

Novartis India Limited

Policy for Determination of Materiality of any Events or Information

Introduction

The Company has formulated Policy for Determination of Materiality of any Event or Information (the “Policy”) to comply with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Regulations”). The Regulations seek to govern the listing obligations and disclosure requirements of the listed entities.

Purpose

The Policy aims to determine materiality of events or information of the Company and to ensure that such events or information post 1st December 2015 are disclosed to the stock exchange in pursuance with the Regulations. The Policy is applicable with effect from 1st December, 2015.

Definitions

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“Board of Directors” or “Board” means the Board of Directors of Novartis India Limited.

“Company” means Novartis India Limited.

“Net Worth” shall mean Net worth as defined in sub-section (57) of Section 2 of the Companies Act, 2013.

“Total Income” shall mean Total Revenue = Net Sales + Other operating Revenues + Other Income as mentioned and described in the Books of Accounts of the Company.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Company.

Criteria for Determining Materiality of Events or Information

Events or information shall be considered as Material if it meets any of the following criteria:

- a) have an impact of 10% or more on the total income or net worth as per the last audited accounts of the Company, whichever is lower, on the current annual financial results of the Company; or
- b) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- c) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; or
- d) any other event or information which is treated as being material in the opinion of the persons authorized to determine materiality under this Policy or the Board of Directors of the Company.

Disclosures of Events or Information

- a) Events or information as specified in **Annexure A** are deemed to be material events and the Company shall make disclosure of such events or information to the stock exchange within twenty-four hours from the occurrence of such event or information or within such time period as may be specified in the Regulations.
- b) On application of the materiality criteria for the events or information as specified in **Annexure B**, such events or information shall be disclosed immediately to the stock exchange.
- c) Any event or information which is not mentioned in Annexure A or Annexure B or are below the materiality threshold in Annexure B, but which has material effect on the Company, may be disclosed to the stock exchange.

The event or information mentioned in Annexure A and B has been taken from the Regulations. In case of any amendments in the Regulations changing event and information required to be disclosed, Annexure A and B will be deemed to be amended accordingly.

Authority to determine materiality

Chief Financial Officer and Company Secretary jointly, in consultation at least one Director of the Company with shall have authority to determine the materiality of an event or information and accordingly make disclosure of such events or information to the stock exchange, subject to the provisions of the Policy.

The contact details of Chief Financial Officer and Company Secretary shall be disclosed and updated from time to time to the stock exchange(s) and as well as maintained on the Company's website.

Annexure A

Events which shall be disclosed without any application of the guidelines for
Materiality:

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the Company or any other restructuring.
2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
3. Revision in Rating(s).
4. Outcome of Meetings of the board of directors: The Company shall disclose to the stock exchange, within 30 minutes of the closure of the meeting, held to consider the following:
 - a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
 - b) any cancellation of dividend with reasons thereof;
 - c) the decision on buyback of securities;
 - d) the decision with respect to fund raising proposed to be undertaken;
 - e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
 - g) short particulars of any other alterations of capital, including calls;
 - h) financial results;
 - i) decision on voluntary delisting by the Company from stock exchange.
5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the Company), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
6. Fraud/defaults by Promoter or Key Managerial Personnel or by the Company or arrest of Key Managerial Personnel or Promoter.
7. Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
8. Appointment or discontinuation of share transfer agent.
9. Corporate debt restructuring.
10. One time settlement with a bank.

11. Reference to BIFR and winding-up petition filed by any party / creditors.
12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the Company.
13. Proceedings of Annual and extraordinary general meetings of the Company.
14. Amendments to memorandum and articles of association of the Company, in brief.
15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;

Annexure B

Events which shall be disclosed upon application of the guidelines for materiality:

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the Company
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.

Disclosure under Regulation 30(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The contact details of the Key Managerial Personnel (“KMP”) who have been authorized by the Board of Directors of the Company, for determining materiality of an event or information and for making disclosure to the stock exchange under this Regulation are disclosed as follows:

Sr. No.	Name of the KMP	Designation	Contact details
1	Mr. Sanjay Murdeshwar	Managing Director	Inspire BKC Part of 601 & 701
2	Mr. Felix Doss	Chief Financial Officer	Bandra Kurla Complex
3	Mr. Trivikram Guda	Company Secretary & Compliance Officer	Bandra (East) Mumbai – 400 051 Phone: +91 22 50243000