

NOVARTIS INDIA LIMITED

Code of Conduct to regulate, monitor and report share trading by Designated Persons and their immediate relatives (“Code”)

1. Objective

The objective of the Code is to comply with the SEBI (Prohibition of Insider Trading) Regulations, 2015 and amendments thereto (“the Regulations”) and to provide guidance for

- a) Handling of Unpublished Price Sensitive Information; and
- b) Regulating, monitoring and reporting trading of Novartis India Limited’s shares by Insiders.

2. Definitions

Important Definitions pursuant to the Code are annexed as “**Annexure 1**”.

3. Compliance Officer

In accordance with the Regulations, the Board of Directors of Novartis India Limited (“Company”) has appointed the Chief Financial Officer as the Compliance Officer who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring of trades and adherence to rules for preservation of Unpublished Price Sensitive Information.

The Compliance Officer shall report to the Board of Directors and in particular also provide report to the Chairman of the Audit Committee on quarterly basis or on such periodical basis on the matters relating to the Code. Any Director /Compliance Officer under this Code /Company Secretary is authorized to circulate any revision in the Code on approval from the Managing Director.

4. Protection of information and Code of Fair Disclosure of Unpublished Price Sensitive Information to public

All corporate and business information shall be handled within the organization on a need-to-know basis and no Unpublished Price Sensitive Information shall be communicated to any person except in furtherance of the Insider’s Legitimate Purposes, performance of his/her duties or discharge of his/her legal obligations. A code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information to the public is set out in “**Annexure 2**”.

5. Trading Window

The Code describes the concept of Trading Window. Insiders shall not deal in the securities of the Company when the Trading Window is closed, which shall remain closed during the period of happening of certain events, as listed in “**Annexure 3**”.

6. Obligations of the Insider

An Insider shall not:

- a) communicate, provide, or allow access to any Unpublished Price Sensitive Information, relating to the Company or securities listed or proposed to be listed, to any person including other Insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.; or
- b) Trade in listed securities of the Company while in possession of Unpublished Price Sensitive Information; or
- c) Trade in listed securities of the Company when Trading Window is closed.

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Subject to the pre-clearance in certain circumstances as specified below, the Insider may conduct all their dealings in the securities of the Company when the Trading Window is open as per the Code. An Insider shall take pre-clearance from Compliance Officer in the following situations:

- a) When dealing in 1,000 or more shares of the Company; or
- b) When transaction value is INR 500,000/- or above.

Each pre-clearance shall only valid for a period of one week. The following Forms for applying for pre-clearance of transaction are annexed.

- Annexure 4A:** Application for pre-clearance;
- Annexure 4B:** Statement of holding at the time of pre-clearance; and
- Annexure 4C:** Undertaking to be submitted along with the application for pre-clearance.

The Compliance Officer shall confidentially maintain a list of such securities as a “restricted list” which shall be used as the basis for approving or rejecting applications for pre-clearance of Trades.

The Insider who is permitted to Trade shall not execute contra trade for a minimum period of six (6) months. In case, such contra trade is executed, inadvertently or otherwise, in violation of such restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to Investors Protection and Education Fund administered by SEBI. The Compliance Officer is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate the Regulations. The Form for applying for execution of contra trade is annexed as “**Annexure 4D**”.

7. Trading Plan

An Insider is entitled to formulate a Trading Plan and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan. An Insider who has formulated a Trading Plan and obtained approval of Compliance Officer shall carry out his trading as per the requirements provided under the Regulations.

8. Disclosure requirements under the Regulations

Disclosure at the time of joining the Company

Every person on appointment as a Key Managerial Personnel or Director of the Company or upon becoming a promoter shall disclose his holding of securities in the Company as on the date of the appointment or becoming a promoter, to the Company within seven (7) days of such appointment or becoming a promoter in the Form as prescribed under the Regulations.

Continuous Disclosure

Every Promoter, Designated Person and Director of the Company shall disclose to the Company the number of such securities acquired or disposed of within two (2) trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of INR 1 Million

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in the Form as prescribed under the Regulations. The disclosure shall be made within two (2) trading days of the:

- a) receipt of intimation of allotment of shares, or
- b) acquisition or sale of shares or voting rights, as the case may be.

Provided further that the off-market inter se transfer between Insiders shall be reported by the Insiders to the Company within two working days and Company shall report particulars of such trades to the Stock Exchanges within two working days from receipt of such information.

Disclosure by the Company

The Company shall inform the Stock Exchange of information in the Form as prescribed under the Regulations within two (2) working days of receipt of the disclosure or from becoming aware of such information. All the disclosures made under this Code will be maintained by the Company, for a minimum period of five years.

Reporting to the Board

Compliance Officer shall report the following to the Board and in particular to the Chairman of the Audit Committee on quarterly or on such periodical basis:

- a) any Trading Plans received or approved by the Compliance Officer during the quarter;
- b) pre-clearance given by the Compliance Officer for dealing in 1,000 or more shares of the Company or for INR 500,000 or above transaction value;
- c) any disclosure received from an Insider and forwarded to the Stock Exchange under the Regulations; and
- d) information on opening/closing of Trading Window.

9. Mechanism for Regulating trading by Insiders:

- a) All Designated Persons shall be required to disclose appropriate details (viz Names, PAN, details of immediate relatives & persons with whom such designated person(s) shares a material financial relationship, Contact details, Educational institutions from which they have graduated and names of their past employers)etc. as may be required/authorized by the regulations on an annual basis and as and when the information changes.
- b) All employees who are brought ‘inside’ on sensitive transactions in the Company or required to execute such confidentiality agreements as specified by the law department from time to time. It is expected that employees who are in receipt of Inside Information on sensitive transactions, shall not misuse or make unwarranted use of such information and strictly abide by the Novartis policies and such confidentiality agreements.
- c) Structured digital database is maintained by the Company either in house or through external vendors containing the names of such persons or entities as the case may be with whom there is access to UPSI of the Company (or) such information is shared under the Regulations, along with their Permanent Account Number or any other identifier authorized by law. Such databases are maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of such database.
- d) The Audit Committee to review compliance with the provisions of this code and insider trading regulations on half yearly basis and may place reliance on certificate from the Compliance

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Officer/external vendor that the systems for internal control are adequate and are operating effectively.

- e) In case of leak of UPSI or suspected leak of UPSI, the inquiry will be followed as per Vigil Mechanism and Whistle Blower policy of the Company. SEBI shall be promptly informed about such leaks, inquiries including results of such inquiries. Reporting of instances of leak of UPSI will also be dealt appropriately as per the Regulations.

10. Penalty/Punishment

Employees of the Company or any other person considered as an Insider who deals in securities or communicates any Unpublished Price Sensitive Information relating to the Company, in violation of this Code, will be penalized as considered appropriate by the Company, including warning, salary freeze, claw back of incentive, suspension or termination of employment. Anyone who contravenes the Regulations is also liable for punishment by SEBI, which could include imprisonment or fine, or both.

11. Intimation to SEBI

The Compliance Officer shall inform SEBI promptly of any violation of the Code.

12. Notes:

Approved by Board of Directors on May 12, 2015

Reviewed and approved by Board of Directors through Circular Resolution on March 28, 2019

Amendments effective from April 01, 2019

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Annexure 1

Definitions

1. Connected Person means

1. any person who is or has during the six months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Company or holds any position including a professional or business relationship between himself/herself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to Unpublished Price Sensitive Information or is reasonably expected to allow such access.
2. Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be Connected Person unless the contrary is established:
 1. an Immediate Relative of Connected Persons; or
 2. a holding company or associate company or subsidiary company; or
 3. an intermediary as specified in section 12 of the Act or an employee or director thereof; or
 4. an investment company, trustee company, asset management company or an employee or director thereof; or
 5. an official of a stock exchange or of clearing house or corporation; or
 6. a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 7. a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
 8. an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
 9. a banker of the company; or
 10. a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his Immediate Relative or banker of the company, has more than ten per cent. of the holding or interest.

2. Designated Person means such Connected Person designated on the basis of their functional role and shall include:

- a) Holding Company or associate Company
- b) Directors of the Company and executive assistant(s) of executive directors
- c) Key Managerial Personnel of the Company
- d) Heads of Business Development and marketing and their executive assistant(s)
- e) all key executives of the Finance, Company Secretary, Legal and IT department
- f) Immediate Relatives of (b) to (e) above
- g) any other employee notified/designated by the Compliance Officer in consultation with Board of Directors, either for a specific period of time or for an indefinite period of time, based on such person's role, function, designation and seniority in company and the extent to which such person may have access to Unpublished Price Sensitive Information.

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3. **Insider** means any person who is:
 1. a Connected Person;
 2. in possession of or having access to Unpublished Price Sensitive Information or
 3. a Designated Person.
4. **Immediate Relative** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities
5. **Trading** means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in any securities and "trade" shall be construed accordingly.
6. **Trading Day** means a day on which the recognized stock exchanges are open for Trading
7. **Unpublished Price Sensitive Information** means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:
 1. financial results;
 2. dividends;
 3. change in capital structure;
 4. mergers, de-mergers, acquisitions, delisting, disposals and expansion of business or such other transactions;
 5. changes in key managerial personnel; and
 6. any material events in accordance with the listing agreement.
8. **Legitimate Purpose** shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.

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Annexure 2

Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information

1. Introduction

The Company has formulated Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“Code”) to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (‘Regulations’). The Regulations seek to govern fair disclosure of events and occurrence that could impact price discovery of Company’s securities.

2. Objective

The Code aims to ensure timely disclosure of Unpublished Price Sensitive Information which would impact the price of the securities of the Company and to maintain uniformity, transparency and fairness in dealing with all stakeholders. Further, the Company endeavors to preserve the confidentiality of Unpublished Price Sensitive Information and to prevent misuse of such information. This Code is applicable with effect from 15th May 2015.

3. Protection of Unpublished Price Sensitive Information

Unpublished Price Sensitive Information shall be handled on need-to-know basis i.e. Unpublished Price Sensitive Information shall be disclosed only when such communication is in furtherance of Legitimate Purposes, performance of duties or discharge of legal obligations.

4. Code of Fair Disclosure

The Company will adhere to the following so as to ensure fair disclosure of events and occurrence that would impact price of the securities of the Company in the market:

a) Prompt public disclosure of Unpublished Price Sensitive Information

Unpublished Price Sensitive Information shall be made available promptly by the Company to the Stock Exchange and also be uploaded on the website of the Company for information to the members and investors.

b) Uniform and universal dissemination of information

The Unpublished Price Sensitive Information shall be disclosed on continuous, immediate and uniform basis. The information shall be disseminated publically in order to avoid selective disclosures.

c) Overseeing the disclosure

Managing Director, Whole Time Director, Chief Financial Officer or Company Secretary shall oversee dissemination of information and disclosure of Unpublished Price Sensitive Information.

They shall be responsible for ensuring timely and continuous disclosure of Unpublished Price Sensitive Information to Stock Exchange and also uploading on the website of the Company. In event of inadvertent selective disclosure of Unpublished Price Sensitive Information, they shall take prompt action to make the information generally available.

d) Responding to market rumors



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Managing Director, Whole Time Director, Chief Financial Officer or Company Secretary shall promptly and fairly respond to any queries to news report or requests for verification of market rumors by the Stock Exchange or any other regulatory authorities.

e) Dealing with analyst and research personnel

The Company shall not provide any Unpublished Price Sensitive Information to the analyst or research personnel. In order to avoid misquoting or misrepresentation, it is desirable that at least two Company’s representative are present at the meetings with analyst or market researchers and if possible, record the discussions. In case of any queries by the analyst or researchers, the response to which results to Unpublished Price Sensitive Information, such information is to be made public prior to responding such queries.

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Annexure 3

Closing Period for the Trading Window

No.	Event	Window to Remain Closed		
		For	From	To
a)	Declaration of Financial Results	1 st Qtr.	1 st July	48 hours after the results are submitted to the Stock Exchange
		2 nd Qtr.	1 st October	
		3 rd Qtr.	1 st January	
		4 th Qtr.	1 st April	
b)	Declaration of Dividends (interim and final)	Date of Notice of Board Meeting to Directors or Stock Exchange whichever is earlier		48 hours after the results are submitted to the Stock Exchange
c)	Change in capital structure	Date of Notice of Board Meeting to Directors or Stock Exchange whichever is earlier		48 hours after the results are submitted to the Stock Exchange
d)	Mergers, De-mergers, acquisitions, delisting, disposals and expansion of business or such other transactions	Date of Notice of Board Meeting to Directors or Stock Exchange whichever is earlier		48 hours after the results are submitted to the Stock Exchange
f)	Changes in key managerial personnel	Date of Notice of Board Meeting to Directors or Stock Exchange whichever is earlier		48 hours after the results are submitted to the Stock Exchange
g)	Any material events in accordance with the listing agreement	Date of Notice of Board Meeting to Directors or Stock Exchange whichever is earlier		48 hours after the results are submitted to the Stock Exchange

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Annexure 4A
Application for pre-clearance

To: The Compliance Officer

From: Name : _____

Designation : _____

Department : _____

With reference to the Code of Conduct to regulate, monitor and report share trading by Insiders, I seek your approval to subscribe to / agree to subscribe to / purchase / sell / deal as an agent / principal in _____ (nos.) equity shares of the Company.

The statement of shareholding (Annexure 4B) as on _____ and Undertaking (Annexure 4C) are enclosed for your perusal in this connection.

Date: _____ Signature _____

Pre-clearance Order

This is to inform you that your request for dealing in _____ (nos.) shares of the Company as mentioned in your above-mentioned application is approved. Please note that the said transaction must be completed on or before _____ (date) that is within 7 days from today.

Date: _____ For _____

Compliance Officer

Confirmation of deal

To: The Compliance Officer

I confirm that the share dealing for which approval was granted on _____ was completed on _____ by purchasing / selling _____ (nos.) equity shares of the Company.

Date: _____ Signature _____

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To
The Compliance Officer
Novartis India Limited

Date: _____

I. DETAILS OF SHAREHOLDINGS OF DIRECTOR / OFFICER / DESIGNATED EMPLOYEES HELD IN THEIR OWN NAME

Name	Designation	Department	No. of Shares Held (with Folio / DP ID / Client ID)	Nature of Transaction for which Approval is sought	No. of Shares to be dealt

II. DETAILS OF SHARES HELD BY DEPENDENT FAMILY MEMBERS

Name	Relationship	No. of Shares Held (with Folio / DP ID / Client ID)	Nature of Transaction for which Approval is sought	No. of Shares to be dealt

I / We hereby confirm that I / We will not execute contra trade for a minimum period of 6 months.

Signature: _____

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Annexure 4C

Undertaking to be submitted along with the Application for Pre-clearance

I, _____ (Name, designation and Department) residing at _____, am desirous of dealing in _____ * shares of the Company as mentioned in my application dated _____ for pre-clearance of the transaction.

As required by the Code of Conduct to regulate, monitor and report share trading by Insiders, I hereby state that:

1. I have no access to nor do I have any information that could be construed as "Unpublished Price Sensitive Information" as defined in the code up to the time of signing this undertaking;
2. In the event that I have access to or received any information that could be construed as "Unpublished Price Sensitive Information" as defined in the code, after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public;
3. I have not contravened the provisions of the code;
4. I have made full and true disclosure in the matter.

Date: _____

Signature _____

* Indicate number of shares.



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Annexure 4D
Application for execution of Contra Trade

To
The Compliance Officer
Novartis India Limited

Date : _____

I request you to grant me approval for execution of contra trade as required under the Code of Conduct to regulate, monitor and report share trading by Insiders with respect to _____ Shares of the Company held by me / _____ (name of relative) singly / jointly acquired by me on _____ (Date). I desire to deal in the said share on account of _____ (give reasons).

Thanking you

Yours faithfully

Name : _____

Designation : _____

Department : _____