Fees for the financial year 2022-23 is paid to BSE Limited
 Scrip Code (BSE) : 500672
 Demat ISIN no. for CDSL and NSDL : INE234A01025
 Corporate Identity Number (CIN) : L24200MH1947PLC006104

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

Month	BSE Limited, Mumbai	
	High	Low
April 2021	699.70	547.00
May 2021	674.00	624.35
June 2021	997.00	637.55
July 2021	1,099.00	855.00
August 2021	999.00	756.00
September 2021	887.80	770.00
October 2021	842.00	734.25
November 2021	924.00	736.05
December 2021	848.00	758.85
January 2022	798.65	725.00
February 2022	821.80	618.35
March 2022	661.00	580.00

Novartis share price performance versus BSE Sensex during April 2021 – March 2022



(Source: Website of BSE Limited, Mumbai 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

Share Transfer System : Share Transactions in physical form i.e., name deletion/change of name are processed by the Registrar and Transfer Agent, Link Intime India Private Limited and are approved by the Stakeholders Relationship Committee of the Company or the authorized signatories of the Company. Share transfers are registered and returned within 15 days from the date of lodgment if documents are complete in all respects. The depository system handles share transfers in dematerialised form

Distribution of shareholding as on March 31, 2022

Sr. No.	No. of Equity Shares		Shareholder(s)		Shareholding(s)	
	From	To	Nos.	%	Nos.	%
1.	1	500	44,268	96.5981	33,34,140	13.5036
2.	501	1000	894	1.9508	6,67,665	2.7041
3.	1001	2000	366	0.7987	5,37,143	2.1755
4.	2001	3000	123	0.2684	3,03,192	1.2280
5.	3001	4000	44	0.096	1,51,532	0.6137
6.	4001	5000	36	0.0786	1,66,825	0.6757
7.	5001	10000	53	0.1157	3,56,780	1.4450
8.	10001 and above		43	0.0938	1,91,73,520	77.6545
Total			45,827	100.0000	2,46,90,797	100.0000

Shareholding pattern as on March 31, 2022

Category	No. of shares held	Percentage of shareholding
A. Promoters' Holding		
1. Promoters		
– Indian Promoters	—	—
– Foreign Promoters	1,74,50,680	70.6769
2. Persons Acting in concert	—	—
Sub-Total	1,74,50,680	70.6769
B. Non-Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds & UTI	760	0.0031
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	1,91,519	0.7757

Category	No. of shares held	Percentage of shareholding
c. FIIs	28,534	0.1156
Sub-Total	2,20,813	0.8944
4. Others		
a. Private Corporate Bodies	1,51,023	0.6117
b. Indian Public	59,58,050	24.1307
c. NRIs/OCBs	9,10,231	3.6865
d. Directors and their relatives	—	—
Sub-Total	70,19,304	28.4289
Grand Total	2,46,90,797	100.0000

Dematerialization of shares and liquidity : The Company's shares are traded compulsorily in dematerialized form on the stock exchange. As on March 31, 2022, 98.52% 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 and CHF. 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 minimise 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.

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 Mr. Nikhil Malpani, Company Secretary and Compliance Officer at the Registered Office of the Company situated at Inspire - BKC, Part of 601 and 701, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

Telephone No: +91 22 5024 3000

E-mail: india.investors@novartis.com

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, 2022.

For Novartis India Limited

Sanjay Murdeshwar
Vice Chairman and
Managing Director

Mumbai, May 19, 2022

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, Part of 601 and 701,
Bandra Kurla Complex, Bandra East,
Mumbai 400 051

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 - BKC, Part of 601 and 701, Bandra Kurla Complex, Bandra East, Mumbai City 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) 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, 2022 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.	Jai Hiremath	00062203	28/01/2006
4.	Sandra Martyres	00798406	19/04/2016
5.	Sanjay Murdeshwar	01481811	15/06/2019
6.	Monaz Noble	03086192	13/06/2016

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

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 and Associates
(Practising Company Secretaries)

K. G. Saraf
Proprietor
FCS 1596 : CP 642
FRN : S1988MH004801
PR : 1003/2020

Place : Mumbai
Date : May 19, 2022
UDIN : F001596D000350661

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 2022.

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.

Pune, May 19, 2022

DR. K. R. CHANDRATRE
Practising Company Secretary
FCS No. 1370
Certificate of Practice No. 5144
Peer Review Certificate No.: 1206/2021
UDIN : F001370D000439720

Business Responsibility Report

At Novartis, we strive to be a trusted healthcare leader and cultivate a corporate culture of high ethical standards. We promote innovation, quality, collaboration, performance, courage and integrity, which we regard as essential values and behaviors in our interactions with patients, healthcare partners and society at large.

Our key focus areas of Business Responsibility include expanding access to healthcare and doing business responsibly. This combination of responsible business and making medicines accessible is an important element supporting our Company's mission, vision and strategy. In this endeavor, we adopt an array of approaches such as innovative business models, equitable commercial models, zero-profit initiatives, patient assistance programs and strategic philanthropy.

We at Novartis strongly believe that high performance with integrity is fundamental to the way we operate and is critical to maintaining the support of society and governments. Our Code of Ethics sets high ethical standards, and comprehensive training ensures our employees know how to apply these standards in their work.

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	:	L24200MH1947PLC006104
2.	Name of the Company	:	Novartis India Limited
3.	Registered address	:	Inspire - BKC, Part of 601 and 701 Bandra Kurla Complex Bandra East, Mumbai 400 051
4.	Website	:	www.novartis.in
5.	Email ID	:	india.investors@novartis.com
6.	Financial Year reported	:	April 1, 2021 to March 31, 2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):	:	The Company's principal business activity comprises wholesale of pharmaceuticals and medical goods (NIC Code 46497)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	:	Pharmaceutical products
9.	Total number of locations where business activity is undertaken by the Company	:	
	i. Number of International Locations	:	None
	ii. Number of National Locations	:	The Company's registered office is situated at Mumbai and its branches are in Delhi, Bengaluru, Kolkata, Chennai and Lucknow
10.	Markets served by the Company – Local/ State/National/International	:	PAN India across all markets in the Country

Section B: Financial Details of the Company

(₹ in million)

1.	Paid up Capital	:	123.4
2.	Total Turnover	:	3998.7
3.	Total profit/(loss) after tax	:	(37.2)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	:	2 percent*
5.	List of activities in which expenditure in 4 above has been incurred: Focus areas are Health, Education and Environment. Please refer to the 'Annual Report on Corporate Social Responsibility' which forms part of this Annual Report for details.	:	

* 2 percent of average net profit calculated on the basis of Section 198 of the Companies Act, 2013 for preceding 3 (three) financial years.

Section C: Other Details

- 1. Does the Company have any Subsidiary Company/Companies?**
 - The Company does not have any Subsidiary.
- 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If Yes, then indicate the number of such Subsidiary Company(s).**
 - Not applicable.
- 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If Yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
 - The Company expects all business partners to adhere to the Company's business principles.

Section D: Business Responsibility (BR) Information

1. Details of Director/Directors responsible for Business Responsibility

- a) Details of the Director responsible for implementation of the BR policy/policies

DIN Number : 01481811
Name : Sanjay Murdeshwar
Designation : Vice Chairman and Managing Director

- b) Details of the BR Head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	01481811
2.	Name	Sanjay Murdeshwar
3.	Designation	Vice Chairman and Managing Director
4.	Telephone number	022 5024 3000
5.	Email ID	india.investors@novartis.com

2. Principle-wise (as per NVGs) BR Policies (Reply in Y/N)

- Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- Principle 3:** Businesses should promote the well-being of all employees.
- Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- Principle 5:** Businesses should respect and promote human rights.
- Principle 6:** Businesses should respect, protect and make efforts to restore the environment.
- Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- Principle 8:** Businesses should support inclusive growth and equitable development.
- Principle 9:** Businesses should engage with and provide value to their customers.

Sr. No.	Questions	Business Ethics	Sustainability	Employees' Well-being	Stakeholders' Welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for...?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify?*	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?***	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	#	#	#	#	#	#	#	#	#
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

* All the Company's policies are aligned with Novartis AG's global best practices and in compliance with Indian laws and regulations.

** Standards and Policies adopted by the Company's global parent have been put in place in India.

<https://www.novartis.in/about-us/corporate-responsibility>

<https://www.novartis.com/our-company/corporate-responsibility/reporting-disclosure/codes-policies-guidelines>

2a. If answer to Sr. No. 1 against any principle is 'No', please explain why:

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within the next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meets to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:**
 - The Business Head of the Company along with the leadership team discusses and assesses the business responsibility performance of the Company at least once in six months. The Board and senior management of the Company affirm compliance with the Code of Ethics.
 - The CSR Committee of the Company meets at regular intervals to review the progress on various CSR initiatives as well as discuss future programs/projects.
- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?**
 - The BR report forms part of the Annual Report for the financial year 2021-22 and can be accessed on the website of the Company at www.novartis.in

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

We focus our Business Responsibility (BR) work in two areas: expanding access to healthcare and doing business responsibly. It is our belief that operating ethically is not only the right thing to do, it is also fundamental to our success as a business. We have zero tolerance for unethical behaviour by any of our employees and are committed to taking all necessary steps to ensure compliance with our Code of Ethics and all other applicable laws.

Our Code of Ethics is based on four core principles (for details of these principles, please see the Novartis Code of Ethics):

Be Open-minded

Be Honest

Be Bold

Be Accountable

Our ethical principles support us to make good decisions. They are underpinned by a simple set of questions all employees can ask themselves as they go through their own decision-making processes. Every employee must apply these principles to our commitments to challenge their thinking and ways of working.

Every Novartis employee is required to take part in yearly Code of Ethics training, including certification. Compliance with the Code of Ethics is included in the terms of employment of all Novartis employees and is closely monitored. Compliance is a regular item on the agenda of all our leadership meetings. All employees are also required to complete integrity and compliance training via e-training on Data Privacy and Anti-Bribery.

The culture of our Company is anchored in our Values and Behaviours which are embedded in our organisation. We take allegations of any inappropriate behavior very seriously, actively investigate them, and take appropriate disciplinary action. Employees can report suspected misconduct under the Vigil Mechanism or to the SpeakUp Office. Our organizational policies on Ethics, Anti-Bribery and Corruption extend beyond the Company to all Suppliers, Contractors and Third parties dealing with the Company.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The mission of our Company is to discover new ways to improve and extend people's lives. Novartis uses science-based innovation to address some of society's most challenging healthcare issues. We discover and develop breakthrough treatments and find new ways to deliver them to as many people as possible.

As a science-based healthcare company, Novartis strives to develop products that can help change the practice of medicine. We work with hospitals, insurance companies and physicians to meet changing customer needs and cost effectiveness effectively. We touch the lives of millions of patients every day through our products.

The Company does not have any manufacturing facility in India. However, we ensure that the partners we select adhere to the same high standards of quality as we do including concerns for the environment. At a global level, Novartis has established the Practitioners Working Group (PWG) to build a consistent approach to engage with its key suppliers on responsible procurement. Specific projects, including in India, are being handled to improve diversity in supplier plants and create greater awareness of the Novartis Supplier Code.

The Supplier Code is based on the United Nations Global Compact and other international standards of accepted good practices. The Supplier Code is consistent with the Pharmaceutical Industry Principles for Responsible Supply Chain Management for ethics, labour rights, health and safety, environment and related management systems.

All our suppliers have to adhere to the Novartis Supplier Code that deals with ethics, labour rights, health and safety, environment and related management systems. We expect our suppliers and third parties to operate in compliance with applicable laws, rules and regulations in addition to the standards contained therein.

Our suppliers and third party vendors go through a rigorous approval process based on global guidelines and are open to audit scrutiny by Company. Our quality team regularly inspects these business partners to ensure that they meet our quality standards.

Given the nature of our products, it is not possible to recycle them. However, the Company strives towards use of recyclable packing material for its products wherever possible. We ensure that all our partners follow GMP guidelines with respect to all product packaging. As anti-counterfeit measures, Novartis Standard Security Features are adopted for certain products like Voveran® SR range and semi-solid range of products.

Principle 3: Businesses should promote the well-being of all employees

The health and well-being of employees is a top priority for Novartis. This has become even more important with the ongoing pandemic where employees have had to cope with multiple responsibilities at home while working from home for the majority of the year. With an objective, of promoting a positive work-life balance across the Company, Novartis has a number of employee and family friendly policies and practices to ensure the well-being of its employees and their immediate families.

‘Energized for Life’ is a group-wide health initiative to help employees around the world, including those in India, embrace healthy lifestyles. It provides voluntary opportunities for employees to take control of their personal health, both at work and in their private lives. Special focus is placed on prevention activities because workplace health programs can help address the rapid rise in Non-Communicable Diseases (NCDs), i.e. medical conditions or diseases which are non-infectious and usually thought of as chronic conditions.

Employee Assistance Program (EAP) has been available to employees and family members through a third party service provider to help deal with any issues – personal or professional – that may be impacting productivity, morale and well-being in a confidential manner.

The Health, Safety and Environment committee works on providing a safe and a healthy environment for employees who are also trained in safety procedures and how to tackle emergencies.

The Company is recognized internally and externally for the diversity of its employees and its inclusive culture, driven by a Diversity & Inclusion (D&I) strategy designed to drive business outcomes. The environment empowers employees to contribute constructively to the achievement of Company goals.

We have a strong focus on talent management and rewards and recognition while building a strong talent pipeline for future growth.

The Company had 81 regular employees as on March 31, 2022. Out of these, there were 11 women employees. In addition, 28 employees were hired on a temporary / contractual / casual basis.

The Company has 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 has set up an Internal Complaints Committee to redress any complaints that fall under the purview of this Act. All employees, including contractual, temporary and trainees are covered under this policy. One complaint was received and investigated relating to sexual harassment during the financial year 2021-22.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Novartis is committed to all its stakeholders, be they internal or external, particularly stakeholders who are disadvantaged, vulnerable and marginalized.

Arogya Parivar is an innovative community health business model that aims to reach patients in rural India, who have limited access to healthcare and very low health awareness.

Arogya Parivar has been instrumental in driving transformational improvements across 22,000 villages encompassing 15 states with various interventions in the form of health education meetings on diseases of public health importance and pro-bono health camps; that has not only improving the health care ecosystem but has resulted in considerable remits of health seeking behaviors across the strata of undeserved communities.

In addition to the above, the Company through its various CSR activities undertakes programs that benefit the disadvantaged, vulnerable and marginalized people. Such initiatives are elaborated in the CSR section which forms part of this Annual Report.

Principle 5: Businesses should respect and promote human rights

Our Policies and Guidelines are a key element of our corporate responsibility. They define how we want to conduct business, what we expect of ourselves and our business partners.

Novartis supports the United Nations Universal Declaration of Human Rights, the core conventions of the International Labour Organization and is committed to the United Nations Global Compact. The Company is committed to conducting all business activities in compliance with existing labour, environmental, tax and other laws and regulations, and – where these are not consistent with our values – at a higher standard. Our Commitment to Human Rights forms part of the Code of Ethics of the Company which extends to all our business partners and suppliers.

The Company has not received any stakeholder complaints during the financial year 2021-22, under this principle.

Principle 6: Business should respect, protect and make efforts to restore the environment

The Company does not have own manufacturing. However, Novartis promotes the societal and environmental values of the United Nations Global Compact to its suppliers and third parties and uses its influence where possible to encourage their adoption. The Novartis Third Party Code (the “Third Party Code”) is based on the United Nations Global Compact and other international standards of accepted good practices. The Third Party Code is aligned with the Novartis Code of Ethics. We expect our suppliers to aspire to the standards defined in the Third Party Code.

At a global level, the Company has strategies and initiatives to address global environmental issues. For details of our Corporate Responsibility performance visit <https://www.novartis.in/about-us/corporate-responsibility>

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Novartis is a member / active participant of various industrial and trade associations such as the Organisation of Pharmaceutical Producers of India (OPPI), Swiss-Indian Chamber of Commerce (SICC), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and the Bombay Chamber of Commerce and Industry (BCCI). The Company advocates with the government through these associations, particularly OPPI,

on matters that impact the pharmaceutical industry in general. Broad areas where it engages with the government include areas of public interest such as improving access to affordable healthcare, health awareness, predictable pricing policy, development of an ecosystem that encourages and fosters innovation, a robust and transparent drug regulatory process, improvement in surveillance and infection control measures.

Principle 8: Businesses should support inclusive growth and equitable development

Novartis has a history of supporting inclusive growth and equitable development over the years. Giving to the community comes naturally to the Company. It endeavours to make a long-term impact on the communities in which it operates. Arogya Parivar, its social business venture, is a step in taking healthcare to the marginalized and the disadvantaged in rural India. Arogya Parivar has helped improve health education and access to healthcare for millions of people in rural India.

Health is a focus area of our CSR initiatives, the details of which form part of the CSR Report. Among its many projects, leprosy elimination is one of the focus areas. India is home to around 60% of the world's leprosy case load. The parent Company has been providing multi-drug therapy free of cost for the treatment of leprosy since the year 2000 via a donation to the World Health Organisation. In India, the Company has been funding the digitalization of the database of patients at the Sivananda Rehabilitation Home with the aim that this will eventually lead to early diagnosis.

Regular reports from our partner NGOs help ensure that our various CSR projects and programs are delivering on impact. The Company's direct contribution towards its CSR activities is approximately ₹ 3.8 million and through NGOs/Implementing Agency is ₹ 2.4 million.

More details and information on CSR activities of the Company are disclosed in the CSR Annual Report which forms part of this Annual Report.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

At Novartis, our vision is to become the most valued and trusted medicines company in the world. Our purpose is to reimagine medicine to improve and extend people's lives. We can only realize our vision if we earn and maintain the trust and support of our key stakeholder groups: our patients, our employees, our shareholders, our healthcare partners, and society at large.

Our Code of Ethics reflects our commitment to meet the expectations of our stakeholders as a responsible corporate citizen and contains the fundamental principles and rules concerning ethical business conduct.

We are transparent with respect to our business principles and practices and comply with all applicable laws and regulations. The Company provides all information as required under the Drugs & Cosmetics Act & Rules on its product packaging. The Company appropriately addresses any complaints/case/issues pertaining to any of its products, that are brought to its notice.

Independent Auditor's Report To the Members of Novartis India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of NOVARTIS INDIA LIMITED (“the Company”), which comprise the Balance Sheet as at 31st March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant 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 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matter

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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
<p>Revenue recognition – Sale of products [Note 1(J) to the financial statements]</p> <p>The nature of operations of the Company being driven by trading activities, the focus of internal reporting as well as of external stakeholders is on revenue which could be a causal factor to record revenues for sales that either did not occur, or for which the revenue recognition criteria may not have been met. This risk is furthered considering that the Company sells its products across the country through wide spread distribution points. We have therefore specifically focused on the said risk and have considered this to be a key audit matter.</p>	<p>Assessed the appropriateness of the Company's revenue recognition policies by mapping them with the applicable accounting standards.</p> <p>Performed a walkthrough of the revenue business cycle to gain an understanding of the relevant risks and controls around occurrence and timing of revenue recognition. Tested the design, implementation and operating effectiveness of the relevant controls.</p> <p>During the fourth quarter of 2021-22, the Company has entered into an agreement with the customer, who has enhanced reach within the geographies of India, which will further enhance reach of the Company's products.</p> <p>Tested transactions on a sample basis by, agreeing sales with the invoices, purchase orders and delivery documents, comparing the invoice prices to the Company price lists and, agreeing the revenue amount recorded by management to underlying accounting records. Reviewed the contracts / purchase orders, as applicable, to assess the terms of sale and confirmed that the sales were recorded in the correct accounting period.</p> <p>Sought confirmations from customers on a test check basis and checked realisation / performed other alternate procedures, where applicable, to support the assertion that revenue has been recognised for sales that have occurred during the year.</p> <p>Made enquiries of the management and obtained written representations as to whether there exist any side agreements or unusual arrangements which may impact revenue recognition.</p> <p>Reviewed variations in revenue over the corresponding period, checked subsequent sales returns and tested any unusual transactions to determine whether the information corroborates with the revenue recorded in the books of account.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Business Responsibility Report, Directors' report including annexures to the Directors' Report and Report on Corporate Governance, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is 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 financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS

and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 financial 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 system 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable

user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 Section 143(3) of the Act, based on our audit 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 have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity 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) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 42 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.
- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 42 to 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 Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) 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 (a) and (b) above, contain any material misstatement.
- v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 12 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 proposed is in accordance with section 123 of the Act, as applicable.

2. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Rakesh N. Sharma
Partner
(Membership No. 102042)
(UDIN: 22102042AJFSLA5910)

Place : Mumbai
Date : 19th May, 2022

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of Novartis India Limited on the financial statements for the year ended 31st March, 2022)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Novartis India Limited (“the Company”) as of 31st March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 Companies Act 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting 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 control over financial reporting includes 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the criteria for internal financial control over financial reporting 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.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma
Partner
(Membership No. 102042)
(UDIN: 22102042AJFSLA5910)

Place : Mumbai
Date : 19th May, 2022

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of Novartis India Limited on the financial statements for the year ended 31st March, 2022)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that :

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, Plant and Equipment.
- (b) The Company has a program of verification of Property, Plant and Equipment so to cover all the items once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, Property, Plant and Equipment were due for verification during the year end and were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on the examination of the registered sale deeds / share certificate provided to us, we report that, the title deeds of all the immovable properties disclosed in the financial statements included in Property, Plant and Equipment and non-current assets held for sale, are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its Property, Plant and Equipment during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories except for goods in transit were physically verified during the year by the Management at reasonable Intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. In respect of goods in transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate of inventory were noticed on such physical verification of inventories, when compared with the books of account.
- (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) (a) The Company has provided loans during the year and details of which are given below :

Amount (Rs.)

	Loans
A. Aggregate amount granted during the year:	
- Others (Employees)	11,921,416
B. Balance outstanding as at balance sheet date in respect of above cases :	
- Others (Employees)	10,309,854

The Company has not provided any guarantee or security to any entity during the year.

- (b) The terms and conditions of the grant of all the above-mentioned loans, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted by the Company, the schedule of repayment has been stipulated and the repayments are regular as per stipulation.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) No loans granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits during the year. Hence reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013, for the activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable.
- (vii) In respect of statutory dues:
- (a) In our opinion, undisputed statutory dues, including Goods and Services Tax, Provident Fund, Income-tax, Customs Duty, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year. We have been informed that the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company.

There were no undisputed amounts payable in respect of Goods and Services Tax, Provident Fund, Income-tax, , Sales Tax, Service Tax, Excise Duty, Value Added Tax, Customs Duty, cess and other material statutory dues in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March, 2022 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount Unpaid (₹ million)*	Period to which the amount relates	Forum where the dispute is pending	Remarks if any
Income Tax Act, 1961	Income Tax including tax deducted at source and interest, as applicable	2,249.1	Assessment years 1994-1995, and 2010-2011 to 2019-2020	Appellate Authority- up to Commissioner's level	None
		31.6	Assessment years 2006-2007 and 2012-2013	Income Tax Appellate Tribunal	None

Name of the Statute	Nature of dues	Amount Unpaid (₹ million)*	Period to which the amount relates	Forum where the dispute is pending	Remarks if any
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales tax including interest and penalty, as applicable	469.8	2000-2001 to 2017-2018	Appellate Authority – up to Commissioner’s level	None
		48.8	1993-1994, 2001-2002 to 2005-2006, 2007-2008 and 2010-2011 to 2012-2013	Tribunal	None
		0.2	1997-1998	The High Court of Kerala	None
		7.1	2008-2009 to 2010-2011	West Bengal Sales Tax Appellate and Revisional Board	None
The Finance Act, 1994	Service tax	27.7	September 2004, September 2009 and October 2014 to June 2017	Tribunal	None
The Customs Act, 1962	Customs Duty	0.4	2002-2003	Appellate Authority – up to Commissioner’s level	None
The Central Excise Act, 1944	Excise duty including penalty, as applicable	0.6	1990 and June 1993 to October 1993	Appellate Authority – up to Commissioner’s Level	None
		2.4	August 1993 to December 1996	Customs, Excise & Service Tax Appellate Tribunal	None

* Net of amount paid under protest.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from lender and has not issued any debentures. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, no funds have been raised on short-term basis by the Company and hence, reporting under clause (ix)(d) of the order is not applicable.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally convertible) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints, received during the year (and upto the date of this report), while determining nature, timing and extent of audit our procedures.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with sections 177 and 188 of the Companies Act 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto December 2021 and the draft of the internal audit reports where issued after the balance sheet date covering the period April 2021 to March 2022, in determining nature, timing and extent of our audit procedures.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or directors of it's holding Company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 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 hence reporting under clauses (xvi)(a), (b) and (c) of the Order is not applicable.
- (d) The Group does not have any Core Investment Company as part of the Group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.

- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets, payment of financial liabilities and other information accompanying the financial statements and 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 indicating that 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 balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state our reporting is based on the facts upto the date of 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.
- (xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx)(a) of the Order is not applicable for the year.
- (b) In respect of ongoing projects, the Company has transferred the unspent Corporate Social Responsibility (CSR) amount, to a Special Account before the date of this report and within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the act.
- (xxi) The Company does not have any subsidiary, joint venture or associate and, hence reporting under clause (xxi) of the order is not applicable.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma
Partner
(Membership No. 102042)
(UDIN: 22102042AJFSLA5910)

Place : Mumbai
Date : 19th May, 2022

Balance Sheet as at 31st March, 2022

	Notes	As at 31 st March, 2022 (₹ in million)	As at 31 st March, 2021 (₹ in million)
Assets			
Non-Current Assets			
Property, Plant and Equipment	2	34.8	89.0
Right-of-Use Assets	32	201.7	550.1
Financial Assets			
(i) Loans	3(a)	5.8	3.3
(ii) Other Financial Assets	3(b)	35.9	46.3
Deferred Tax Assets	4	271.8	302.7
Income Tax Assets (Net)	5	1,583.8	1,437.2
Other Non-Current Assets	6	354.6	353.9
		2,488.4	2,782.5
Assets held for sale	11	9.1	9.1
Current Assets			
Inventories	7	570.7	479.5
Financial Assets			
(i) Trade Receivables	8	445.6	387.3
(ii) Cash and Cash Equivalents	9(a)	1,583.5	682.7
(iii) Bank Balances other than (ii) above	9(b)	3,592.8	4,306.1
(iv) Loans	3(a)	4.6	0.6
(v) Other Financial Assets	3(b)	119.8	457.1
Other Current Assets	10	761.2	918.0
		7,078.2	7,231.3
Total Assets		9,575.7	10,022.9
Equity and Liabilities			
Equity			
Equity Share Capital	12	123.4	123.4
Other Equity	13	6,793.6	6,988.5
		6,917.0	7,111.9
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
(i) Lease Liabilities	32	182.7	497.8
(ii) Other Financial Liabilities	14(a)	13.3	15.7
Provisions	15	298.5	808.0
		494.5	1,321.5
Current Liabilities			
Financial Liabilities			
(i) Trade Payables			
– total outstanding dues of micro enterprises and small enterprises	14(b)	17.5	9.4
– total outstanding dues of creditors other than micro enterprises and small enterprises	14(b)	704.5	542.6
(ii) Lease Liabilities	32	57.4	127.0
(iii) Other Financial Liabilities	14(a)	301.3	448.4
Other Current Liabilities	17	94.7	121.0
Provisions	15	906.2	219.3
Current Tax Liabilities (Net)	16	82.6	121.8
		2,164.2	1,589.5
Total Equity and Liabilities		9,575.7	10,022.9

The above balance sheet should be read in conjunction with the accompanying notes.

In terms of our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rakesh N. Sharma
Partner

Mumbai, 19th May, 2022

For and on behalf of the Board

Sanjay Murdeshwar
Vice Chairman &
Managing Director
DIN: 01481811

Nikhil Malpani
Company Secretary &
Compliance Officer

Mumbai, 19th May, 2022

Monaz Noble
Non-Executive &
Non Independent Director
DIN: 03086192

Shilpa Joshi
Chief Financial Officer

Statement of Profit and Loss for the year ended 31st March, 2022

	Notes	Year ended 31 st March, 2022 (₹ in million)	Year ended 31 st March, 2021 (₹ in million)
Income			
Revenue from Operations	18	3,998.7	3,813.5
Other Income	19	331.9	330.9
Total Income		4,330.6	4,144.4
Expenses			
Purchases of Stock-in-Trade		1,872.6	1,358.8
Changes in Inventories of Stock-in-Trade	20	(91.3)	107.4
Employee Benefits Expense	21	1,018.9	1,085.1
Finance Costs	22	48.3	76.8
Depreciation and Amortisation Expense	23	96.5	121.6
Other Expenses	24(a)	927.4	994.3
Total Expenses		3,872.4	3,744.0
Profit before exceptional items and tax		458.2	400.4
Exceptional items	37	496.4	—
Profit/(Loss) before Tax		(38.2)	400.4
Tax Expense	28		
Current Tax		—	178.9
Deferred Tax		3.4	(34.8)
Tax adjustment for earlier years		(4.4)	47.3
Total Tax Expense		(1.0)	191.4
Profit/(Loss) for the year		(37.2)	209.0
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of Defined Benefit Plans		109.5	(81.4)
Income tax relating to these items		(27.6)	20.5
Other Comprehensive Income for the year		81.9	(60.9)
Total comprehensive Income/loss for the year		44.7	148.1
Earnings per Share – Basic and Diluted after exceptional items [per Equity Share of ₹ 5 each]	33	(1.51)	8.46

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

In terms of our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rakesh N. Sharma
Partner

Mumbai, 19th May, 2022

For and on behalf of the Board

Sanjay Murdeshwar
Vice Chairman &
Managing Director
DIN: 01481811

Nikhil Malpani
Company Secretary &
Compliance Officer

Mumbai, 19th May, 2022

Monaz Noble
Non-Executive &
Non Independent Director
DIN: 03086192

Shilpa Joshi
Chief Financial Officer

Statement of Changes in Equity for the year ended 31st March, 2022

A. Equity Share Capital

	Note 12	Amount (₹ in million)
Balance as at 1st April, 2020		123.4
Change in Equity Share Capital during the year		—
Balance as at 31st March, 2021		123.4
Change in Equity Share Capital during the year		—
Balance as at 31st March, 2022		123.4

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
Balance as at 1st April, 2020		36.4	(32.9)	7,080.4	7,083.9
Profit for the year		—	—	209.0	209.0
Other Comprehensive Income for the year		—	—	(60.9)	(60.9)
Total comprehensive Income/(loss) for the year		—	—	148.1	148.1
Payment of Dividends		—	—	(246.9)	(246.9)
Amount recharged by Group Company		—	(14.0)	—	(14.0)
Expense charged to Statement of Profit and Loss (net) [Refer Note 21]		—	17.4	—	17.4
Balance as at 31st March, 2021		36.4	(29.5)	6,981.6	6,988.5
Profit for the year		—	—	(37.2)	(37.2)
Other Comprehensive Income for the year		—	—	81.9	81.9
Total Comprehensive Income for the year		—	—	44.7	44.7
Payment of Dividends		—	—	(246.9)	(246.9)
Amount recharged by Group Company		—	(11.2)	—	(11.2)
Expenses charged to Statement of Profit and Loss (net) [Refer Note 21]		—	18.5	—	18.5
Balance as at 31st March, 2022		36.4	(22.2)	6,779.4	6,793.6

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

In terms of our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rakesh N. Sharma
Partner

Mumbai, 19th May, 2022

For and on behalf of the Board

Sanjay Murdeshwar
Vice Chairman &
Managing Director
DIN: 01481811

Nikhil Malpani
Company Secretary &
Compliance Officer

Mumbai, 19th May, 2022

Monaz Noble
Non-Executive &
Non Independent Director
DIN: 03086192

Shilpa Joshi
Chief Financial Officer

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 601 and 701, Bandra Kurla Complex, Bandra East, Mumbai 400051, India. It is primarily engaged in the business of trading of Drugs and Pharmaceuticals.

These financial statements were authorised for issue by the Board of Directors on 19th May, 2022.

1. Significant 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.

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values 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.

(iii) 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.

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.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

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.

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 1st 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") except as stated below. The estimated useful lives of the assets are as follows:

Description	Estimated Useful Lives
Buildings	60 years
Plant and Equipment #	3 years to 12.5 years
Furniture and Fixtures	10 years
Vehicles #	5 years
Office Equipment	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 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 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.

F. Non-Current Assets Held for Sale

Non-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 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 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 are recognized initially at fair value 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 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 profit or loss.

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.

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. 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 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.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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 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.

J. Revenue Recognition

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. The revenue is measured based on transaction price, which is the fair value of consideration received or receivable, and is net of discounts, allowances, returns, goods and services tax/value added taxes/sales tax and amounts collected on behalf of third party.

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.

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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 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.

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. The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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.

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). Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

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.

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

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

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 recognised as an expense as and when incurred.

(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.

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 by the Company.

(vi) Bonus Plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

O. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions (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. 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 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.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

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 and judgements 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 [Refer Note 15(a)]

Estimation of Provision and Contingent Liabilities [Refer Note 25(A) and 26]

Estimation of Lease [Refer Note 32]

2. Property, Plant and Equipment

(₹ in million)

Particulars	Tangible Assets					Total
	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Leasehold Improvements	
As at 1st April, 2020						
Gross carrying amount						
Opening gross carrying amount	1.7	72.5	21.8	20.7	91.2	207.9
Additions	—	0.9	—	—	—	0.9
Disposals	—	(9.2)	(0.7)	(0.9)	—	(10.8)
As at 31st March, 2021	1.7	64.2	21.1	19.8	91.2	198.0
Accumulated depreciation						
Opening accumulated depreciation	0.8	53.1	8.1	10.3	15.7	88.0
Depreciation/amortisation charge during the year	0.1	16.3	2.7	3.0	9.1	31.2
Disposals	—	(8.8)	(0.6)	(0.8)	—	(10.2)
As at 31st March, 2021	0.9	60.6	10.2	12.5	24.8	109.0
Net carrying amount						
As at 31st March, 2021	0.8	3.6	10.9	7.3	66.4	89.0
As at 1st April, 2021						
Gross carrying amount						
Opening gross carrying amount	1.7	64.2	21.1	19.8	91.2	198.0
Additions	—	5.0	—	—	—	5.0
Disposals	(0.8)	(3.7)	(17.4)	(8.5)	(44.9)	(75.3)
As at 31st March, 2022	0.9	65.5	3.7	11.3	46.3	127.7
Accumulated depreciation						
Opening accumulated depreciation	0.9	60.6	10.2	12.5	24.8	109.0
Depreciation/amortisation charge during the year	0.1	7.0	1.9	2.5	7.3	18.8
Disposals	(0.8)	(3.7)	(9.4)	(6.4)	(14.6)	(34.9)
As at 31st March, 2022	0.2	63.9	2.7	8.6	17.5	92.9
Net carrying amount						
As at 31st March, 2022	0.7	1.6	1.0	2.7	28.8	34.8
Notes						
1. Title deeds in respect of immovable property is held in the name of the Company						
2. Refer Note 11						

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

	31 st March, 2022		31 st March, 2021	
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
	Current	Non-current	Current	Non-current
3(a). Loans:				
Unsecured, considered good				
Loan to Employees	4.6	5.8	0.6	3.3
Total Loans	4.6	5.8	0.6	3.3
3(b). Other financial assets:				
Tender Deposits				
Unsecured, considered good	—	6.4	—	8.0
Considered Doubtful	—	6.9	—	5.3
Less: Allowance for Doubtful Deposits	—	(6.9)	—	(5.3)
	—	6.4	—	8.0
Security Deposits	3.4	21.3	1.0	30.0
Deposits with banks with maturity of more than twelve months	—	8.2	—	8.3
Receivable from Related Parties [Refer Note 31]	78.6	—	422.8	—
Taxes recoverable	20.1	—	27.1	—
Others	17.7	—	6.2	—
Total Other Financial Assets	119.8	35.9	457.1	46.3

4. Deferred Tax Assets

The balance comprises temporary differences attributable to:

	31 st March, 2022	31 st March, 2021
	(₹ in million)	(₹ in million)
Property, Plant and Equipment	21.0	21.2
Allowances for Doubtful Debts, Advances and Deposits	8.8	19.9
Compensation under Voluntary Retirement Scheme	0.2	0.4
Provision for Employee Benefits	153.1	227.9
Tax Loss carried forward	59.8	—
Others	28.9	33.3
Total Deferred Tax Assets	271.8	302.7

Movement in deferred tax assets

	Property, Plant and Equipment	Allowances for Doubtful Debts, Advances and Deposits	Compensation under Voluntary Retirement Scheme	Provision for Employee Benefits	Tax loss carried forward	Others	Total
At 1st April, 2020	21.8	19.8	1.1	184.8	—	19.9	247.4
(Charged)/Credited							
— To Profit or Loss	(0.6)	0.1	(0.7)	22.6	—	13.4	34.8
— To Other Comprehensive Income	—	—	—	20.5	—	—	20.5
At 31st March, 2021	21.2	19.9	0.4	227.9	—	33.3	302.7
(Charged)/Credited							
— To Profit or Loss	(0.2)	(11.1)	(0.2)	(47.2)	59.8	(4.4)	(3.3)
— To Other Comprehensive Income	—	—	—	(27.6)	—	—	(27.6)
At 31st March, 2022	21.0	8.8	0.2	153.1	59.8	28.9	271.8

5. Income Tax Assets (Net)

	31 st March, 2022	31 st March, 2021
	(₹ in million)	(₹ in million)
Advance income tax (including amount paid under protest) [net of provisions ₹ 9,617.3 million (As at 31 st March, 2021 ₹ 10,128.5 million)]	1,583.8	1,437.2
Total Income Tax Assets (Net)	1,583.8	1,437.2

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

6. Other Non-Current Assets

	31st March, 2022	31st March, 2021
	(₹ in million)	(₹ in million)
Balances with Government authorities		
VAT Receivable (including amount paid under protest)	226.0	191.0
Custom duty (paid under protest)	21.6	21.6
Excise duty (paid under protest)	2.9	2.9
Deposits		
Considered Good	1.4	8.9
Considered Doubtful	28.8	30.2
	30.2	39.1
Less: Allowance for Doubtful Deposits	(28.8)	(30.2)
	1.4	8.9
Wealth Tax [net of provisions of ₹ 23.6 million (As at 31 st March, 2021 ₹ 23.6 million)]	40.2	40.2
Fringe Benefits Tax [net of provisions of ₹ 135.6 million (As at 31 st March, 2021 ₹ 135.6 million)]	21.8	20.3
Prepayment	40.7	69.0
Total Other Non-Current Assets	354.6	353.9

7. Inventories

	31st March, 2022	31st March, 2021
	(₹ in million)	(₹ in million)
Stock-in-Trade [including in transit of ₹ 84.7 million (As at 31 st March, 2021, ₹ 58.7 million)]	570.7	479.5
Total Inventories	570.7	479.5

The cost of inventory recognised as an expense includes ₹ 29.5 million (previous year ₹ 70.1 million) in respect of write-downs of inventory, and has been reduced by ₹ 28.7 million (previous year ₹ 24.8 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

8. Trade Receivables (Unsecured)

	31st March, 2022	31st March, 2021
	(₹ in million)	(₹ in million)
Considered good	445.6	387.3
Doubtful	26.5	42.8
	472.1	430.1
Less: Allowance for Bad and Doubtful debts	(26.5)	(42.8)
Total Trade Receivables	445.6	387.3
Trade Receivables		
Receivables from Related Parties, Considered Good [Refer Note 31] [A]	67.1	171.1
Receivables from Other Parties		
Considered Good	378.5	216.2
Credit impaired	26.5	42.8
	405.0	259.0
Less: Allowance for credit impaired debts	(26.5)	(42.8)
Total Receivables from Other Parties [B]	378.5	216.2
Total Trade Receivables [A + B]	445.6	387.3

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

8. Trade Receivables (Unsecured) (contd.)

Trade Receivable ageing schedule

	Outstanding for the period from due date of payment					Total
	Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
31st March, 2021						
Undisputed Trade receivables – Considered good	369.4	—	1.7	16.2	—	387.3
Undisputed Trade receivables – Credit impaired	—	2.6	0.4	4.6	35.2	42.8
31st March, 2022						
Undisputed Trade receivables – Considered good	444.5	—	1.1	—	—	445.6
Undisputed Trade receivables – Credit impaired	—	0.7	1.6	1.2	23.0	26.5

9(a). Cash and Cash Equivalents

	31 st March, 2022 (₹ in million)	31 st March, 2021 (₹ in million)
Balances with Banks		
— in Current Accounts	33.5	62.7
— Deposits with original maturity of less than 3 months	1,550.0	620.0
Total Cash and Cash Equivalents	1,583.5	682.7

9(b). Bank Balances Other than 9(a) above

	31 st March, 2022 (₹ in million)	31 st March, 2021 (₹ in million)
Earmarked balances with banks		
— Unpaid Dividend Accounts	13.4	14.7
Bank deposits with maturity of more than 3 months but less than 12 months	3,579.4	4,291.4
Total Other Bank Balances	3,592.8	4,306.1

10. Other Current Assets

	31 st March, 2022 (₹ in million)	31 st March, 2021 (₹ in million)
Balances with Government Authorities	708.1	735.8
Others		
— Advances to Vendors	10.7	16.4
— Advances to Provident Fund Trust	3.0	140.0
— Prepayment	38.5	24.9
— Advances to Employees	0.9	0.9
Total Other Current Assets	761.2	918.0

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

11. Assets held for sale

	31 st March, 2022	31 st March, 2021
	(₹ in million)	(₹ in million)
Building [Refer Note 2]	9.1	9.1
Total Assets held for sale#	9.1	9.1

In the Board Meeting held on 22nd July, 2015 and 19th April, 2016, the Company decided to sell 4 residential flats and 1 commercial premise respectively and initiated an active plan to locate a buyer for these properties. Accordingly, these properties were classified as "Assets held for Sale" on the aforesaid dates respectively.

The Company has sold 1 residential flat during the previous year, the resultant gain in respect of which was recognised in the Statement of Profit and Loss [Refer Note 19].

The Company expects the remaining commercial premise to be sold shortly. There are no liabilities directly associated with assets classified as held for sale.

Title deeds in respect of immovable property is held in the name of the Company.

12. Equity Share Capital

	Number of shares	Amount (₹ in million)
Authorised Share Capital		
As at 1 st April, 2020 (Equity Shares of ₹ 5 each)	64,000,000	320.0
Increase/(decrease) during the year	—	—
As at 31 st March, 2021 (Equity Shares of ₹ 5 each)	64,000,000	320.0
Increase/(decrease) during the year	—	—
As at 31st March, 2022 (Equity Shares of ₹ 5 each)	64,000,000	320.0
Issued, Subscribed and Fully Paid-up Equity Share Capital		
As at 1 st April, 2020 (Equity Shares of ₹ 5 each)	24,690,797	123.4
Increase/(decrease) during the year	—	—
As at 31 st March, 2021 (Equity Shares of ₹ 5 each)	24,690,797	123.4
Increase/(decrease) during the year	—	—
As at 31st March, 2022 (Equity Shares of ₹ 5 each)	24,690,797	123.4
(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		
As at 1 st April, 2020 (Equity Shares of ₹ 5 each)	24,690,797	
Movement during the year	—	
As at 31 st March, 2021 (Equity Shares of ₹ 5 each)	24,690,797	
Movement during the year	—	
As at 31st March, 2022 (Equity Shares of ₹ 5 each fully paid-up)	24,690,797	

(ii) Rights, Preferences and Restrictions:

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.

(iii) Other details of equity shares for a period of five years immediately preceding 31st March, 2022

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 31st March, 2021: 7,270,000)

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

12. Equity Share Capital (contd.)

(iv) Shares of the Company Held by Holding Company and Ultimate Holding Company

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	No. of Shares	No. of Shares
Novartis AG, Basel, Switzerland	17,450,680	17,450,680

(v) Details of Promoters and Shareholders Holding more than 5% Shares in the Company

	<u>31st March, 2022</u>		<u>31st March, 2021</u>	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Novartis AG, Basel, Switzerland (Holding Company and Ultimate Holding Company)	17,450,680	70.68%	17,450,680	70.68%

13. Other Equity

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Capital Redemption Reserve	36.4	36.4
Share Options Outstanding Account	(22.2)	(29.5)
Retained Earnings	6,779.4	6,981.6
Total Other Equity	<u>6,793.6</u>	<u>6,988.5</u>

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.

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
(i) Capital Redemption Reserve		
Opening Balance	36.4	36.4
Movement during the year	—	—
Closing Balance	<u>36.4</u>	<u>36.4</u>
(ii) Share Options Outstanding Account		
Opening Balance [Refer Note 34]	(29.5)	(32.9)
Add-Amount recharged by Group Company (net)	(11.2)	(14.0)
Less-Amount charged to Statement of Profit and Loss (net) [Refer Note 21]	18.5	17.4
Closing Balance	<u>(22.2)</u>	<u>(29.5)</u>
(iii) Retained Earnings		
Opening Balance	6,981.6	7,080.4
(Loss) / Profit for the year	(37.2)	209.0
Other Comprehensive Income/(Loss) (net of tax)	81.9	(60.9)
Total Comprehensive Income/(Loss) for the year	44.7	148.1
Payment of Dividends	(246.9)	(246.9)
Closing Balance	<u>6,779.4</u>	<u>6,981.6</u>

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

13. Other Equity (contd.)

Dividends Particulars	31 st March, 2022 (₹ in million)	31 st March, 2021 (₹ in million)
Equity shares		
Final dividend for the year ended 31 st March, 2021 of ₹ 10 per fully paid share (31 st March, 2020 of ₹ 10 per fully paid share)	246.9	246.9
Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 10 per share (Previous year ₹ 10 per share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	246.9	246.9

14. Financial Liabilities

14(a). Other Financial Liabilities

Non-Current	31 st March, 2022 (₹ in million)	31 st March, 2021 (₹ in million)
Security Deposits	13.3	15.7
Total Other Non-Current Financial Liabilities	13.3	15.7
Current		
Unpaid Dividends @	13.4	14.7
Payable to Related Parties [Refer Note 31]	69.8	209.1
Others (mainly payable to employees)	218.1	224.6
Total Other Current Financial Liabilities	301.3	448.4

@ 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(b). Trade Payables

Current		
Total outstanding dues of micro enterprises and small enterprises [Refer Note 27]	17.5	9.4
Total outstanding dues of creditors other than micro enterprises and small enterprises		
– Related Parties [Refer Note 31]	258.2	179.0
– Others	446.3	363.6
Total Trade Payables	722.0	552.0

Trade Payable ageing schedule:

	Outstanding for the period from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	
31st March, 2021						
MSME	—	9.4	—	—	—	9.4
Undisputed Others	149.7	362.8	5.0	3.0	22.1	542.6
31st March, 2022						
MSME	—	17.5	—	—	—	17.5
Undisputed Others	123.9	560.3	12.1	2.3	5.8	704.4

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

15. Provisions

	31 st March, 2022		31 st March, 2021	
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
	Current	Non-current	Current	Non-current
Employee Benefit Obligations [Refer Note 15(a)]				
Gratuity	68.6	46.0	29.9	160.6
Leave Obligations	96.5	41.9	21.2	204.1
Non-Contractual Pension Plan	—	0.3	—	0.2
Post Retirement Medical Benefits	6.3	81.9	5.7	94.8
Long Term Service Awards	0.3	1.0	1.7	18.3
Voluntary Retirement Costs	0.1	—	0.2	—
Provident Fund	91.6	127.4	39.2	330.0
	<u>263.4</u>	<u>298.5</u>	<u>97.9</u>	<u>808.0</u>
Provision for Non-saleable Sales Returns [Refer Note 26]	61.3	—	53.2	—
Provision for Contingencies [Refer Note 26]				
For Indirect Tax matters	41.0	—	30.4	—
For Legal Case	38.7	—	37.8	—
Provision for Employee separation [Refer Note 26]	501.8	—	—	—
Total Provisions	<u>906.2</u>	<u>298.5</u>	<u>219.3</u>	<u>808.0</u>

15(a). Employee Benefit Obligations

(i) Defined Contribution Plans:

The Company's contribution to Superannuation Fund and Employees' Pension Scheme aggregating ₹ 14.4 million (Previous year - ₹ 22.7 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 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 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 (valued as premium paid by the Company to the Insurance Company) 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.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

15(a). Employee Benefit Obligations (contd.)

As per actuarial valuation as on 31st March, 2022 and 31st March, 2021 :

Particulars	(₹ in million)							
	Gratuity		Provident Fund		Non Contractual Pension Plan		Post Retirement Medical Benefits	
	2022	2021	2022	2021	2022	2021	2022	2021
I. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:								
1. Current service cost	22.4	24.7	53.4	54.0	2.8	3.2	2.2	2.3
2. Curtailment (credit)/cost	(92.7)	—	(58.4)	—	0.1	—	(19.1)	—
3. Net interest on net defined benefit liability / (asset)	10.6	11.9	21.5	13.6	(0.2)	(0.2)	6.6	6.2
4. Other adjustments	—	—	—	—	—	—	—	23.0
	(59.7)	36.6	16.5	67.6	2.7	3.0	(10.3)	31.5
II. Recognised in other comprehensive income for the year								
1. Return on plan assets	(3.3)	(6.7)	72.4	(5.2)	(0.6)	0.3	—	—
2. Actuarial (Gain)/Loss on account of:								
— Financial Assumptions	(0.4)	(6.0)	(50.9)	109.7	—	0.1	2.4	(2.7)
— Experience Adjustments	14.0	(14.1)	(148.9)	11.5	1.0	0.4	1.1	(5.8)
— Demographic Assumptions	0.2	—	3.3	—	—	—	—	—
	10.5	(26.8)	(124.1)	116.0	0.4	0.8	3.5	(8.5)
III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March								
1. Present value of defined benefit obligation as at 31 st March	407.8	449.5	1,922.2	1,992.5	190.2	175.1	88.2	100.2
2. Fair value of plan assets as at 31 st March	293.2	259.0	1,703.2	1,623.1	189.9	174.8	—	—
3. Surplus/(Deficit)	(114.6)	(190.6)	(219.0)	(369.4)	(0.3)	(0.2)	(88.2)	(100.2)
4. Current portion of the above	(68.6)	(29.9)	(91.6)	(39.2)	—	—	(6.3)	(5.7)
5. Non current portion of the above	(46.0)	(160.7)	(127.4)	(330.2)	(0.3)	0.2	(81.9)	(94.8)
IV. Change in the present value of defined obligation during the year ended 31st March								
1. Present value of defined benefit obligation at the beginning of the year	449.5	432.4	1,992.5	1,709.7	175.1	158.9	100.2	81.9
2. Expenses Recognised in Profit and Loss Account								
— Current Service Cost	22.4	24.7	53.4	54.0	2.8	3.2	2.2	2.3
— Interest Expense (Income)	26.6	27.5	126.0	108.1	11.5	10.5	6.6	6.2
— Adjustment on account of Transfer of Employees	—	—	0.4	10.8	—	—	—	—
— Other adjustment	—	—	—	—	—	—	—	—
— Curtailment (credit)/cost	(92.7)	—	(58.4)	—	0.1	—	(19.1)	—
3. Remeasurement gains / (losses)								
— Actuarial Gain (Loss) arising from:								
i. Financial Assumptions	(0.4)	(6.0)	(50.9)	109.7	—	0.1	(0.8)	(2.7)
ii. Experience Adjustments	14.0	(14.1)	(148.9)	11.5	1.0	0.4	1.1	(5.8)
iii. Demographic Assumptions	0.2	—	3.3	—	—	—	3.2	—

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

15(a). Employee Benefit Obligations (contd.)

(₹ in million)

Particulars	Gratuity		Provident Fund		Non Contractual Pension Plan		Post Retirement Medical Benefits	
	2022	2021	2022	2021	2022	2021	2022	2021
	4. Benefit payments							
— paid by Company	—	—	—	—	—	(0.6)	(5.2)	(4.7)
— paid from planned assets	(11.8)	(15.0)	(73.1)	(97.5)	(3.2)	(1.0)	—	23.0
5. Employee Contributions	—	—	77.9	86.2	3.0	3.6	—	—
6. Present value of defined benefit obligation at the end of the year	407.8	449.5	1,922.2	1,992.5	190.2	175.1	88.2	100.2
V. Change in fair value of assets during the year ended 31st March								
1. Fair value of plan assets at the beginning of the year	259.0	236.5	1,623.1	1,476.8	174.8	158.3	—	—
2. Interest on plan assets	16.0	15.6	104.5	94.5	11.7	10.6	—	—
3. Acquisition adjustments	—	—	0.4	10.8	—	—	—	—
4. Other adjustments	—	—	—	—	—	—	—	—
5. Remeasurement gains / (losses)								
— Actual return on plan assets	3.3	6.7	(72.4)	5.2	0.6	(0.3)	—	—
6. Employer Contribution	26.7	15.2	42.8	47.1	3.0	3.6	—	—
7. Employee Contribution	—	—	77.9	86.2	3.0	3.6	—	—
8. Benefit payments	(11.8)	(15.0)	(73.1)	(97.6)	(3.2)	(1.0)	—	—
9. Fair value of plan assets at the end of the year	293.2	259.0	1,703.2	1,623.1	189.9	174.8	—	—

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
31st March, 2021				
Present value of funded obligations	449.5	1,992.5	175.1	100.2
Fair value of plan assets	259.0	1,623.1	174.8	—
Deficit of funded plan	190.6	369.4	0.2	100.2
Unfunded plans	—	—	—	—
Deficit	190.6	369.4	0.2	100.2
31st March, 2022				
Present value of funded obligations	407.8	1,922.2	190.2	88.2
Fair value of plan assets	293.2	1,703.2	189.9	—
Deficit of funded plan	114.6	219.0	0.3	88.2
Unfunded plans	—	—	—	—
Deficit	114.6	219.0	0.3	88.2

Significant estimates: Actuarial assumptions and sensitivity

The significant weighted actuarial assumptions are as follows:

Particulars	31 st March, 2022	31 st March, 2021
Discount rate		
— Pension	7.00%	6.60%
— Others	6.70%	6.60%
Salary growth rate	9% for first year, 10% thereafter	9% for first two years, 10% thereafter
Medical inflation rate	8.00%	8.00%
Mortality table		
In Service Mortality rate	IALM (2006-08) ult	IALM (2006-08) ult

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

15(a). Employee Benefit Obligations (contd.)

Particulars	31 st March, 2022	31 st March, 2021
	Annuitants Mortality (96-98) with suitable improvement	Annuitants Mortality (96-98) with suitable improvement
Post Retirement Mortality		
Withdrawal rates		
Officers		
Less than 5 years	16%	20%
5-10 years	5%	15%
Above 10 years	5%	5%
Non Officers		
Less than 5 years	12%	14%
Above 5 years	2%	5%

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	
	Change in assumptions		Change in assumptions		Change in assumptions		Change in assumptions	
	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Discount rate								
Increase by 0.25%	(0.7)	(9.1)	(0.2)	(1.1)	(*)	(*)	(2.0)	(2.7)
Decrease by 0.25%	0.8	9.5	0.2	1.1	*	*	2.1	2.8
Salary growth rate								
Increase by 0.25%	0.4	8.4	0.2	0.4	—	—	—	—
Decrease by 0.25%	(0.4)	(8.1)	(0.2)	(0.4)	—	—	—	—
Withdrawal Rate								
Increase by 5%	(0.6)	(29.1)	(0.3)	1.7	(*)	(*)	(6.2)	(11.7)
Decrease by 5%	0.7	55.2	0.4	(2.4)	*	*	13.3	11.6
Medical Inflation								
Increase by 1%	—	—	—	—	—	—	7.2	9.5
Decrease by 1%	—	—	—	—	—	—	(6.2)	(8.0)

* 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, 2023 are ₹ 132.7 million.

Maturity profile of defined benefit obligation

	(₹ in million)			
	Less than a Year	Between 1-2 years	Between 2-5 years	Between 5-10 years
1st April, 2021				
Gratuity	29.8	40.2	120.9	200.4
Pension	—	0.1	0.8	—
Post Retirement Medical Benefits	5.9	6.3	20.5	39.4
Total	35.7	46.6	142.2	239.8
31st March, 2022				
Gratuity	361.8	5.8	13.5	31.3
Pension	—	—	—	—
Post Retirement Medical Benefits	6.6	6.7	21.3	36.7
Total	368.4	12.6	34.9	68.0

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

15(a). Employee Benefit Obligations (contd.)

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.

Major category of plan assets are as follows	(₹ in million)			
	31 st March, 2022		31 st March, 2021	
	Amount	in %	Amount	in %
Government Bonds	595.8	27.25%	804.4	39.11%
Debt Instruments	406.2	18.58%	390.6	18.99%
Investment funds	109.3	5.00%	90.6	4.40%
Insurer Managed Funds	406.6	18.60%	361.9	17.59%
Special Deposit scheme (including FD's & special deposit)	389.5	17.82%	388.6	18.89%
Cash	278.8	12.75%	20.9	1.02%
	2,186.2	100.00%	2,057.1	100.00%

Employee Benefit - Leave Obligations

Employee benefit expenses for the year include (₹ 4.5 million) (FY 2020-21 ₹ 40.5 million) towards leave obligations and curtailment gain of ₹ 59.3 million.

Provision for leave obligation as on 31st March, 2022 is ₹ 193.2 million (as at 31st March, 2021, ₹ 225.2 million)

16. Current Tax Liabilities (Net)

	31 st March, 2022	31 st March, 2021
	(₹ in million)	(₹ in million)
Provision for tax [net of advance tax ₹ 1,180.5 million (As at 31 st March, 2021 ₹ 1,983.1 million)]	82.6	121.8
Total Current Tax Liabilities (Net)	82.6	121.8

17. Other Current Liabilities

	31 st March, 2022	31 st March, 2021
	(₹ in million)	(₹ in million)
Advances from Customers	13.6	15.0
Others		
— Statutory Dues (Contributions to PF, PT, Withholding Taxes, GST etc.)	26.3	106.0
— Employee benefit - Leave Obligations	54.8	—
Total Other Current Liabilities	94.7	121.0

18. Revenue from Operations

	31 st March, 2022	31 st March, 2021
	(₹ in million)	(₹ in million)
Sale of Products	3,753.8	3,564.6
Sale of Services [Refer Note 31]	121.9	91.5
Other Operating Revenue		
— Commission Income [Refer Note 31]	123.0	157.4
Total Revenue from Operations	3,998.7	3,813.5

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

19. Other Income

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Interest Income		
On Bank Deposits (at amortised cost)	163.1	183.0
From Customers (at amortised cost)	0.2	1.4
On Income Tax Refund of earlier years	46.3	57.3
Unwinding of Discount on Security Deposits	2.7	2.8
Insurance Claims	—	0.5
Net Gain on Foreign Currency Transactions and Translation	1.4	—
Credit Balances Written-Back	1.7	19.4
Facility Usage charges [Refer Note 31]	61.7	21.0
Gain on derecognition of lease liability and Right-of-Use Assets [Refer Note 32]	54.4	—
Gain on sale of Property, Plant and Equipment (net)	—	0.6
Gain on sale of residential property held for sale (net) [Refer Note 11]	—	44.9
Miscellaneous Income	0.4	—
Total Other Income	<u>331.9</u>	<u>330.9</u>

20. Changes in Inventories of Stock-in-trade

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Opening Stock		
Stock-in-Trade	479.5	586.8
Total Opening Stock	479.5	586.8
Closing Stock		
Stock-in-Trade	(570.7)	(479.5)
Total Closing Stock	(570.7)	(479.5)
Total Changes in Inventories of Stock-in-trade	<u>(91.3)</u>	<u>107.4</u>

21. Employee Benefits Expense

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Salaries and Wages*	850.5	887.3
Contributions to Provident and Other Funds [Refer Note 15(a)]	92.2	90.5
Contributions to Gratuity Fund [Refer Note 15(a)]	33.0	36.6
Share Based Payments [Refer Note 34]	18.5	17.4
Staff Welfare Expenses [Refer Note 15(a)]	24.7	53.3
Total Employee Benefits Expense	<u>1,018.9</u>	<u>1,085.1</u>

* Net of expenses recharged to other companies (Refer Note 31)

22. Finance Costs

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Interest on		
Income-tax	—	11.4
Lease liabilities (at amortised cost)	47.9	64.6
Security Deposits (at amortised cost)	0.4	0.8
Total Finance Costs	<u>48.3</u>	<u>76.8</u>

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

23. Depreciation and Amortisation Expense

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Depreciation and Amortisation of Property, Plant and Equipment	18.8	31.2
Depreciation of Right-of-Use Assets [Refer Note 32]	77.7	90.4
Total Depreciation and Amortisation Expense	<u>96.5</u>	<u>121.6</u>

24(a). Other Expenses

	<u>31st March, 2022</u>		<u>31st March, 2021</u>	
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
Power and Fuel		5.3		5.3
Rent [Refer Note 32]		3.6		4.0
Repairs and Maintenance				
Buildings	—		—	
Others	0.3	0.3	1.2	1.2
Insurance		6.5		4.2
Rates and Taxes		47.7		41.0
Legal and Professional Charges		50.5		39.9
Travelling and Conveyance		51.0		16.3
Other Outside Services		311.2		333.9
Auditors' Remuneration [Refer Note 24(b)]		10.8		10.5
Expenditure towards Corporate Social Responsibility Activities [Refer Note 24(c)]		6.2		17.3
Freight, Forwarding and Distribution		282.0		299.7
Loss on Sale/Disposal of Property, Plant and Equipment (net)		1.4		—
Advertisement and Sales Promotion		74.6		98.0
Printing, Postage and communication		11.7		9.5
Commission to Independent Directors		2.8		3.0
Directors Sitting fees		1.5		1.1
Royalty		33.4		30.1
Bad Debts and Advances Written Off	16.0		1.1	
Less: Provision held	(16.0)	—	(1.1)	—
Provision for credit impaired debt, Advances and Deposits		1.9		1.0
Provisions for Contingencies [Refer Note 26]		1.6		1.6
Net Loss on Foreign Currency Transactions and Translation		—		1.4
Miscellaneous Expenses		23.4		75.3
Total Other Expenses		<u>927.4</u>		<u>994.3</u>

24(b). Auditors' Remuneration

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Payment to Auditors		
As auditor:		
Audit Fees	9.5	9.0
Tax Audit Fees	1.3	1.3
Reimbursement of Expenses	—	0.2
Total Payments to Auditors	<u>10.8</u>	<u>10.5</u>

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

24(c). Expenditure towards Corporate Social Responsibility Activities

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Amount spent during the year on:		
(i) Donations	0.2	8.9
(ii) Expenditure on maintenance of gardens	0.4	0.9
(iii) Expenditure on health awareness	3.6	7.5
Total	4.2	17.3
Gross amount required to be spent as per Section 135 of the Act	8.2	15.3
Excess CSR spent of earlier year utilised in 2021-22	2.0	—
Amount spent during the year on		
(i) Construction/acquisition of an asset	—	—
(ii) On purposes other than (i) above	4.2	17.3
Amount unspent during the year	2.0	—
Due to unavoidable circumstances, amount could not be spent before 31 st March, 2022 (deposited entire unspent amount of ₹ 2.0 Mio towards ongoing project on 27 th April, 2022 with BNP Paribas bank)		

25. Contingent Liabilities and Commitments

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
A Contingent Liabilities		
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	18.9	18.9
(ii) Matters decided against the Company in respect of which the Company has preferred an appeal	114.8	115.0
(iii) Tax demands by assessing officer in respect of which Company has preferred an appeal	2,977.0	2,983.1
Sales Tax matters	610.2	571.2
Service Tax matters	27.2	27.7
Excise matters	—	2.4
Drug Price Control Order 2013 [Refer Note 35]	416.2	416.2
Claims from third party manufacturer in respect of Excise matters	57.0	55.2
Others	2.1	2.1

Note:

Future cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various authorities/forums and/or final outcome of the matters.

*Including Interest and Penalty, where applicable.

B Commitments

- (i) Amount of future minimum lease payments under non-cancellable operating lease is ₹ Nil (previous year ₹ 52.9 million)

26. Provisions

	<u>31st March, 2022</u> (₹ in million)	<u>31st March, 2021</u> (₹ in million)
(i) Provision for Non-saleable Sales Returns		
As at 1 st April	53.2	64.8
Provision made during the year	67.2	51.3
Amounts used during the year	(59.1)	(62.9)
As at 31 st March	<u>61.3</u>	<u>53.2</u>
(ii) Provision for Contingencies		
As at 1 st April	68.2	43.7
Provision made during the year	11.5	24.5
Amounts used during the year	—	—
As at 31 st March	<u>79.7</u>	<u>68.2</u>
<p>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.</p> <p>Provision for Contingencies: 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.</p>		
(iii) Provision for Employee Separation (Refer Note 37)		
As at 1 st April	—	—
Provision made during the year	750.7	—
Amounts used during the year	(248.9)	—
As at 31 st March	<u>501.8</u>	<u>—</u>

- 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.

	<u>31st March, 2022</u> (₹ in million)	<u>31st March, 2021</u> (₹ in million)
(a) The principal amount and the interest due thereon remaining unpaid to suppliers		
(i) Principal	17.5	9.4
(ii) Interest	*	*
	<u>17.5</u>	<u>9.4</u>
(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		
(i) Principal	49.0	35.3
(ii) Interest	—	—

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

	<u>31st March, 2022</u> (₹ in million)	<u>31st March, 2021</u> (₹ in million)
(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	0.3	0.2
(d) The amount of interest accrued and remaining unpaid at the end of the year	0.2	0.2
(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.	0.1	1.5

*Amount is below the rounding off norm adopted by the Company.

28. Tax expense

	<u>31st March, 2022</u> (₹ in million)	<u>31st March, 2021</u> (₹ in million)
(a) Tax expense		
Current tax		
In respect of the current year	—	178.9
In respect of the earlier years*	(4.4)	47.3
Total current tax expense	<u>(4.4)</u>	<u>226.2</u>
Deferred tax	3.4	(34.8)
Total deferred tax expense	<u>3.4</u>	<u>(34.8)</u>
Tax expense recognised in profit or loss	<u>(1.0)</u>	<u>191.4</u>

* Represents (write back of provision)/ provision made towards Income tax demand orders.

	<u>31st March, 2022</u> (₹ in million)	<u>31st March, 2021</u> (₹ in million)
(b) The Income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit/(Loss) before tax	(38.2)	400.4
Income Tax expense*	(9.6)	100.8
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of expenses that are not deductible in determining taxable profit	13.0	40.4
Other items	—	2.9
Adjustments for current tax of prior years (net)	(4.4)	47.3
Income tax expense	<u>(1.0)</u>	<u>191.4</u>

* The tax rate used for the FY 2021-22 and FY 2020-21 reconciliations above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profit under the Indian tax law.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
(c) Income tax recognised in Other Comprehensive Income		
Deferred Tax		
Arising on amounts recognised in Other Comprehensive Income		
— Remeasurements of Defined Benefit Plans	(27.6)	20.5
	<u>(27.6)</u>	<u>20.5</u>

29. Segment Information

The Company has a single business segment namely 'Pharmaceutical Business', and generates revenues from its operations in India. No single customer / group of customers under common control have combined revenue of more than 10% of total revenue from operations during the current year and the previous year.

30. Reconciliation of Revenue from sale of products with contracted price

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Contracted Price	4,621.7	4,288.4
Less: Trade discounts, free goods etc	(867.9)	(723.8)
Sale of Products	<u>3,753.8</u>	<u>3,564.6</u>

31. Related Party Disclosures

(A) Enterprise where control exists

Holding Company and Ultimate 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 Novartis Asia Pacific Pharmaceutical Pte Ltd, Singapore
 Novartis Healthcare Private Limited, India
 Novartis Holding AG, Switzerland
 Novartis Pharma Services AG, Switzerland
 Novartis Pharma AG, Switzerland
 Sandoz Private Limited, India

(ii) List of other related parties (Post-employment benefit plan of Novartis India Limited)
 Novartis India Limited Employees' Provident Fund
 Novartis India Limited Superannuation Fund

(C) Key Management Personnel

S. Murdeshwar
 C. Snook
 J. Hiremath @
 S. Martyres @
 Sanker Parmeswaran @
 Monaz Noble*

@ Independent Directors

* Non Independent Non Executive Director

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

(D) Disclosure of transactions between the company and related parties and outstanding balances as at the year end:

	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
(a) Holding Company and Ultimate Holding Company		
Dividend paid	174.5	174.5
Royalty Expense	33.4	30.1
Balance as at the year end —		
Outstanding Payable	17.4	33.0
(b) Fellow Subsidiaries		
	<u>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Purchases of Stock-in-Trade		
Novartis Pharma AG	760.5	550.7
	760.5	550.7
Sale of Services		
Novartis Healthcare Private Limited	90.1	59.1
Sandoz Private Limited	31.8	32.4
	121.9	91.5
Commission Income		
Novartis Healthcare Private Limited	123.0	157.4
	123.0	157.4
Facility Usage charges recovery		
Novartis Healthcare Private Limited	61.7	21.0
	61.7	21.0
Credit Balances Written-Back		
Sandoz Private Limited	—	4.4
	—	4.4
Services Availed		
Novartis Healthcare Private Limited	32.7	30.8
Novartis Pharma AG	2.1	2.1
	34.8	32.9
Sale of Fixed assets		
Novartis Healthcare Private Limited	40.0	—
	40.0	—
Purchase of Restricted Shares of Novartis AG on behalf of employees of the Company by Novartis Holding AG	11.2	14.0
	11.2	14.0
Forfeiture of Restricted Shares of Novartis AG by Novartis Holding AG	—	1.8
	—	1.8

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

	31st March, 2022 (₹ in million)	31st March, 2021 (₹ in million)
Expenses paid by Company on behalf of the related party		
Novartis Pharma Services AG	57.4	40.8
Sandoz Private Limited	—	0.2
	<u>57.4</u>	<u>41.0</u>
Expenses paid by the related party on behalf of the Company		
Sandoz Private Limited	—	0.4
Novartis Asia Pacific Pharmaceutical Pte Ltd	—	1.0
	<u>—</u>	<u>1.4</u>
	31st March, 2022 (₹ in million)	31st March, 2021 (₹ in million)
Balances as at the year end –		
Outstanding Receivables		
Novartis Healthcare Private Limited	97.8	261.5
Novartis Pharma AG	38.6	300.5
Sandoz Private Limited	—	17.3
Novartis Pharma Services AG	9.3	14.6
	<u>145.7</u>	<u>593.9</u>
Outstanding Payables		
Novartis Healthcare Private Limited	68.7	195.4
Novartis Holding AG	11.2	14.2
Novartis Pharma AG	230.7	145.5
	<u>310.6</u>	<u>355.1</u>

(c) Post Employment Benefit Plans of Novartis India Limited

	31st March, 2022 (₹ in million)	31st March, 2021 (₹ in million)
Contribution to In-house Trust for Post Employment Benefits		
Novartis India Limited Employees' Provident Fund	—	47.1
Novartis India Limited Employees' Superannuation Fund	0.3	0.3
	<u>0.3</u>	<u>47.4</u>
Advances to Novartis India Limited Employees' Provident Fund	—	140.0
	<u>—</u>	<u>140.0</u>

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

	31st March, 2022	31st March, 2021
	(₹ in million)	(₹ in million)
Balances as at the year end -		
Advances to		
Novartis India Limited	3.0	140.0
Employees' Provident Fund	3.0	140.0
	<u>3.0</u>	<u>140.0</u>

(d) Key Management Personnel Compensation

	31st March, 2022	31st March, 2021
	(₹ in million)	(₹ in million)
Short-term employee benefits	7.2	7.2
Post-employment benefits	—	—
Other long-term benefits	—	—
Commission to Independent Directors	2.8	3.0
Sitting fees to Independent Directors	1.4	1.1
Total compensation	11.4	11.3

Notes:

- 1) 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.
- 2) 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 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:

	31st March, 2022	31st March, 2021
	(₹ in million)	(₹ in million)
Depreciation charge for right-of-use assets	77.7	90.4
Expense relating to leases of low-value assets accounted for on straight line basis (included in Rent expense in Note 24(a))	0.9	—
Gain on derecognition of lease liability and Right-of-Use Assets (Refer Note below)	54.4	—
Total cash outflow for leases	109.0	120.3
Maturity analysis of lease liabilities (on undiscounted basis):		
not later than one month;	4.3	10.6
later than one month and not later than three months;	9.8	21.1
later than three months and not later than one year;	41.2	95.3
later than one year and not later than five years; and	208.7	509.2
later than five years	34.6	223.2
Weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date of initial application	8.35%	9.78%

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

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>31st March, 2022</u>	<u>31st March, 2021</u>
(a) Basic & diluted earnings per share:-		
From operations attributable to the equity holders of the Company (in ₹)	(1.51)	8.46
(b) Earnings used in calculation of basic & diluted earnings per share		
(Loss) / Profit for the year attributable to the equity shareholders of the Company (in ₹ million)	(37.2)	209.0
(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 31st March, 2022 and 31st March, 2021 and no tradable stock options were granted during both these financial years.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

- (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

	31st March, 2022	31st March, 2021
Type of Arrangement		
(i) Date of Grant	@	\$
(ii) Numbers Granted	1,744	2,000
(iii) Vesting Conditions	3 years	3 years
@ 26 th January, 2022		
\$ 20 th January, 2021		

	31st March, 2022	31st March, 2021
(i) Balance at the beginning of the year	7,997	10,402
(ii) Granted	1,744	2,000
(iii) Grants forfeited	—	289
(iv) Grants vested	2,324	4,116
(v) Balance at the end of the year	7,417	7,997
(vi) Weighted average remaining contractual life of Restricted Shares outstanding at end of period	1.70 years	1.63 years

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	31st March, 2022	31st March, 2021
	(₹ in million)	(₹ in million)
Restricted Stock Units	18.5	17.4
Total employee share based payment expense/(credit)	18.5	17.4

35. (a) The Company has filed a Writ Petition on 8th 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 24th 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 13th October, 2014 and 27th October, 2014. The NPPA issued a Demand Notice dated 31st October, 2014 directing the Company to pay ₹ 281.8 million (including interest) by 15th 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 urgent cases filed during the pandemic, therefore there has been delay in taking up case. The tentative next date of hearing is 28th February, 2023.

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.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

- (b) The NPPA had issued a demand notice dated 20th/25th 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 27th 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 6th 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 urgent cases filed during the pandemic, therefore there has been delay in taking up case. This writ petition was listed on 30th March, 2022, however due to paucity of time hearing has been adjourned to 11th October 2022.

In the opinion of the Company, the Price Revision Notification dated 28th 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. 10th March, 2016, NPPA issued a separate Ceiling Price Notification on 29th 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.

36. Fair value measurements

Fair valuation techniques and inputs used

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

Financial assets and liabilities at amortised cost, classified under Level 2 hierarchy

Particulars	31 st March, 2022	31 st March, 2021
	(₹ in million)	(₹ in million)
Financial assets		
Loan to Employees	10.4	3.9
Tender Deposits	6.4	8.0
Receivable from Related Parties	78.6	422.8
Taxes recoverable	20.1	27.1
Expenses Recoverable	17.7	6.2
Trade Receivables	445.6	387.3
Cash and Cash Equivalents	1,583.5	682.7
Unpaid Dividend Accounts	13.4	14.7
Deposits with banks	3,587.6	4,299.7
	5,763.3	5,852.4
Financial liabilities		
Unpaid Dividends	13.4	14.7
Payable to Related Parties	69.8	209.1
Lease Liabilities	240.1	624.8
Trade Payables	722.0	552.0
Others	218.1	224.6
	1,263.4	1,625.2

(ii) Valuation technique used to determine fair value

Security deposits is classified as Level 3 category item under the fair value hierarchy based on the valuation technique used to calculate the Fair value.

For the purpose of Fair valuation of Security Deposits the Company has used discounted cashflow method and considered discount rate of 9% being general bank borrowing rate prevalent in the market.

Increase in the discount rate would result in decrease in the fair value and vice-versa.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

Fair value of Financial assets/ financial liabilities, classified under Level 3 hierarchy

Particulars	31 st March, 2022 (₹ in million)	31 st March, 2021 (₹ in million)
Financial assets		
Other Financial assets		
Security Deposits	24.7	31.0
	<u>24.7</u>	<u>31.0</u>
Financial liabilities		
Other Financial Liabilities		
Security Deposits	13.3	15.7
	<u>13.3</u>	<u>15.7</u>

The Company considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

37. Exceptional items

The Company has entered into an exclusive sales and distribution agreement of its Established Medicine Division (“EMD”) with Dr. Reddy’s Laboratories Limited. This arrangement, amongst other things aims to further broaden access of these medicines beyond the current geographies to benefit many more patients, more efficiently, will significantly extend the reach of healthcare professionals, enhancing access of these medicines to more patients. This strategic business decision has led to the below exceptional items.

- In this regard, the Company has made a provision of ₹ 750.7 million in this year towards its erstwhile associates of EMD under Employee Separation Scheme. Part of the provision has been settled during the year.
- The profit and loss for the year includes an expense of ₹ 496.4 million (net of re-evaluation of retirement obligations) under Employee Separation Scheme.

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.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The activities of this department include management of cash resources & ensuring compliance with market risk limits and policies.

(A) Credit Risk

The Company is exposed to credit risk, which is the risk that counterparty 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 31st March, 2022, the Company had 2 customers (At 31st March, 2021 : 1 customer) that owed the Company more than ₹ 10 million each and accounted for approximately 52% (At 31st March, 2021 : 6%) 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 recognised in respect of trade receivables.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

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.

(ii) Movement in expected credit loss allowance

Particulars	(₹ in million)
As at 1st April, 2020	42.9
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(0.1)
As at 31st March, 2021	42.8
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(16.3)
As at 31st March, 2022	26.5

(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. The below excludes maturity analysis of lease liabilities which has been disclosed separately in Note 32.

Contractual maturities of financial liabilities	(₹ in million)				
	Less than 1 year	1 to 3 years	More than 3 years	Total	Carrying value
31st March, 2022					
Non-derivative financial liabilities					
Non-Interest bearing	1,023.3	—	—	1,023.3	1,023.3
Fixed interest rate instruments*	—	—	13.3	13.3	13.3
Total	1,023.3	—	13.3	1,036.6	1,036.6
31st March, 2021					
Non-derivative financial liabilities					
Non-Interest bearing	1,000.4	—	—	1,000.4	1,000.4
Fixed interest rate instruments*	—	—	15.7	15.7	15.7
Total	1,000.4	—	15.7	1,016.1	1,016.1

*Effective interest rate is 6.5% (rate payable on security deposits).

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

Sensitivity interest rate increase by 1%; Profit will decrease by ₹ 0.1 million for the year ended 31st March, 2022 (₹ 0.2 million for the year ended 31st March, 2021)

Sensitivity interest rate decrease by 1%; Profit will increase by ₹ 0.1 million for the year ended 31st March, 2022 (₹ 0.2 million for the year ended 31st March, 2021)

(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
31st March, 2022					
Non-derivative financial assets					
Non-Interest bearing	614.8	19.1	24.5	658.4	650.4
Fixed interest rate instruments*	5,160.8	8.2	—	5,169.0	5,137.6
Total	5,775.6	27.3	24.5	5,827.4	5,788.0
31st March, 2021					
Non-derivative financial assets					
Non-Interest bearing	952.3	11.3	53.0	1,016.6	955.7
Fixed interest rate instruments*	4,942.6	8.3	—	4,950.9	4,927.7
Total	5,894.9	19.6	53.0	5,967.5	5,883.4

*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 st March, 2022	31 st March, 2021
	(₹ in million)	(₹ in million)
Bank Overdraft/ WCDL facility	90.0	170.0
Non-Fund Based facility: (LC, BG, etc.)	114.0	39.8

(C) Market Risk – Foreign Exchange

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and CHF. 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 minimise 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.

Notes forming part of the Financial Statements as at and for the year ended 31st March, 2022

(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>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
Receivables		
USD	5.4	3.9
Payables		
USD	241.9	208.1
CHF	—	1.5

(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>31st March, 2022</u>	<u>31st March, 2021</u>
	(₹ in million)	(₹ in million)
USD sensitivity		
₹/USD -Increase by 1% #	(2.4)	(2.0)
₹/USD -decrease by 1% #	2.4	2.0
₹/CHF -Increase by 1% #	*	*
₹/CHF -decrease by 1% #	*	*

#Holding all other variables constant

*represent amounts below the rounding off norm adopted by the Company.

39. Capital management

Risk 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. The Company does not have any borrowings as at 31st March, 2022 and 31st March, 2021, and no borrowings were availed during the year and in previous year.

40. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventories, receivables and other assets. In assessing the recoverability of the assets, the Company has considered internal and external sources of information, available as at the date of approval of these financial statements, including subsequent recoveries, credit risk profile, macroeconomic forecasts, latest selling prices of products, orders on hand, margins etc. Based on the above assessment, the Company is of the view that the carrying amounts of the assets will be realised. The impact of COVID-19 on the Company's financial statements may be different from that estimated as at the date of approval of these financial statements.

During the year ended 31st March, 2022, the Company continued to ensure uninterrupted supply of its products. The offices of the Company were open to operate under the guidelines issued by the local authorities. Sales employees had the option to work in the field subject to compliance with the guidelines issued and trainings conducted. All other associates had the option to work from home on digital platforms provided by the Company with need based working from office premises taking into consideration all safety guidelines. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

41. Ratios

Ratio	Numerator	Denominator	2022	2021	% Change as compared to 2021
Current Ratio	Current Assets	Current liabilities*	4.3	4.5	(6%)
Debt-equity ratio	Lease liabilities	Shareholder equity	0.03	0.09	(60%)
Explanation	Reduction in lease liability on account of lease modification (Refer Note 32)				
Debt Service coverage ratio	Earning available for debt service	Lease payments	4.4	3.4	30%
Explanation	Reduction in lease liability on account of lease modification (Refer Note 32)				
Return on equity Ratio	Profit for the year*	Average Shareholder's equity (Opening + Closing)/2	4.8%	2.9%	64%
Explanation	Improved margin due to operational efficiencies				
Inventory turnover Ratio	Sale of Products	Average Inventory (Opening + Closing)/2	7.1	6.7	7%
Trade receivable turnover Ratio	Revenue from Operations	Average Trade Receivables (Opening + Closing)/2	9.6	10.0	(4%)
Trade Payable turnover Ratio	Purchases of Stock-in-Trade + Other Expenses	Average Trade payables (Opening + Closing)/2	4.3	3.7	15%
Net capital turnover Ratio	Revenue from Operations	Average Working Capital (Opening + Closing)/2	0.7	0.7	8%
Net Profit Ratio	Profit for the year*	Revenue from Operations	8.4%	5.5%	53%
Explanation	Improved margin due to operational efficiencies				
Return on capital employed	Earnings Before Interest and Taxes*	Capital Employed	4.1%	3.0%	36%
Explanation	Improved margin due to operational efficiencies				
Return on Investment	Weighted average Interest Income on Bank Deposit	Weighted average bank deposits	3.2%	3.5%	(7%)

*The figures for the year 2021-22 and balances as on March 31, 2022 are impacted with an exceptional item relating to a business transaction resulting in a net expense of ₹ 496.4 million and current liability of ₹ 501.8 million towards its erstwhile associates of EMD under employee separation scheme. This has been excluded for computation of the ratios above.

42. 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 that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

For and on behalf of the Board

Sanjay Murdeshwar
Vice Chairman & Managing Director
DIN: 01481811

Monaz Noble
Non-Executive & Non Independent Director
DIN: 03086192

Nikhil Malpani
Company Secretary & Compliance Officer

Shilpa Joshi
Chief Financial Officer

Mumbai, 19th May, 2022

Statement of Cash Flows for the Year ended 31st March, 2022

	Year ended 31 st March, 2022 (₹ in million)	Year ended 31 st March, 2021 (₹ in million)
A. Cash flow from operating activities		
Profit/(Loss) before tax	(38.2)	400.4
Adjustments for -		
Depreciation and Amortisation Expense	96.5	121.6
Share Based Payments	18.5	17.4
Interest Income	(163.3)	(184.4)
Unwinding of discount on security deposits	(2.7)	(2.8)
Finance Costs	48.3	65.4
Gain on derecognition of lease liability and Right-of-Use Assets	(54.4)	—
Loss/(Gain) on sale of Property, Plant and Equipment (Net)	1.4	(0.6)
Gain on sale of residential property held for sale	—	(44.9)
Unrealised Gain on Foreign currency translations (Net)	(0.9)	(3.1)
Credit Balances Written-Back	(1.7)	(19.4)
Provision for credit impaired debt, Advances and Deposits	1.9	1.0
Operating cash flows before working capital changes	(94.6)	350.6
Movement in operating assets and liabilities		
Trade Receivables	(42.0)	(9.2)
Inventories	(91.2)	107.3
Financial Assets	382.2	54.0
Other Non-Current Assets	0.7	(42.4)
Other Current Assets	156.8	(90.3)
Trade Payables	148.3	(173.8)
Provisions	286.9	106.9
Other Current Liabilities	(26.3)	15.7
Financial Liabilities	(148.2)	(659.0)
Net Cash generated from /(used in) operations	572.6	(340.2)
Income Tax Paid (Net)	(185.9)	(351.9)
Net Cash generated from /(used in) operations	386.7	(692.1)
B. Cash flow from investing activities		
Payments for Property, Plant and Equipment	(5.0)	(0.9)
Proceeds from disposal of Property, Plant and Equipment and Assets Held for Sale	—	46.8
Interest received	155.4	207.8
Fixed deposits matured (net)	720.0	697.9
Net cash from investing activities	870.4	951.6
C. Cash flow from financing activities		
Lease payments	(109.0)	(120.3)
Finance cost paid	(0.4)	(0.8)
Dividends paid	(246.9)	(246.9)
Net cash used in financing activities	(356.3)	(368.0)

Statement of Cash Flows for the Year ended 31st March, 2022

	Year ended 31 st March, 2022 (₹ in million)	Year ended 31 st March, 2021 (₹ in million)
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>900.8</u>	<u>(108.5)</u>
Cash and Cash Equivalents - At the beginning of the year	682.7	791.2
Cash and Cash Equivalents - At the end of the year [Refer Note 9(a)]	1,583.5	682.7

Note:

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.

In terms of our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rakesh N. Sharma
Partner

Mumbai, 19th May, 2022

For and on behalf of the Board

Sanjay Murdeshwar
*Vice Chairman &
Managing Director*
DIN: 01481811

Nikhil Malpani
*Company Secretary &
Compliance Officer*

Mumbai, 19th May, 2022

Monaz Noble
*Non-Executive &
Non Independent Director*
DIN: 03086192

Shilpa Joshi
Chief Financial Officer

FINANCIAL SUMMARY OF 10 YEARS

(₹ in million)

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
I. INCOME, PROFIT & DIVIDEND										
Sales of Product (Net)	3754	3565	3997	4322	4980	5836	7222	8122	8104	8465
Profit Before Tax (PBT)	-38	400	286	858	1575	917	2717	932	899	1694
Profit After Tax (PAT)	-37	209	101	518	784	572	1983	791	985	1197
Dividend	247	247	247	247	247	281	320	320	320	320
Dividend – ₹ per share	10	10	10	10	10	10	10	10	10	10
II. SHAREHOLDER'S FUND										
Share Capital	123	123	123	123	123	141	160	160	160	160
Reserve and Surplus	6794	6989	7084	7469	7213	9055	11776	9860	9454	8842
Net Worth (Shareholder's Fund)	6917	7112	7207	7592	7336	9196	11936	10020	9614	9002
III. RATIOS										
Return on Sales (PAT) %	-1.0	5.9	2.5	12	15.7	9.8	27.5	9.7	12.2	15.1
Return on Shareholder's Fund (PAT) %	-0.5	2.9	1.4	6.8	10.7	6.2	16.6	7.9	10.2	13.3
Earning Per Share (calculated on PAT) ₹	-1.51	8.46	4.08	20.97	28.43	19.1	62.04	24.75	30.83	37.46

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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