

75th AGM – Novartis India Limited

July, 28 2023

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

- A very good morning, ladies and gentlemen. It is 11:00 AM India time. I extend a warm welcome to you all for the 75th Annual General Meeting of Novartis India Limited. I am Nikhil Malpani, Company Secretary of the Company. Before the Chairman commences the meeting, I would like to draw your attention to a few important points. Like previous year, today's Annual General Meeting is being held through virtual means in compliance with the recent circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. In order to ensure maximum participation from the shareholders for this meeting, we have provided the facility to update the e-mail ID and contact details of the shareholders with the help of our registrar and transfer agent, NSDL, and CDSL. The company has provided the E voting facility which commenced from 9:00 AM Indian Standard Time on Tuesday, July of 25, 2023 and ended at 5:00 PM Indian Standard Time on Thursday, July of 27, 2023. Instructions on how to log in and cast the vote were sent to the shareholders over e-mail. Similar details are also mentioned in the Notice to the AGM. The cutoff date for determining the members entitled to vote on the resolution set forth in the Notice of Annual General Meeting was Friday, July of 21, 2023. Those members who have not cast their vote during the remote e-voting period, may cast their votes today once the e-voting commences. To avoid any disturbances from the background, all the members who have joined this meeting by default are placed on mute. Speaker shareholders who have registered with the Company will be allowed to speak once their name is announced during the question and answer session. For better interaction, you may use your earphones, minimize background noise, and use good quality internet. During the AGM, if any member is facing any technical issue, they may kindly contact the helpline number which is mentioned in the Notice of AGM. Thank you very much. I now hand over the proceedings to the Chairman.

- Mr. Christopher Snook, Chairman, Novartis India Limited:

- Thank you, Nikhil. Good morning, ladies and gentlemen. On behalf of the Board of Directors of Novartis India Limited, I extend a very warm welcome to each one of you present here at the 75th Annual General Meeting of the Company. This meeting is being held through video conferencing and other audio-visual modes. This complies with the circulars issued by the Ministry of Corporate Affairs, Government of India, and the Securities and Exchange Board of India. The Company is taking all possible steps to ensure that the stakeholders, shareholders are provided with an opportunity to participate at this Annual General Meeting and vote. We are very pleased to have your virtual presence here today.

- As the requisite quorum is present, I now declare this meeting as open. The Register of Directors and Key Managerial Personnel and their shareholding and the Register of Contract or Arrangements in which Directors are interested are available. These will remain accessible to the members for inspection electronically if they so desire. Let's proceed.
- I, Christopher Snook, Chairperson of the Board and Chairperson of the Stakeholders Relationship Committee of the Board hereby state that I am participating from the registered office of the company located in BKC Mumbai. I look forward to interacting with you all today at this meeting and I would now request my fellow directors to introduce themselves.
- Thank you, Mr. Snook. A very good morning to all shareholders, fellow directors, and participants. I hope each one of you is keeping safe and staying healthy. I'm Sanjay Murdeshwar, Vice Chairman & Managing Director of the Company and I'm participating in this 75th Annual General Meeting from the registered office of the company located in BKC Mumbai. I'm also the Chairperson of the Corporate Social Responsibility Committee and a member of the Stakeholder Relationship Committee of the Board. I look forward to interacting with you all today. Thank you very much.
- **Mr. Christopher Snook, Chairman, Novartis India Limited:**
 - Good morning, once again. Chris Snook speaking. I learned just one hour ago that due to unforeseen circumstances, Mr. Jay Hiremath, Independent Director is unable to join the AGM today. He sends his most sincere apologies for any inconvenience caused and leave of absence is granted.
 - Good morning, everyone. I'm Sandra Martyres, Independent Director of the company. I'm participating in this Annual General Meeting from the registered office of the company located in BKC, Mumbai. I am the Chairperson of the Audit Committee and the Nomination and Remuneration Committee, and a member of the CSR Committee of the board. Thank you.
 - I'm Sankar Parameswaran, Independent Director of the Company. No Voice.
- **Moderator:**
 - Sir, you are on mute.
- **Mr. Nikhil Malpani – Company Secretary, Novartis India Limited:**
 - Mr. Sankar, you're on mute. Please unmute.
 - Sorry. I'm Sankar Parameswaran, Independent Director of the Company. I'm participating in this Annual General Meeting from the registered office of the company located in BKC. I'm Chairperson of the Risk Management Committee and a member of the Audit Committee and Stakeholders Relationship Committee of the Board. Thank you.

- Good morning, everyone. I'm Shilpa Joshi, Whole Time Director and Chief Financial Officer of the Company. I'm participating in this Annual General Meeting from registered office of the company located in BKC, Mumbai. I'm also a member of Corporate Social Responsibility Committee, Risk Management Committee, and Stakeholders Relationship Committee of the Board. Thank you.
- **Mr. Christopher Snook, Chairman, Novartis India Limited:**
- Thank you to all the Directors. I wish to confirm that Mr. Nikhil Malpani, Company Secretary and the representatives of the statutory auditors and the secretarial auditors are also attending this virtual meeting. I request all members to extend their full support and cooperation for a smooth and systematic conduct of the proceedings of this virtual meeting today. The notice of this meeting has been with you and with your permission I take this as read. The auditor's report on the financial statement for the financial year 2022 to 2023 does not contain any qualifications, reservations, adverse remarks, observations, or comments. With your permission again, I also take the auditor's report as read. Let me now brief members present on the key highlights and events during the last financial year. Dear shareholders, once again a very good morning to you all and a warm welcome to the 75th Annual General Meeting of Novartis India Limited. 75 years is indeed a great milestone to have achieved together. India plays an important role in today's complex and evolving healthcare landscape leading the way as President of the G20 and building a consensus on global health resilience. This is especially required as the world realigns itself to better deal with global health challenges with a unified response in case of future crises.
- Having finally emerged from the global pandemic, it has become increasingly important to create a strong efficient global health architecture. With this young population, India offers both a workforce and a market as the country powers on towards its ambitious target of becoming a \$5 trillion economy. As the country with the largest youth cohort, it's 254 million youth aged between 15 and 24 years can be a source of innovation, new thinking, and lasting solutions. Andrea Wojnar, United Nations population fund, India representative, and the country Director for Bhutan provided the healthcare and education of the population taken care of it can propel economic growth for decades. Though the global environment is tackling significant challenges, India is one of the fastest growing economies as the World Bank pointed out in its 2023 India Development Update. The overall growth remains robust and is estimated to be 6.9% for the full year with GDP growing 7.7% year-on-year during the first 3 quarters of the fiscal year 2022-23. Experts have pointed out that India also has the capacity to become a healthcare hub for the world and has an edge in offering global healthcare solutions. The quota study conducted by India Brand Equity Foundation; India's competitive advantage lies in its large pool of well-trained medical professionals.
- India is also cost competitive compared with its peers in Asia and Western countries. The cost of surgery in India is about 1/10th of that in the US or Western Europe. Little wonder then, that medical tourism which the Indian government is actively

encouraging is doing so well. I've watched with interest the introduction of the National Digital Health Mission by the honorable Prime Minister, Mr. Narendra Modi in 2021. Various government initiatives such as Atmanirbhar Bharat Pradhan Mantri Jan Arogya Yojana and the Atmanirbhar Bharat Digital Mission have seen great traction too. Novartis India Limited has also been an enthusiastic participant in the growing Indian healthcare story. We remain committed to the UN sustainable development goals particularly goal #3, which is designed to ensure healthy lives and promote well-being for all, at all ages. Among the goals is achieving universal health coverage and at Novartis India Limited we believe that access to medicine is a key aim. As we continue to work towards our goal of reimagining medicine and extending lives, we have taken innovative steps to further improve reach and access to Novartis India Limited medicines. This Annual Report provides a glimpse to how we are reimagining access to improve and extend people's lives. Coming to the performance of the Company, I'm certain that you would have gone through the Annual Report sent to you all. It provides an overview of the Company for the period under review. On behalf of the Board of Directors, I'm pleased to continue with our steady dividend policy and propose a final dividend of ₹10 per equity share of ₹5 face value for equity share and on the occasion of the 75th anniversary of the company, we are pleased to additionally propose a special dividend of ₹37.50 per equity share of ₹5 face value per equity share at this Annual General Meeting subject of course to your approval. Thank you for your continued confidence in our company. I look forward to the same in the years ahead. Before I proceed to the question and answer session, I request Mr. Murdeshwar to address the shareholders and to share his thoughts.

- **Mr. Sanjay Murdeshwar – VC & MD, Novartis India Limited:**

- Thank you, Mr. Snook. a very good morning to our dear shareholders. We're grateful to you for taking the time out to attend the 75th Annual General Meeting of Novartis India Limited. I'd also like to thank you for the trust you've reposed in the company over the years. Together, we have always shouldered the responsibility to help improve access to medicines and healthcare for underserved communities and those in need. At this point, I'll take the opportunity today to put together a presentation for you to give you a better perspective of the Indian healthcare system, pharmaceuticals, and a glimpse of Novartis India, it's performance as we move ahead. So, as you can see, we have the presentation in front of you.
- Next slide please. This is the standard disclaimer just to make sure that we understand that this presentation is general in nature and should not be read or deemed as containing forward-looking statements in respect of the company and no undue reliance should be placed on the presentation statements and the same should not be considered as any promise, assurance, indicator strategy for charter for Novartis India Limited. Please take the option to read this disclaimer.
- Next slide please. So, for today's presentation, I will go through three specific topics as I mentioned earlier. The Indian overview - the healthcare overview rather. A little

more about Novartis India Limited strategy and what we have achieved so far, and a little more about financials in the year under review.

- Next slide please. So, I'll go as I said in more details on the first section, the Indian overview.
- Next slide please. I think as mentioned by, Mr. Snook in his address, India is poised to be a \$5 trillion economy over the next few years. We are currently at \$3.4 trillion economy with very attractive growth opportunities. Since our independence, India has been resilient and has taken steady strides towards this specific element. This is a land of opportunities, the second largest GDP among BRIC's, consistent growth in FDIs, and noteworthy recovery especially post-COVID. The FDI in our country rose in 2020 to 2021 and is one of the few major economies with a real offshore investment growth despite the pandemic fears and a complicated financial climate. So, year-on-year, we have grown as an economy and we would like to make sure that we can build on this as we keep on moving ahead.
- Next slide please. Little more on the Indian healthcare ecosystem, as again mentioned not only is our population growing, but our GDP growing, but this is also being reflected in the growth in our healthcare ecosystem. The healthcare ecosystem consists of number of fragments here. #1 is, the private sector investments in primary, secondary, tertiary hospitals. You have the pharmaceuticals industry which contributes to the healthcare industry, the public sector which contributes substantially to healthcare in India, we have medical devices, diagnostics, and the healthcare financing group which is becoming more and more relevant in our environment and each of them have been growing and substantially contributing to the 180 billion US healthcare ecosystem that we have in India last year.
- Next slide please. Just to dig a little more deeper here, the key trends shaping this healthcare ecosystem are three. #1, the changing demographics of our country, the government's agenda to make healthcare accessible and affordable, and last but not the least especially accelerated after COVID, a substantial growth in the adoption of technology across various sectors in the industry and especially in the healthcare sector.
- Next slide please. As you'll see, our nation is changing demographically substantially. You'll see the number of people especially who are in a certain age economic level and under poverty has been reducing substantially and the number of people who are moving into the lower middle and the upper middle class of our demographics is growing substantially over the next few years and towards 2030, we will have a huge increase in the middle income households from the current 54% to nearly 78%. Now, India is of course a self-pay mostly rather, a self-pay healthcare market.
- There's insurance that is growing substantially, the government is providing support, but as our income keeps on growing we would also appreciate that there will be more access to medicines not only in the cities and the second tier cities, but in the rural areas of our country so that more and more people have access to our

medicines. The number of senior citizens will also form by 2036 nearly 10% of the population and this is a huge area that all of the healthcare industry will have to focus on and make sure that we can provide accessible healthcare to all.

- Next slide please. The government of course is taking very proactive steps here to make healthcare accessible and affordable. As mentioned by the Chairman, the Prime Minister's Ayushman agenda especially comes with a very important promise to extend healthcare to the missing middle. Most of the current healthcare is focused on the lower tier of society who are economically disadvantaged or people who will afford insurance at a higher income bracket, but the missing middle is where the bulk of our population is and as I mentioned earlier that is the one area where India demographics is moving over the next 5 to 10 years and the government is making huge efforts to keep on building Ayushman Bharat, whether it is in terms of hospital admissions, which have improved to 4.3 crores or the number of beneficiaries that are nearly 22 crores have already been verified as part of Ayushman Bharat and last but not the least, National Digital Health Mission, which has more than 31 crore health accounts that have been created so far.
- Next slide please. Tagging onto this healthcare mission is the increased adoption of technology. I think each and every one of you would have experienced this especially over the last 3 to 5 years where the telemedicine market is expected to boom in India from 2020 to 2030 by a substantial high double digit growth and not only telemedicine where we can have more access to medicines in the smaller cities, towns, and various other disadvantaged population, but also trends towards exponential growth whether it looks at the government adoption of technology by changing consumer behavior, by making sure there's more awareness campaigns, there's Generative AI that has been created so that we can really have better patient types and better medicines to target the right patients and last but not the least, E-Pharmacies which have been growing substantially over the last couple of years and I know the government is playing a very important role along with the E-Pharmacies to have very clear and good regulations so that more and more of our population can have access to medicines through technology.
- Next slide please. All of this has contributed to the Pharmaceutical industry growth, which has shown steady growth over the last five years or so. There has been a slight blip in types of medicines because of COVID, but generally the Pharmaceutical industry is growing in the right direction and the drivers are very specific. #1, a number of companies are going for co-marketing and distribution agreements especially with foreign companies so that more and more patients in our country can have access to medicine in the rural area, the second and third tier towns, the expansion of E-Pharmacies and the chain businesses you must have seen many of these in our country and last but not the least as I mentioned earlier, the strong focus on digitalization and localization more with the PMLI scheme that the Government of India has inaugurated.
- A number of manufacturing companies are now being investing in India to avail of these schemes, but more importantly to make us more Atmanirbhar as we move

ahead. Of course, there are barriers to this growth in the industry, a huge element here is the wider implementation of the margin caps. You would have known that earlier the number of drugs covered under NPPA or the Drug Price Control Act of the government increased from 350 to nearly 2,300 over the last 10 years. So, more and more drugs are under drug price control. Secondly, there's expansion of these DPCO controlled medicines to larger areas with the fact that there's huge issues with import of APIs or Active Pharmaceutical Ingredients, which have increased prices substantially, which puts a lot of pressure on margins of various companies and this is really a major issue to make sure that we can have the right quality of medicine at the right price affordable to as many patients as possible in our country and I'm sure every company and every industry is taking specific cognizance of having mitigation plans toward these increased raw material cost which is affecting our industry at this moment.

- Next slide please. With this backdrop, I just wanted to go a little more deeper into Novartis India Limited and the implications thereof whether of the healthcare industry, whether the population, or the Pharmaceutical industry on Novartis India Limited. Last year, this is the specific slide and presentation which I had made to our dear shareholders where we made some specific strategic decisions. #1, in our bone and pain medicine segment, we said that we will gain market share through portfolio expansion into the faster growing segments and to increase reach and for a transplant medicine area that we will grow with a steady growth by leveraging the innovative positioning that we have and to differentiation of our offering and innovation on our business models and a neurological portfolio that we will maintain our share by mitigating various operational challenges that we have been facing specifically on raw materials that are mostly imported in our country.
- Next slide please. I'm pleased to say that some of these strategies have borne fruit leading to increased access to our medicines and improved business performance. For the first section which is the bone and pain medicine sections, we retain the #1 position with a 35% market share in the diclofenac plain and injectables. The Voveran range has witnessed a 10% in market growth versus CAGR of 5.3% in the last three years and this is due to the improved access to three times field force that we are now reaching with more than 10X or 10 times the number of physicians or customers that we have been reaching with our new business model with Dr. Reddy Labs, which we announced last year and we continue to work and partner through the last full year.
- Secondly, we leverage a number of digital platforms to improve efficiency and engage with shareholders. On the transplant segment, we have witnessed a handsome growth of nearly 23% and most importantly reduced patient dropout. This is a huge challenge in our country where most patients after induction of a therapy on transplant usually move to a maintenance therapy and for maintenance after three or four months due to various affordability issues they drop off or various other access inconveniences and we have through our patient support programs provided various avenues for our patients to continue to benefit from our medicines in partnership with hospitals and with our physician groups. Last but not least, the

neuroscience portfolio where we have mitigated some of the operational challenges with a key brand Tegretol, which is a very important brand for especially patients with epilepsy. This is especially important for epileptic children who benefit from Tegretol syrup and we enjoy currently a 40% market share for this specific product.

- Next slide please. Over the last year, I've had various number of shareholders have written to me or to the investor group where they have tried to understand our relationship with Dr. Reddy and I thought it was very apt considering that we have a large partnership with Dr. Reddy's to explain to our dear shareholders how these unique arrangement actually benefits Novartis India. Novartis India again has a sales and marketing distribution agreement with Dr. Reddy. So, here as we show in the slide, Novartis India owns marketing authorization, and manufacture these products, and we supply these products to Dr. Reddy at a certain price, which is our sales and that is exactly what we show in our revenue books. Then, it moves to Dr. Reddy who makes sure that through their wider and larger sales and distribution group, I said three times the number of geography and 10 times the number of physicians, then go ahead and supply to the customer with a certain margin to the price that we have already sold to Dr. Reddy, which is considered as their sales and finally of course it reaches the customers which are the distributors, the retailers, the hospital who sell it to the patient at MRP. So, as you can see the sales are booked at Novartis India end, it is booked at Dr. Reddy's end, and of course at different customers wherever they are retailers or distributors, so it gives you a perspective of each of these partnerships benefit in making sure that we can have access to medicines as to many population as possible and this can be done in extremely efficient manner especially because of the various pressures that we have on pricing and we need to ensure that we can increase volume on a regular basis to make sure that our patients can benefit and more importantly our business performance in the right direction.
- Next slide please. This bears witness, so the bone and pain medicines that we have a commercial agreement, commercial arrangement with Dr. Reddy has witnessed a strong volume growth especially in the tablet and vial area and this is very important because this has been one of the highest volume growth that we have had over the last few years and this is of course moved into making sure that we retain our #1 position the 35% market share especially for Voveran, but also for other medicines like methergine, Macalvit, at Calcium Sandoz and so on and so forth, but especially the tablets and the vials which is a large component of our portfolio in arrangement with Dr. Reddy in volumes is moving in the right directions as you'll see from this slide. We had nearly 253 tablets earlier, last year we sold nearly 273 million tablets and even in terms of vials, we had 55 million vials that we sold last year and this year nearly 74 million vials that we have sold in terms of volumes which is reaching as many more patients.
- Next slide please. The transplant business is also shown very positive trends and these are due to two or three important factors. We have maintained an increased our share of induction therapy - induction therapy is when a transplant patient usually is given a transplant and immediately a therapy has to be given to him so that there's immunosuppression that takes place during a transplant and here we have

gained market share year-on-year, this has really made sure that our transplant therapies are going in the right direction. Once the induction is given, of course the patient continues to be on the product and therefore there's a revival or a maintenance therapy and we have grown by nearly 19% there and most of the physicians and the hospitals really appreciate the gamut of medicines that we provide to our patients so that they can do not have any rejection of their transplants, which are taken especially of the liver and of the kidney, which are the two segments that we work on. Last but not the least, once the patients are on the product due to our various patient support programs, we endeavor to reduce patient dropout by providing various education and other support to our patients and therefore even the patient dropouts have gone down from 40% to 29% all of which has contributed to the growth in our transplant business.

- Next slide please. So, as you'll see this business across the board of various of our portfolio brands for whether induction therapy or maintenance therapy has grown by 23% in value and also by volume as you can imagine. Thank you.
- Next slide please. So, I would like to just give a quick glimpse onto the financials for the year under review.
- Next slide please. Again, these results have been already announced, but to give you a perspective and to give you better color of each of the elements here, sales of course has been more or less flat with a slight decrease and this is mainly due to the underlying business model, which I explained earlier for DRL, but otherwise underlying growth in the market has been certainly in the positive direction. Our operating profit due to the business model especially has increased substantially from 4.7% to nearly 16.1%. Profit before tax has also gone from negative to a large positive, but here I must also say that besides the operating profits, we had a couple of one time incomes especially with the refunds that we had with the income tax authorities, which has contributed to this one time positive profit before tax and of course the earnings have increased substantially to nearly ₹41.86 per share.
- Next slide please. We announced the financial performance of a quarter one yesterday or rather the day before yesterday and I would like to explain to you what the performance was. Again, as I said we are in the first realms of working with Dr. Reddy Labs especially in our partnership that we have with them over the last one year and I would like to draw your attention to the fact that from Q4 2022-23 to Q1 23-24, which is two different blue colors if I may say so, we are growing by nearly 21%. Of course due to the first quarter of last year, we had various specific pipeline products that we had to sell to Dr. Reddy to make sure that they can go to as many physicians as possible, as many territories as possible, so there was a one-time gain there, but otherwise over the average of the last four quarters, we are certainly growing in the right direction in the first quarter of this year.
- The same is true with our operating profit and our profit before tax. I had mentioned last already before that especially in the first quarter of last year, we had a one-time benefit due to the income tax that we benefit that we had. Besides of

course our operating profit being positive due to the one-time pipeline filling by Dr. Reddy, but now we have stabilized and we are moving in the right direction as we move ahead for stable growth besides the up and down of the quarterly that we move ahead.

- Next slide please. Therefore, I'm pleased to say that the financial performance and comparing it especially over the last five years, last year the year in review has been one of the better performances that we have provided to our shareholders whether it's in terms of profit before tax, whether it's in terms of earnings per share or on return on shareholders' fund, we have tried our best to make sure that we explore new business models, that we focus on new ways of doing business, that we ensure that we take advantage of the changing environment in the Pharmaceutical industry to create more value for our shareholders and for our patients across India.
- Next slide please. Thank you. Thank you so much for this. Thank you.

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

- Thank you, Mr. Murdeshwar. Before I invite speakers to share their views in this question and answer session, I would like to announce a few important points. Only those speakers who have registered in advance with the Company would be allowed to speak, other shareholders, however, may use the chat box to raise their queries. The name of each speaker in order of sequence will be announced by the moderator. Once the moderator announces the name of the speaker, he or she may kindly unmute their mic and switch on their camera while speaking. In the interest of time I would request each speaker to limit their speech to a maximum of three minutes and to raise only those queries which have not already been raised by other fellow shareholders. If for any technical reason, the speaker is unable to communicate, the next speaker will be invited to speak. As soon as the technical issue is rectified, the earlier speaker will be given an opportunity and his or her name would be announced by the moderator. Questions of the speakers as well as those raised in the chat box will be answered after all speakers have had the opportunity to speak. May I now request the moderator to announce please the first speaker shareholder.

- **Moderator:**

- Thank you, Chairman. Our first speaker shareholder is, Lekha Shah. Ma'am you've been placed to the meeting.

- **Ms. Lekha Shah – Shareholder:**

- Hello, Sir. Am I audible?

- **Moderator:**

- Yes ma'am, you're audible.

- **Ms. Lekha Shah – Shareholder:**

- Respected Chairman Sir, Board of Directors, and my fellow members, good morning to all of you, myself Lekha Shah from Mumbai. I'm very much thankful for extensive very good investor services and also sending me the AGM Notice well in time. Sir, I'm very grateful to our Company Secretary. It was very easy to understand. Once again, thank you so much. All my doubts are cleared as the Chairman Sir and Company Secretary has made everything clear and I support all the resolution for today's meeting. Thank you, Sir.
- **Mr. Christopher Snook, Chairman, Novartis India Limited:**
- Thank you very much.
- **Moderator:**
- Thank you, ma'am. Our next speaker shareholder is, Rajesh Chainani. Sir, you've been placed in the meeting. We can hear you, Sir.
- **Mr. Rajesh Chainani – Shareholder:**
- Yeah, thank you Sir. Respected Chairman, Mr. Christopher Snook, MD Mr. Sanjay Murdeshwar, and a very, very highly eminent Board of Directors, my fellow shareholders, my name is Rajesh Chainani. I'm speaking from Mumbai. Sir, first of all, I thank our Company Secretary, Mr. Nikhil Malpani for sending the email notice very well on time Sir. I have gone through the report. It is full of details, each and every minor detail have been covered and Sir in your Chairman speech you have covered a lot of things and Mr. Sanjay Murdeshwar whatever the presentation you have shown is a very, very much highlight of the Company. Sir, I thank you very much, Sir. Our dividend had been consistent for ₹10 for years and years and years and Sir this is on the 75th year you have surprised us Sir. So, I have full faith in the Company with the ₹5 paid up, ₹47.50 is the dividend. Sir, I really thank you very much Sir and I have seen your centers are in Hyderabad and Gachibowli. I was there for IKEA - I had gone to visit IKEA, it's such a beautiful you know glass building you know your office over there, it's just superb Sir, very good Sir, and I'm very proud that the public holding in the Company is 28.33% which is very good Sir. This shows the faith of the shareholders in the company Sir.
- Your holding is very good Sir and we have a very high price of 909 from the low of 554, but today it is 749, so Sir I expect really the Company performs very well because each and every - today you know any Multinational company or Indian company has been compared with Abbott because Abbott is going to 23,000-24,000, so always the comparisons are made with that and I know our Novartis is much, much bigger than US Sir and overseas than these companies. So, I hope Sir, we get a very good price appreciation. I'm a very long-term shareholder.
- This shares I have inherited from my parents, so it is very emotional to me Sir and I've always attended the physical meeting also, you know like always I have been there regularly when Mr. Ranjit Shahani was there and my request is Sir, continue with this practice of VC meeting Sir because our Company is not only in India, we

have shareholders overseas also who can join you now and can know about the Company and now there is a lot of interest in the Company since such a big dividend has been declared, so now a lot of hope is there, that something big is going to happen. I'm very much positive Sir and under your leadership I have full faith Sir. With this, Sir I support all the resolutions. Thank you very much Sir for patient hearing.

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

- That's very kind. Thank you very much.

- **Moderator:**

- Thank you, Sir. We move on to our next speaker shareholder, Praful Chavda.

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

- Chairman Sir, Board of Directors, and my fellow shareholders, firstly I want to congratulate for the 75th AGM of our company. It is the first AGM for Ms. Shilpa Joshi madam, so I congratulate her also. You will benefit the Company. The sales of the Company is less this year as compared to last year sales. Before tax also it is less, APS has increased, so I would like to thank you for Company's APS is coming good and is giving dividend. Are any new products coming in the market, if yes, which are they? Chairman Sir, you took the name of our Prime Minister, Narendra Modi, we are very happy for that. So, thank you Sir. I'm very happy with the Company for completing 75th and still working nicely. I support all the resolutions. Thank you.

- **Moderator:**

- Thank you very much, Mr. Chavda. We move on to our fourth speaker shareholder, Shripal Monhot.

- **Mr. Shripal Monhot – Shareholder:**

- Hello, am I audible Sir?

- **Moderator:**

- Yes Sir, we can hear you. please go ahead and speak.

- **Mr. Shripal Mohnot – Shareholder:**

- I'm, Shripal Mohnot, speaking from Gurugram, Haryana. Hello to you all. Honorable, Chairman Sir, the Company has progressed in these 75 years, so I would like to congratulate you and your full board. The company's diamond jubilee and eve of India's independence Amrit Mohotsav, I would like to congratulate you and all the employees of the Company. You are contributing towards Indian Prime Minister's dream of Digital India and Make in India. Because of your management and hard work, Company is progressing day-by-day. On the 75th year of the Company and

Indian independence Amrit Mohotsav, if you think on bonus, it will be very beneficial for all. please tell us about the subsidiary company and what is the plan for pharma R&D expansion? Are there any plans for merger, demerger, and takeover? How are you going to manage the funds? Your CFO and Company Secretary are doing very good work. I received the balance sheet on time. I thank them for the wonderful work they are doing. I would request for a factory visit, which will be great Sir. Thank you. Jai Hind.

- **Moderator:**

- Thank you very much, Mr. Monhot. Our next speaker shareholder is, Yusuf Rangwala.

- **Mr. Yusuf Rangwala – Shareholder:**

- Sir, very good afternoon, respected, dynamic Chairman and my fellow shareholder. I'm speaking from Mumbai. My name is Yusuf Rangwala. Sir, first I will wish you, this is 75th year. Sir, you have given excellent dividend. Sir, dividend is given, but when was the last bonus given? I will ask for bonus Sir – 1:1 bonus Sir. If you can arrange for a factory visit, if not possible not to worry. If you can you arrange a small get together in October or November at the time of Diwali so that we can celebrate with you, Sir. I would like to meet you, Sir. For the past four years, we are not meeting. We are meeting only in videos Sir. If possible, can you arrange get together at the time of Diwali. I would like to know what is the total number of staff at present Sir? Which are our new product that will be introduced in five years? What are the new products, which is in your mind to be introduced in this coming year, Sir? Nothing more to add and our product exported to which country Sir? Who are the main client of our product, I would like to know and our Company share department has done very excellent work. She called me, today there are so many important meeting, but I never miss our Novartis ed, this is one of the excellent Company Chairman Sir, with your guidance and with your hard working. Sir, I request for a get together at a time of October or November Sir and nothing more to add. I will start my video Sir, if you give me one-minute Sir, only one minute I will start my videos Sir. . My best wishes for the 75th year, Sir. Thank you very much.

- **Moderator:**

- Thank you very much, Mr. Rangwala. Our next two speakers, Mahesh Kumar Bubna and Padmaja Vimulakonda have not joined the meeting. So, we shall move on to our speaker #8, Surekha Sharadkumar Shah. Ms. Shah, yes ma'am you're placed in the meeting, kindly unmute your microphone, switch your camera on if you so desire, and speak.

- **Ms. Surekha Sharadkumar Shah – Shareholder:**

- Hello Sir. First thing, good morning, because it is not 12 o'clock and this is 75th year of the AGM, that's a good thing and what I've seen Sir dividend of ₹47.5 per share and this is first time in 75 years we are paying tax on dividend. Up till now, I never

paid tax on Novartis dividend and this is the first year where I have to pay a dividend tax on because you have increased the dividend and I feel that you should always increase the dividend amount and I will pay for the tax. Also, we expect same result, same performance for coming 23-24. PAT is ₹103.4, but the previous year PAT was - 3.32 crores, so actual PAT is 106.72 crores, this is mainly because the employment cost is reduced by 66.2 crores and the employment cost, see how you make the profit? Profit is made only by reducing the expenses and here we are reducing our employment cost and so we are in profit and our EPS which was negative last year, it is increased to now 31.86% CPS and the dividend is now 47.5. Sir, what is my observation basically in all the meetings Sir is yesterday there was a meeting of expense is very important in any company to make money and to have a good dividend and what I have found is IT industries are in problem now, but Tech Mahindra performance is not good because their employment cost is increased by 5,000 crores and in our case we have reduced our employment cost and we have done good. So, I expect that our employment cost will still reduce next year and still we will have a good profit, Sir. Thank you very much, Sir for giving me opportunity to speak. Thank you very much, Sir.

- **Moderator:**

- Thank you very much. We move on to our next speaker shareholder, Yashpal Chopra. Mr. Chopra you've been placed in the meeting, kindly unmute your microphone, switch your camera on if you thought desire, and speak. Mr. Chopra, kindly unmute your microphone and speak.

- **Mr. Yashpal Chopra – Shareholder:**

- Hello, we can hear you, Sir. please go ahead.

- **Mr. Yashpal Chopra – Shareholder:**

Okay. Yeah, Yashpal Chopra calling from Delhi. Sir, to begin with I must say that I'm very much, very much proud of the management and that our management is a doing a service which is complementary to our PMs dreams that is the health sector. Health sector is the prime sector for my Prime Minister because he wants that everybody in our country should be in position to afford health, should be in position to afford medicine, should be in position to keep himself safe and hearty, and your company is just doing a lot of things just to supplement the dreams of our Prime Minister, that is a very, very big thing, so I'm proud of your management.

- So, to begin with, I must compliment the management for the grand performance of the Company in the year when there wasn't a total turbulent economy, global economy was just in a doldrum, and mostly the economies and the international they were just afraid of all that thing and our economy because of the nonaligned policy of our Prime Minister that was just on a healthy path that is a very big thing. Sir, I have got just two or three queries only that one my query is that as our Prime Minister is stressing on the spending a lot of money on the health of the people and

providing them free medicines and providing them medicines in from this Jan Aushadhi and all that, so are we not feeling any threat because of that thing and that Jan Aushadhi is a medicine which is available at a very, very throwaway prices, whereas our brand medicines they are just having a high price. So, what shall be the effect of that? Is there going to be any negative effect on our Company that is one thing I want to know and the second thing I want to know are we also contributing as a generic medicine to that Jan Aushadhi program, so that point also I want to find out because in your speech you have just - I can say that applauded our PMs policies, so that looks that our Company is also contributing in one way or the other way because I am a person who is just going for the Jan Aushadhi mostly, so I would like to find out as two of what is our medicine which is available over there because I'm a super senior citizen around 84 years and definitely I would like to go for that.

- The other thing is Sir, that our Company is very old Company and I'm a shareholder of the company for the last 40 years, so I have just enjoyed all those benefits and all those handsome dividends and all that and only because of CVN, conference call I got the chance to just to speak to you, so I'm very much privileged for this facility because I would like that even in future you should just continue with this facility because while I am in Delhi, I cannot approach Bombay just for attending this meeting, but I will definitely like from my heart just to attend your meeting and just to contribute my sentiments for the growth of our Company and all that. So, Sir I'm very proud of the corporate governance under our Company Secretary and the team of that Madam Prabha, Madam Prachi, Madam D'Souza because they have just taken pains to get me online, get me the link, so this is a very, very big thing that your staff is investor friendly and of course Sir management is investor friendly because they are just awarding us with the handsome dividend every year over year, but Sir it is a very long, long time that you have not declared any bonus, so my query is there when we can expect any bonus as a corporate action because just please consider that thing in our board, I shall be highly, highly obliged for that. So, before I close, I pray God all the positivity and for you all from our CMD to the last man in our plant because that positivity is the strength of the Company and the strength of the Company is strength of my investment. Best of luck to you and for coming festivals, I wish you a happy, happy greetings in advance. Thank you.

- **Moderator:**

- Thank you very much, Mr. Chopra. Our next speaker-shareholders is Mr. Santosh Kumar Saraf. Mr. Saraf, you've been placed in the meeting, kindly unmute your microphone, do switch your camera on if you so desire, and speak. Mr. Saraf?

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

- Respected Chairman, Board of Directors, officers, I'm Mr. Santosh Kumar Saraf say hello to all of you from Kolkata. I hope you all are in good health. Sir. your company is performing very well and you have also given excellent dividend this time. I want to say thank you Sir. I pray to god, that our company progress in the future. Sir, which are the products that you have introduced in the market? Sir, please tell what

are the future plans of the company? I will not take more time, I pray for well-being of you all. Your secretarial team is really good especially Ms. Akshatamadam who gives very good service. Sir, please continue with VC meeting so that we can join from Kolkata. I want to thank the moderator. Namaskar.

- **Moderator:**

- Thank you very much, Mr. Saraf. I now request Mr. Kaushik Shahukar, our next shareholder to speak. Mr. Kaushik Shahukar? Mr. Shahukar appears to have moved away from his device at present, so we'll call him back. Okay, there he comes.

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

- Hello, am I audible?

- **Moderator:**

- Yes Sir, we can hear and see you.

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

– Sir, good afternoon to everyone. I'm honored to have the opportunity to address you all today and would like to express my gratitude to the Board of Directors who allowed me this chance to speak once again. First of all, salute to Board of Directors for continuing VC mode of meeting thereby allowing PAN Indian shareholders contribution. Sir, I request you to continue this positive trend. I'm a satisfied shareholder of our Company and there must commence the management for the remarkable efforts in creating wealth for its shareholders, however, I like to raise a couple of concerns. My primary concerns pertain to the utilization of savings on account of virtual mode of meeting. I believe it would be prudent and fair to allocate a portion of these funds to the welfare of the shareholders, more particularly among speaker-shareholders who actually participate in AGM as speakers. Considering their contribution to active involvement in the meeting, it would be a gesture of recognition and appreciation to distribute a small memento among them on the occasion of festivals. Can you provide me breakup of the cost on account of physical meeting and on account of virtual meeting, if possible? I humbly request the Board to consider my proposal and explore the possibility of implementing this gesture of gratitude and appreciation. By doing so, I firmly believe, it will reinforce the positive echo between the Company and its stakeholders, and contribute to overall managing of our corporate family. My next concern is, does the Company manufacture a drug for skin rashes and for urinary infection, also for oncology medicines? If yes, can you share the name of the medicines by email, if possible? My next concern is, are you doing contract manufacturing to Dr. Reddy's? My final concern is, the Company has been hesitant in supporting individuals in need, including myself. I have shared my credentials in the past and followed up consistently with the Company, but my request has gone been considered. Shouldn't a differently abled person be considered as part of the Company's CSR activities? I hope I'm audible sir.

- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Yes, we can hear you.
- **Mr. Kaushik Shahukar – Shareholder:**
- I appeal for your support in work, including Form 15CB. Your assistance would mean a lot to me. If I can't get help from a reputed Company like Novartis, then whom should I turn to? I'm resending my credentials after the meeting. I hope for fiscal justice and corporate consideration of the desired help and support. I want to clarify that I'm not seeking any free handouts, freebies nor sympathy. I can make a significant contribution to the organisation... sorry, I value my independence and self-reliance, and I hope you can understand and respect my desire to maintain my independence. Thank you for considering my request. I firmly believe that with your support, I can make a significant contribution to our organisation and have a positive impact on the society. I really await your response and sincerely appreciate the time and attention you have given me today. Additionally, I request support from the auditor to assist me in this matter as a professional brother in need. Also, I request you to register myself for site visits, if any. I strongly recommend site visits. Sir, you can use the funds saved with the shareholders on account of virtual mode of meeting for site visits. Thank you so much.
- **Moderator:**
- Thank you very much Mr. Shahukar. Our next speaker Mr. Ronald Fernandes has not joined the meeting. So, we shall move on to Mr. Bharat Vyas. Mr. Vyas, please unmute your microphone. We appear to have a technical problem there, we'll move on to our next speaker shareholder, Tushar Sodha.
- **Mr. Tushar Sodha – Shareholder:**
- A very good afternoon to all. Respected Chairman sir, esteemed Board of Directors and my fellow shareholders, my name is Tushar Sodha, and I have joined our virtual AGM from Mumbai. I acknowledge the email receipt of the Annual Report of our Company Novartis India Ltd. and thank our Company officials for timely service of the financial statements. Many congratulations to the entire team of Novartis for the milestone of Net Profit of Rs. 100 crores after a gap of 7 long years. I'm happy that dividend payout this year is Rs. 117 crores, as compared to net profits of Rs. 103 crores. To celebrate the auspicious occasion of 75th anniversary, our Company has paid a dividend amount of Rs. 14 crores more than the current net profits on the further year. Operating margins this year have improved to 15.6% as compared to 4.4% of last year. Can we maintain these good margins in the coming years? Vision for India as a healthcare hub can be realised through public-private partnerships. Various government initiatives such as Ayushman Bharat, Jan Arogya Yojana have seen great traction. How we do plan to benefit from Ayushman and Arogya Yojana initiatives? Though the underlying growth of our medicines was 15%, net revenues of our company decreased 5.3% to Rs. 379 crores. I request you to kindly clarify. Voveran is very popular and equally effective for bone issues and back pain

treatment. Our Ministry of Health and Family Welfare has revised the national list of essential medicines, which has impacted 9 brands marketed by our Company. These brands are majorly in the areas of oncology and neurology. What is the impact on our profitability? I appreciate the debt-equity ratio is at 0.03. Keep up the good work! Please inform if there are any plans of raising capital. Also, kindly inform what is the approximate market share enjoyed by Novartis in India? I take this opportunity to thank the employees at all levels for their commendable efforts and the entire senior management team for their exemplary leadership. We the shareholders commend team Novartis for their endeavour to rise up to challenges, and continue raising the bar constantly. Best wishes to our Company for research and performance in the coming years on a sustainable basis. Thank you Chairman sir, for giving me this opportunity to put forth my queries and express my views. Thank you so much sir.

– **Moderator:**

– Thank you very much Mr. Sodha. We move on to our next speaker shareholder who has registered, Mantesh Baburao Modagi.

– **Mr. Mantesh Modagi – Shareholder:**

– Good Afternoon. I'm not on video, I will be only on audio. Compliments to the Board of Directors. My concern is on the stagnation of the listed entity of the business, Novartis India Limited. It has been observed that more than 95% of Novartis India workforce is now in the unlisted entity because of the post-merger of Dr. Reddy's Labs last year. So, the number of employees in Novartis India Limited has reduced. And, it is even observed that the pharma industry in India is so big, and mid-sized companies are aggressively investing and marketing into nutraceuticals, biologicals fields. It pains me to see that a Company like Novartis India, which is of global stature, has not made any significant investments to expand the market in these areas. Even the generic portfolio which it had, has been cut down over the years. And, it has been observed that the minimal investments in manufacturing and R&D have also reduced, and the sales force also has been downsized over the past 18 months. It is also observed that, the operating revenue for FY23 is lower at Rs. 380 crores compared to that of Rs. 404 crores for FY22. Even the advertisement and sales promotion expenses are lower at Rs. 6.1 crores for FY23, from Rs. 7.5 crores in FY22. Investment in fixed assets also continue to be minimal. It is also observed that the permanent employee count is only 67. So, as a minority shareholder, I'm a bit worried as to what future should we be looking at!

– My second concern is regarding the dedicated management bandwidth within the listed entity. It is observed that the management of Novartis Healthcare and Novartis India, the same person is the head of the organisation, and it causes a word of concern as to whether less time is being spent on Novartis India Limited because of more responsibilities associated with the Novartis Healthcare business. It is also observed that, there was an increase of 40% in CEO salaries for FY22, while the business continues to go nowhere in the listed entity. So, how much time is being spent by the management for Novartis India affairs, that brings a bit of concern. And,

what is the view of the independent Board members of Novartis on this type of arrangement? Do they believe that it is the right kind of corporate governance? In this regard, I would be writing a letter to SEBI and to the independent Board to seek their views on this.

- My third concern is related to party transactions and lack of adequate disclosures. It has been observed that party transactions between Novartis India and Novartis Healthcare, with commission income being booked by Novartis India, what risks are assumed by Novartis India on behalf of Novartis Healthcare in the process of providing infrastructure and distribution service? The question is, why this nature of engagement continues, where the MD of both companies is the same person, but only one business is growing? And, when the scale of business of both the entities is vastly different, the unlisted subsidiary is more than 9 times the revenue of the listed entity? Is the fee of Novartis India used to subsidise the high scope of the auditor's work in Novartis Healthcare?
- These are the three questions which concern me. I hope I'll get an answer to this. With this, I conclude my question section. Thank you.

– **Moderator:**

- Thank you very much Mr. Modagi. Our next speaker shareholder, Mr. Mohit Marathe has not joined the meeting. So, we move on to Mr. Ashok Kulkarni.

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

- Good Afternoon respected board of Directors and my fellow shareholders. While the presentation made, both by the Chairman, Vice Chairman and the Managing Director elaborated for the growth opportunities for the pharmaceutical industry, and of the present government, the way the economy has expanded in the last 9 years from 3.4 trillion, where we intend to go to 5 trillion. What surprises me is, a company celebrating 75th Annual General Body Meeting. 75 years of existence, but the turnover of the company remains at 380 crores. What a sorry state of affairs for an organisation which is a subsidiary of one of the biggest multinational companies in the world!
- So, this leads me to the question, is it because of lack of vision of the present management? A company which was growing till 3 years back, till 4 years back, what happened suddenly? Is this... the board also to decide how is it that they continue to keep quiet with the present type of arrangement? If you look at the history of the Indian pharmaceutical industry, see, companies which were not known 20 years back, today they are in the top 10 companies. It could be Mankind or any of these companies like Cipla, Lupin, Aristo. All these companies have come in the top 10 in the last 10-15 years. It's only because of their aggressive promotion, expansion of field force. Whereas, our Vice Chairman and Managing Director are taking pride that the arrangement with Reddy's is working wonders. This is only a short-term arrangement. Shareholders, believe me, this is not going to benefit the minority shareholders in any way. This is only a short-term arrangement and this will not work

that way. The only where companies can expand their business is by adding more people. Today, if you look at the headcount of Novartis India Limited, from 1,300... in 2013 we had 1,300, today we have come down to 67. So, how are you going to improve the business? See, a company of 75 years existence in India, is acting more like a trading organisation. And, I don't think we need to have a CEO or VC just to do trading, and they are being paid 40% more than what they were getting earlier. My honest view is, the entire Board has failed in this. And, it's also an issue of corporate governance, where the pharma industry is growing at 10% CAGR as per what's shown by the Vice Chairman and the Managing Director, our company hasn't shown that type of growth. So, there is no vision. Absolutely there is no vision! It's all about failure of the present management. And, what is it that we are doing? We are talking big about government policies. Are we taking done anything? Then what is the use? The government will give, the government will encourage. Or, is it that you are trying to delist Novartis India from the bourses and giving a raw deal to the minority shareholders? I strongly condemn this approach of the present management. And, I will write to SEBI, MCA and other organisations, and also the role of the present Independent Directors who are not able to uphold the values for which they are known for. They are lovely individuals; I don't doubt their integrity at all. But unfortunately, in the present situation, all these three Independent Board of Directors are not able to impress upon the Company that this is not the way to do business. This is a short-term method and it's not going to work for long.

– **Moderator:**

– Mr. Kulkarni, you'd need to wind up as soon as possible, please.

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

– Kindly listen. When people are talking good things, you have allowed up to 6 minutes. I have noted down everything. Don't try to discriminate because I'm trying to say something which is not palatable. Please allow me to express my view as a minority shareholder, okay? Don't try to snub me. I'm entitled for my opinion. It is for the Board to answer, okay? So Chairman, my simple question is, if this is the way you are trying to run, how long can this Company be run based on these arrangements? It is an absolute failure of the present leadership, it's nothing to do with the market. The market is expanding with your own reports. So, government policies are to help. If you have not made use of any of the government policies, though you have mentioned in your report, and also, in the report of the presentation made by the Vice Chairman and Managing Director. There are various anomalies. So, my request is, rethink about the agreement with Dr. Reddy's; it's not going to work that way for long period of time. The intention could be something else, and there has to be a change in the Board. The present Board is not going to do justice to minority shareholders. Thank you. Thanks for giving me the time.

– **Moderator:**

- Thank you Mr. Kulkarni. Our next four speaker shareholders, Deepak V. Nair, Dhanesh Prabhu, Hrishikesh Chopra and Ankut Chanda have not joined the meeting. So, we'll move on to Mr. Om Prakash Kejriwal.
- **Mr. Om Prakash Kejriwal – Shareholder:**
- Good Afternoon sir ji, and good afternoon everybody attending this AGM. Myself Om Prakash Kejriwal, your equity shareholder from Kolkata, a city of joy. Thank you sir ji for providing me a platform to speak something before you. Thanks to our Secretarial Department for helping me in registration as a speaker shareholder. Sir ji, this is my second AGM only due to virtual though I'm your very old shareholder. It is just an opportunity for me to attend this AGM sitting in Kolkata. If possible, please follow this virtual AGM next year also, so that more and more shareholders can join our AGM from different parts of the world. Sir ji, I got the physical copy of our Annual Report. Thank you for making such a beautiful Annual Report. As per page 34 you entered into an exclusive sales & distribution arrangement with Dr. Reddy's Laboratories Limited for some of your established medicine brands. But sir, your sales revenue has decreased by 5.3% over the previous year. After sales arrangement – it means arrangement worked in the negative direction, am I right? But, your Net Profit has increased to Rs. 103 crores in comparison to a loss of Rs. 4 crores last year. What does it reflect? After arrangement, our revenue is decreasing, but our net profit is increasing by a hefty margin. Is there any exception gain in FY22-23, please let me know. On page 35, Key Financial Indicators – you mentioned operating profit margin 15.6% in FY22-23, and net profit margin is 27.3% in FY22-23. Is there any printing mistake in operating profit margin, because it is always greater than the net profit margin. On the BSE site, your operating profit margin is mentioned as 32.53%. Please check it up, and if there's any error, please rectify it. Your net profit margin is excellent! My hearty congratulations to you and all of our employees for this handsome profit. And, also thanks for a special dividend of Rs. 37.50 on the occasion of the 75th year. You are doing a lot for society, you are doing a lot for our country. Many many thanks for the same. But, I'm sorry to say sir, you are doing nothing for the shareholders, especially the minority shareholders. I have one complaint. In the last AGM is also mentioned the same complaint. I have physical shares in three folios – in my wife's name jointly with me. KYC has been completed in April 2023, but we could not get our unpaid dividends till date. I tried to reach my phone, my email, but I got no response from your side. On 18th July Ms. Akshata madam called me for the same, but unpaid dividends are yet to be received. Malpani sir, I have one request. Please take our calls, please answer our emails. We are very old shareholders of your company. Please. We also need your help to demat our shares. At last, thank you very much, and please maintain your smile this year too. We are always with you as a long-time investor. Thank you sir ji.
- **Moderator:**
- Thank you very much Mr. Kejriwal. Our next shareholder to speak is Mr. Gautam Tiwari.

– **Mr. Gautam Tiwari – Shareholder:**

– I'm so happy to see you dear sir. We have heard you, and we have been connected with Novartis since day 1. I'm very happy to listen to our Board's speech and to see you hail and hearty, along with the Board of Directors. Sir, Novartis is one of the great pharmaceutical companies, and it gives best results and doing the best social work in the society, in the community, by providing the best medical solutions for so many diseases. Dear sir, Novartis... just one minute sir. Sir, we are very glad that we have been with the Company since a long time. Sir, we have heard the speech. The investor service and investor care service of our Secretarial Department is very good. We are very happy that we're getting the best investor service from our Secretarial Department always and all the time. Our Company Secretary – Nikhil Malpani, gives very good service, along with Akshata, Megha Malviya and all others, and we are very happy about it. Sir, all shareholders are very glad that you have paid a total dividend of Rs. 47.50 very generously, and you have been always rewarding the shareholders with the best of dividend and best of the other profitable means, and our Company is specially taking interest in small shareholders and always unlocking their wealth and trying to give us the best out of stock rate, bonus, rights and dividend year after year. Sir, that is why Novartis is one of the companies which is right in our heart. Sir, we thank you very much.

– I would like to know, what is the Company's CapEx plan and roadmap for this year and the next? How many new launches has the Company made during the year, and how many are in the pipeline? Sir, what is the Company's CSR spend and R&D budget for the current year, and what does the Company intend to do to reduce the hardship of shareholders? And for senior citizens, what is the company going to do, especially for those who have been connected with you since a very very long time? Sir, we are very happy about your CSR activities and all other deeds that you have been doing all the while. We have already supported all the resolutions, and I've already voted in favour of them all. We support all the appointments and reappointments of all the Directors. Once again, we assure you that we have got total trust, faith and confidence in continuity with the management, and our support shall continue with you forever and ever in the future too, for many many days to come, for our lifetime, till when we are on earth. Even when we're not on earth, we'll be showering blessings upon the Company and upon you. Once again, we salute you for the best job that you've been doing for the shareholders and the society and community. We promise a very bright future to the Company and that it delivers best of things in the near future. Once again, we are thankful to each and every member of the Secretarial Department and all other departments, including our RTA and the technical team. We are thankful to the management for providing such best service to the shareholders always and all the time. Thank you very much once again. God bless you with his choicest blessings, along with our blessings. Thank you very much sir.

– **Moderator:**

– Thank you very much Mr. Tiwari. We move on to our next speaker shareholder, Mr. Gunderao Deshpande.

– **Mr. Gunderao Deshpande – Shareholder:**

- Good Afternoon Mr. Chirstopher Snook. This is Gunderao Deshpande from Gulbarga, Karnataka. Thank you very much for the Annual General Body Meeting of Novartis, and thank you for sending the invitation to me. Here, you have given me a platform to connect with the Chairman, the shareholders and the President. As a shareholder, I have some concerns to raise. First one is, why is the management of Novartis India not investing into growth of the business at all, I wonder? All the MNCs, other MNC pharma companies in India have grown their revenue at an impressive pace over the same period compared to Novartis, sir and I, as a shareholder concerned about the absence of a plan to grow the business on all fronts. You have not mentioned and our Sanjay Murdeshwar sir has not mentioned any plans for the future and present, for this financial year. And CEO role looks to be biased in strengthening business for Novartis India Limited because he is playing the dual role, sir. How he can manage both sides, I don't know. And he has not clarified the plans of the vision, sir. So this is my concern. That's it, sir. Thank you for allowing me.

- **Moderator:**

- Thank you very much, Mr. Deshpande. Our next speaker shareholder is Mr. Dinesh Bhatia.

- **Mr. Dinesh Bhatia – Shareholder:**

- Sir first, I congratulate you and your entire team. You are doing very excellent work. Therefore our share prices show the progress of our company because our share of Rs. 5 is quoted in BSE today Rs. 748. It is excellent that our company is going in progress.. I also seen that our revenue is excellent. Our Rs. 5 share we earn per share is 41.86. A good achievement, good progress by you and our entire team, doing good progress. Sir, I have only one request that if it is possible to split our share. Our Rs. 5 share is quoted at Rs. 748. And if you see, entire year our lowest price is only Rs. 537 and highest price is Rs. 909. So if you split in Re. 1 share, then I'm sure that next year it will be so Rs. 300 or Rs. 400. So we will get mini bonus and it will not affect our finance, our balance sheet. So if it is possible, because this is the 75th year and we think, shareholders think that it must be celebrated. So you celebrate by this way that from one share to five share of Re. 1 so we will think that we get bonus and it will not affect in any financial balance sheet. So if it is possible, you think about that. And I thank our secretarial team. Our secretarial team is also excellent because they refresh me yesterday and today morning also. At present there are more than four meetings. But we attend our Company meeting because your secretarial department is taking care of us, it is a good thing. You are taking care of us. Also your secretarial team is taking care and think the value of the shareholders. So I thank all of you. I support all the resolution. Thank you. All the best.

- **Moderator:**
- Thank you, Mr. Bhatia. With that, all shareholders who registered to speak and did log in have now spoken, and I hand the proceedings over to our Chairman. Over to you, sir.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Thank you very much, and thank you to all shareholders for your contributions, comments, observations and questions. We have a good number of questions to go through, and we recorded all of your questions, and myself and other Board members and executive directors will do our best now to address all of those questions. I would ask Mr. Murdeshwar to start, please, to share their responses and comments to the shareholders. And from time to time, I will also answer some of the questions that have been raised. There are some important ones in there. I don't want to miss any, so let's please start Mr. Murdeshwar.
- **Mr. Sanjay Murdeshwar – Vice-Chairman & Managing Director, Novartis India Limited:**
- First of all, thank you so much to all of our shareholders for all of the questions that you have asked, and I'll endeavour my best to make sure that I could answer all of the questions. A lot of the questions have been asked was already sort of addressed during my presentation, especially on the DRL arrangement, revenue recognition and so on and so forth, and hopefully that has provided more clarity on especially the Novartis - Dr Reddy relationship and why we believe it is a good relationship and more importantly, underlying growth is positive. So I won't belabour and go in that direction again. But a common question was about, I think, the prospects of growth and so on and so forth.
- As per the IQVIA market prognosis, the Indian pharma market is expected to grow at around 8% - 8 ½ % over the next 4 to 5 years. And, of course, our Company will make sure that we do every endeavour to be part of this growth story. Novartis is obviously constantly looking at ways to best meet our patient needs while strengthening Novartis competitiveness. This is an ongoing process as part of which we regularly evaluate scenarios that enable us to make decisions in accordance with both our business needs and those of our patients. We are constantly working towards meeting our customers' needs more efficiently, streamlining commercial operations, and accelerating cultural change in the organization. As you're aware, in February of 2022, we entered into an exclusive sales and distribution agreement with Dr Reddy for few of our medicines, with the objective to further broaden access to these medicines beyond the current geographies. And I think this is a very important theme that I would like to reiterate that the growth opportunities that we would like to focus on, barring unforeseen circumstances, is about how we can reach more customers, how we can reach more patients, how we can reach more geographies.

- During my earlier presentation, I had shared with you the landscape and the ecosystem of our country changing. And I think we need to use all of these opportunities to make sure that we use new business models to achieve growth and better performance within our Company. And this is happening of course by more efficiently extending our healthcare professional reach through expanded field force, which we are doing with a partner. The new commercial model that we have adopted last year has helped the Company reach three times more geography and ten times more healthcare professionals, which has yielded positive results. And as we mentioned earlier during my presentation, the volume growth of a portfolio distributed by Dr Reddy and therefore was in the right positive direction, the transplant business too moved in the right direction and therefore that really had a positive impact on our operating margins from 4.4% to 15.6%. And therefore, these metrics are really testimony to the success of our partnership.
- We don't take this line down. We have constant collaboration relationships, discussions with our various business partners to make sure that our products reach as many patients as possible, that it results into better operational performance, better productivity and more volume growth in our business. And therefore, barring unforeseen circumstances, our endeavour over the next year is to continue in the strategic path of focusing on bone and pain medicines, transplant medicines, mature neurology and oncology portfolios, and exploring new business models to improve business performance and creating value to our shareholders. That was one specific area which I could address.
- The details of the products. I think from 2019 to 2022 we launched Voveron 1 ml AQ, we launched Voltaflam TH, we have launched Macalvit Forte 500 are some of the products that we launched over the last couple of years. To be honest and transparent, some products have done very well, like Voveron 1 ml AQ and some like Voltaflam TH, I'm sure there are better opportunities for growth and we look at better strategic ideas on how to grow this business as we move forward. Sorry, I'm not taking all of the questions in the specific order, but hopefully I can address most of them.
- This was regarding NHPL, Commission income and so on and so forth. And I would like to note here that appropriate disclosures are made in relationship to related party transactions between the Company and NHPL, including the Commission Income in the annual report of the Company in compliance with the applicable legal requirements. We wish to clarify that the Company and NHPL do not compete with each other's products formulations vis-à-vis our customers. Commission Income is really towards sharing of our warehousing and distribution infrastructure. But your Company has taken various initiatives for productivity improvement and cost rationalizations to keep our expenses increase under check and one of these initiatives is to simplify our structures and to maintain separate infrastructure. And we'll continue looking at these initiatives for productivity improvement and cost rationalizations as we move ahead.

- I think there was a question on the CapEx plan. I think very specifically, our CapEx, as you know, mostly all of our products are either imported from the parent company by which we have declared in related party transactions, as well as we have contract manufacturers who manufacture these products for us. Of course, we own the marketing authorization and so on and so forth. Now I would like to reiterate that this is a very common business model that most companies manufacturing in India, whether it is the biggest Indian companies or multinationals, are applying to our business operations. Very surprisingly, most of the CapEx plan, especially for manufacturing, is mostly for export. But as you know, your company does all of our business for products for the territory of India. And all of our contract manufacturers that we have, we then, of course, have a P2P manufacturing relationship with Dr Reddy, where we of course, own all of the IP, marketing authorization so on and so forth. And as I've shown in my presentation, we build these products to Dr Reddy's.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Could I just handover to CFO Shilpa Joshi to answer a few questions there, please?
- **Ms. Shilpa Joshi – Whole-Time Director & Chief Financial Officer, Novartis India Limited:**
- Sure. So some of the questions that the shareholders asked, one of it that can we maintain good margin in line with the current year? So just would like to share that we do not make any forward looking statements. The other query was on what is the difference between the physical meeting cost and virtual meeting cost. So the difference is around Rs. 1 million. The cost of physical meeting comes around Rs. 1.5 million, while virtual meeting is around Rs. 3 million.
- Then there was also a question on CSR activities. So CSR has always been a core to Novartis philosophy, and it will always continue to be so. And annual CSR spent for the financial year 2022-2023 is Rs. 4.1 million. Apart from that, there was one more question on the audit fees, on the Auditors Remuneration. So here I would like to highlight that the Auditors Remuneration for the Company is Rs. 5.6 million for providing audit services, including quarterly limited reviews in addition to the annual audit. We are unable to comment on the manner of determination of NHPL Auditors Remuneration, but wish to state that NHPL is an unlisted company which requires only annual audit.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- Okay, thank you very much. I'd like to address one question which was raised by a couple of shareholders concerning the suggested dual role of the Managing Director representing both NIL and NHPL. I can reassure those shareholders who raised that concern that this is no longer the case and in fact, has not been the case for more than one year now. So the assurance I can give you is that Mr. Murdeshwar holds no position within NHPL. He is full time employed in NIL, and this would account for or answer the further question concerning the 40% increase in salary. As reported, this actually relates to the one off complete shift of his payroll to NIL. So it's a one off

payment that now is concluded. So I hope that is quite clear. Mr. Murdershwar does not hold roles in both NIL and NHPL, only in NIL.

- I'd like to switch now to the Company Secretary, Mr. Nikhil Malpani, to answer the question again raised by two or three shareholders concerning the potential for bonus consideration.

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

- Thank you, Chairman. So there were couple of queries raised on the bonus side. I'm able to recollect Mr. Shripal Mohnot and Mr. Yusuf Rangwala. As far as bonus is concerned, the Company has not given any bonus and there's no proposal for right or bonus of shares before the Board as on date. As far as utilization of cash is concerned, deployment and use of cash proceeds is considered by the Board in the best interest of all the company's shareholders and the best interest of the Company as a whole. We also had one shareholder grievances raised by Mr. Om Prakash Kejriwal. So thanks for raising out the query, sir. We would like to let you know that your unclaimed dividend after the KYC was completed was also credited to your account. As far as your wife is concerned, there is one KYC which is still pending at her's end. A call back was given to her and it was on 8th of July informing her to submit the original cancelled cheque copy of Bank of Baroda account. We are still awaiting for the copy of the cheque and once she submits the same, we can process her unclaimed dividend as well. So I think I have answered all the shareholder related queries as well. Over to you, Chairman.

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

- Thank you very much. I return to Mr. Murdeshwar now to finish up with the remaining questions or the answers to the remaining questions. Thank you.

- **Mr. Sanjay Murdeshwar – Vice-Chairman & Managing Director, Novartis India Limited:**

- Thank you, Mr. Snook. Appreciate it. I think question was about the relationship between Novartis India and Novartis Healthcare. Well, I just would like to reiterate we have talked about this a number of times that Novartis India Limited and Novartis Healthcare Private Limited have different focus areas and are not comparable. Several factors including market environment, gestation period, so on and so forth, are decisions taken by the IP owner on where the product will be going. But more importantly, the NHPL operations or Novartis Healthcare Private Limited operations includes a commercial operation business. But more importantly, the larger element of Novartis Healthcare Private Limited is providing services and support from Hyderabad Centre, which I guess one of the shareholders probably has noticed next to Ikea in Hyderabad to various global development line functions, our product lifecycle functions, Novartis technical operations, group quality, accounting, procurement, real estate, so on and so forth. So it's actually a support function from our private limited entity that we provide to our entities all around the world. This is a very important model. It's called GCC, which is called Global Capability Centre. And

as you know, most of the multinational companies have such Global Capability Centres in India. Not just pharmaceuticals, but every other industry which provides huge amount of employment, but more importantly, technology assessment to the Indian people.

- I think there was a question on the threat to Jan Aushadi and the effect on us by one of our shareholders. I think that's a very good question and I really appreciate that. Well, Jan Aushadi as you know, is focused on most of the generics, which is called classic generics. Most of our relationships of branded generics is with Ayushman Bharat or other corporate hospitals or other retail customers that we have in India. Jan Aushadi is a very good initiative started by the government of India. And the Indian market, as I said, with \$180 billion is a big enough market that there'll be various suppliers to various schemes. And I know there is the smaller generic companies who provide employment, but also good quality medicine through the Jan Aushadi scheme to the government of India. But in the near future, we don't intend to have, we don't see any threat, but we'll keep on looking at opportunities - how do we build partnerships with the government in the service of our patients.
- I think there was a question on the impact of NLEM. I just like to preface this by stating that being in NLEM, or rather the National List of Essential Medicines has two impacts. Of course, the bigger impact is when the products come under the government notifications and the government sets the prices. But as you know, the government also gives price increases on annual basis as per the WPI or Wholesale Price Index. And over the last couple of years, the Wholesale Price Index, due to inflation has been relatively high. It's approximately at a double digit. But currently we have approximately 27% of our total NIL sales is under price control for products like Tegrital,, Glivec, Neurol, Femara, Desferal, and Sandimmune, a combination of our products in neurology and oncology. And overall, approximately 19 of our SKUs or of our products out of 64 products are impacted or under DPCO. So hopefully that addresses that specific question on the DPCO.
- **Mr. Christopher Snook – Chairman, Novartis India Limited:**
- So thank you very much. Thank you, Mr. Murdershwar and my colleagues Shilpa Joshi and Nikhil Malpani for answering the many questions raised today. I appreciate all of your comprehensive inputs. Thank you too, to our shareholders for your patience and support and your continued interest in the affairs of the company. We hope we have been able to satisfactorily address your questions. However, should you have any further questions after today's meeting, please write to the investor email ID of the company, and our team will respond to you.
- We will now proceed to the resolutions. We have three resolutions for approval at this annual general meeting as per the notice of the annual general meeting, dated May the 10th, 2023 which has been sent to all shareholders. I would like to invite members to cast their vote on the three resolutions. Members may please note that those who have not yet cast their votes earlier may cast their vote now. The NSDL e-voting platform will be open for another 15 minutes. Ms. Malati Kumar and failing

her Mr. Viswanathan practicing company secretaries are appointed as scrutinizers to scrutinize the e-voting during the e-voting period and during the e-voting at the annual general meeting and also to ensure that the process is conducted in a fair and transparent manner. The results of the voting will be announced not later than two working days at the conclusion of this annual general meeting and the same will be placed on the websites of the company, the BSE Limited and also on e-voting website of NSDL.

- I sincerely thank each shareholder for all of your comments, support and patience in successfully conducting this virtual annual general meeting of the Company. I wish you all a very safe and healthy rest of this year. I also thank each Director for their active participation and support during the course of the year. I thank each member of the organizing team for ensuring a successful virtual meeting. With your permission, therefore, all the Directors and I now will log out. The Company Secretarial team will be online for some more time and until such time as the e-voting concludes. And so with that and there being no other business, the meeting shall be deemed as concluded with the last vote. Thank you very much again. Thank you.
- ***E-Voting***

End of Transcript