

NOVARTIS INDIA LIMITED

Corporate Identification No. (CIN) – L24200MH1947PLC006104

Registered & Corporate Office: Sandoz House, Shivsagar Estate, Dr Annie Besant Road,
Worli, Mumbai – 400018, Maharashtra

Website: www.novartis.in; **E mail:** india.investors@novartis.com

NOTICE PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013

Dear Members,

Notice is hereby given, pursuant to Section 110 of the Companies Act, 2013 (the “**Companies Act**”), read with the Companies (Management and Administration) Rules, 2014 (the “**Management Rules**”) including any statutory modification or re-enactment thereof for the time being in force, and other applicable provisions, if any, that the resolution appended below for the proposed buyback of its fully paid up equity shares having a face value of ₹ 5 each by Novartis India Limited (the “**Company**”) is proposed to be passed as a Special Resolution by way of Postal Ballot/Electronic voting.

The Board of Directors of the Company at its meeting held on May 26, 2016 (“**Board Meeting**”) has, subject to the approval of the Members of the Company by way of special resolution and approval of statutory, regulatory or governmental authorities as may be required under applicable laws, approved buyback of not exceeding 38,20,000 (Thirty Eight Lakh Twenty Thousand only) equity shares of the Company, from all the Members holding equity shares of the Company on a proportionate basis through the “**Tender Offer**” route in accordance with the Companies Act, the Management Rules and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended from time to time at a price of ₹ 760 (Rupees Seven Hundred Sixty only) per equity share payable in cash for an aggregate amount of ₹ 290.32 crores (Rupees Two Hundred and Ninety Crores Thirty Two lakhs only). The aforesaid buyback shall be less than 25% of the aggregate fully paid up equity share capital and free reserves of the Company.

Pursuant to Section 68(2)(b) of the Companies Act, and other applicable legal provisions, it is necessary to obtain the consent of the Members holding equity shares of the Company by way of a special resolution for the proposed buyback of equity shares. Further, as per Section 110 of the Companies Act read with Rule 22(16)(g) of the Management Rules, the consent of the Members is required to be obtained for the buyback by means of postal ballot. Accordingly, the Company is seeking your consent for the aforesaid proposal as contained in the resolution appended below.

An explanatory statement pursuant to Section 102 of the Companies Act and other applicable legal provisions, pertaining to the said resolution setting out the material facts and the reasons thereof, is also appended. The said resolution and explanatory statement are being sent to you along with a postal ballot form (the “**Postal Ballot Form**”) for your consideration.

Pursuant to Rule 22(5) of the Management Rules, the Company has appointed Mr. Amit Trivedi, Practicing Company Secretary as the Scrutinizer for the Postal Ballot process.

The Members holding equity shares of the Company are requested to carefully read the instructions enclosed with the Postal Ballot Form and return the said Form duly completed in the attached self-addressed, postage prepaid envelope, if posted in India, so as to reach the Scrutinizer at the Registered & Corporate Office of the Company at Sandoz House, Shivsagar Estate, Dr Annie Besant Road, Worli, Mumbai – 400018, Maharashtra, not later than close of working hours (5.00 pm IST) on Thursday, July 7, 2016. Please note that any Postal Ballot Form(s) received after the said date will be treated as not having been received. Also, the e-voting module will be disabled after the business hours i.e. 5.00 pm IST on Thursday, July 7, 2016 for voting by the Members holding equity shares of the Company. The postage will be borne and paid for by the Company.

E-Voting facility is also provided to all Members to enable them to cast their votes electronically instead of dispatching Postal Ballot Forms. Members holding equity shares of the Company are requested to follow the procedure as stated in the notes and instructions for casting of votes by e-voting. The Members holding equity shares of the Company have both the options of voting i.e. by e-voting and through Postal Ballot Form. Kindly note that while exercising their vote, Members holding equity shares of the Company can opt for only one of the two modes of voting i.e. either through Postal Ballot Form or e-voting. If you are opting for e-voting, then do not vote through Postal Ballot Form and vice versa. In case member votes through both the modes, voting done by e-voting shall prevail and votes cast through postal ballot will be treated as invalid.

The Scrutinizer will submit his report to the Chairman or in his absence a person authorized by him in writing, after completion of scrutiny of Postal Ballot (including e-voting) in a fair and transparent manner. The results of the Postal Ballot will be announced on Tuesday, July 12, 2016 and will be displayed at the Registered & Corporate Office of the Company and communicated to BSE Limited (the “**BSE**”) where the equity shares of the Company are listed. The results of the Postal Ballot will also be displayed on the Company’s website: www.novartis.in and on the website of National Securities Depository Limited (“**NSDL**”).

The date of declaration of the results of the Postal Ballot i.e. Tuesday, July 12, 2016 shall be the date on which the Resolution would be deemed to have passed, if approved by the requisite majority. The Members are requested to consider and, if thought fit, pass the following resolution:

SPECIAL BUSINESS:

Approval for Buyback of Equity Shares

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 68, 69 and 179 and all other applicable provisions, if any, of the Companies Act, 2013, as amended (the “**Companies Act**”) and in accordance with Article 9A of the Articles of Association of the Company, the Companies (Share Capital and Debentures) Rules, 2014 (the “**Share Capital Rules**”) to the extent applicable, and in compliance with Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended (the “**Buyback Regulations**”), including any amendments, statutory modifications or re-enactments, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by the appropriate authorities while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as the “**Board**”, which expression shall include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), the approval of members of the Company be and is hereby accorded for the buyback by the Company of its fully paid-up equity shares of

₹ 5/- each not exceeding 38,20,000 equity shares (representing 11.95% of the total number of equity shares in the paid up equity share capital of the Company) at a price of ₹ 760 per equity share (Rupees Seven Hundred and Sixty Only) (“**Buyback Offer Price**”) payable in cash for an aggregate amount of ₹ 290.32 crores (Rupees Two Hundred and Ninety Crores Thirty Two lakhs only) (“**Buyback Offer Size**”) which is less than 25% of the aggregate of the fully paid-up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016 from the equity shareholders of the Company, as on the record date, on a proportionate basis through the “**Tender offer**” route as prescribed under the Buyback Regulations (“**Buyback**”).

RESOLVED FURTHER THAT the Buyback shall be implemented using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015.

RESOLVED FURTHER THAT such Buyback may be made out of the Company’s free reserves and / or such other sources as may be permitted by law through “Tender Offer” route and as required by the Buyback Regulations and the Companies Act; the Company may buyback equity shares from all the existing Members holding equity shares of the Company on a proportionate basis, provided 15% (fifteen percent) of the number of equity shares which the Company proposes to buyback or number of equity shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders, as prescribed under Regulation 6 of the Buyback Regulations.

RESOLVED FURTHER THAT the Buyback from non-resident Members holding equity shares of the Company, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) and shareholders of foreign nationality, if any, etc. shall be subject to such approvals if, and to the extent necessary or required from the concerned authorities including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the power(s) conferred herein above as it may in its absolute discretion deem fit, to any Director(s) / Officer(s) / Authorised Representative(s) / Committee (“**Buyback Committee**”) of the Company in order to give effect to the aforesaid resolutions, including but not limited to finalizing the terms of the Buyback like record date, entitlement ratio, the timeframe for completion of Buyback; appointment of merchant bankers, Brokers, Solicitors, Depository Participants, advertising agencies and other advisors / consultants / intermediaries / agencies, as may be required, for the implementation of the Buyback; Preparation, signing and filing of the public announcement, the Draft letter of offer / Letter of Offer with the Securities and Exchange Board of India, the stock exchanges and other appropriate authorities and to make all necessary applications to the appropriate authorities for their approvals including but not limited to approvals as may be required from the Securities and Exchange Board of India, Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder; and to initiate all necessary actions for preparation and issue of various documents including letter of offer, obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable law, enter into escrow arrangements as required in terms of the Buyback Regulations; opening, operation and closure of all necessary accounts including escrow account, special payment account, demat escrow account as required in terms of the Buyback Regulations, extinguishment of dematerialized shares and physical destruction of share certificates in respect of the equity shares bought back by the Company, and such other undertakings, agreements, papers, documents and correspondence, under the Common Seal of the Company, as may be required to be filed in connection with the Buyback with the Securities and Exchange Board of India, Reserve Bank of India, BSE Limited (“**BSE**”), Registrar of Companies, Depositories and / or other regulators and statutory authorities as may be required from time to time.

RESOLVED FURTHER THAT nothing contained herein shall confer any right on the part of any shareholder to offer and / or any obligation on the part of Company or the Board or the Buyback Committee to buyback any shares, and / or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such buyback, if so permissible by law.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as it may, in absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By Order of the Board of Directors
For **NOVARTIS INDIA LTD**

Girish Tekchandani
Company Secretary

Mumbai, May 26, 2016

NOTES:

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Resolution annexed hereto and forms part of this Notice.
2. All relevant documents are available for inspection of the shareholders at the Company's Registered & Corporate Office on any working day except Saturday between 10.00 am IST to 4.00 pm IST upto Thursday, July 7, 2016.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE

With an objective of rewarding Members holding equity shares of the Company, through return of surplus cash, the Board at its meeting held on May 26, 2016 has approved the proposal of recommending buyback of equity shares as contained in the resolution in the Notice. As per the relevant applicable provisions of the Companies Act, Buyback Regulations, the Explanatory Statement contains relevant and material information to enable the Members holding equity shares of the Company to consider and approve the Special Resolution on the Buyback of the Company's equity shares.

Requisite details relating to the Buyback are given below:

(a) Objective of the Buyback

Share buyback is the acquisition by a company of its own shares. The objective is to return surplus cash to the Members holding equity shares of the Company. The Board at its meeting held on May 26, 2016, considered the accumulated free reserves as well as the cash liquidity reflected in the audited accounts for the financial year ending March 31, 2016 and considering these, the Board decided to allocate a sum of ₹ 290.32 crores (Rupees Two Hundred and Ninety Crores Thirty Two lakhs only) for distributing to the Members holding equity shares of the Company through the Buyback.

After considering several factors and benefits to the Members holding equity shares of the Company, the Board decided to recommend Buyback of not exceeding 38,20,000 equity shares (representing 11.95% of the total number of equity shares in the paid-up equity share capital of the Company) at a price of ₹ 760 per equity share for an aggregate consideration of ₹ 290.32 crores (Rupees Two Hundred and Ninety Crores Thirty Two lakhs only). Buyback is a more efficient form of distributing surplus cash to the Members holding equity shares of the Company, inter-alia, for the following reasons:

- i. The Buyback will help the Company to distribute surplus cash to its Members holding equity shares broadly in proportion to their shareholding, thereby, enhancing the overall return to Members;
- ii. The Buyback, which is being implemented through the Tender Offer route as prescribed under the Buyback Regulations, would involve allocation of 15% of the outlay to small shareholders. The Company believes that this reservation of 15% for small shareholders would benefit a large number of public shareholders, who would get classified as "small shareholder";
- iii. The Buyback would help in improving return on equity, by reduction in the equity base, thereby leading to long term increase in shareholders' value;
- iv. The Buyback gives an option to the Members holding equity shares of the Company, who can choose to participate and get cash in lieu of Equity Shares to be accepted under the Buyback Offer or they may choose to not participate and enjoy a resultant increase in their percentage shareholding, post the Buyback Offer, without additional investment;
- v. The Buyback Offer price of ₹ 760 (Rupees Seven Hundred and Sixty only) per Equity Share represents a premium of 11.1% over the volume weighted average price of the Equity Shares on BSE for 3 months preceding the date of intimation to the BSE for the Board Meeting to consider the proposal of the Buyback and 5.0% over the volume weighted average price of the Equity Shares on BSE for 2 weeks preceding the date of intimation to the BSE for the Board Meeting to consider the proposal of the Buyback.

(b) Method to be adopted for the Buyback

The Buyback shall be on a proportionate basis from all the Members holding equity shares of the Company through the "Tender Offer" route, as prescribed under the Buyback Regulations. The Buyback will be implemented in accordance with the Companies Act and the Share Capital Rules to the extent applicable, and on such terms and conditions as may be deemed fit by the Company.

As required under the Buyback Regulations, the Company will announce a record date (the “**Record Date**”) for determining the names of the Members holding equity shares of the Company who will be eligible to participate in the Buyback.

In due course, each shareholder as on the Record Date, will receive a Letter of Offer along with a Tender / Offer Form indicating the entitlement of the shareholder for participating in the Buyback.

The equity shares to be bought back as a part of the buyback is divided in two categories:

- (a) Reserved category for small shareholders; and
- (b) the general category for all other shareholders.

As defined in the Buyback Regulations, a “small shareholder” is a shareholder who holds equity shares having market value, on the basis of closing price on BSE as on Record Date, of not more than ₹ 2,00,000 (Rupees Two Lakhs).

In accordance with Regulation 6 of the Buyback Regulations, 15% (fifteen percent) of the number of equity shares which the Company proposes to buyback or number of equity shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders as part of this Buyback. The Company believes that this reservation of 15% for small shareholders would benefit a large number of public shareholders, who would get classified as “small shareholder”.

Based on the holding on the Record Date, the Company will determine the entitlement of each shareholder to tender their shares in the Buyback. This entitlement for each shareholder will be calculated based on the number of equity shares held by the respective shareholder as on the Record Date and the ratio of Buyback applicable in the category to which such shareholder belongs.

Shareholders’ participation in Buyback will be voluntary. Members holding equity shares of the Company can choose to participate and get cash in lieu of shares to be accepted under the Buyback or they may choose to not participate and enjoy a resultant increase in their percentage shareholding, post Buyback, without additional investment. Members holding equity shares of the Company may also accept a part of their entitlement. Members holding equity shares of the Company also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other shareholders, if any.

The maximum tender under the Buyback by any shareholder cannot exceed the number of equity shares held by the shareholder as on the Record Date.

The equity shares tendered as per the entitlement by Members holding equity shares of the Company as well as additional shares tendered, if any, will be accepted as per the procedure laid down in Buyback Regulations. The settlement of the tenders under the Buyback will be done using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015.

Detailed instructions for participation in the Buyback (tender of equity shares in the Buyback) as well as the relevant time table will be included in the Letter of Offer which will be sent in due course to the Members holding equity shares of the Company as on the Record Date.

The Buyback from non-resident members, Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs), and members of foreign nationality, if any, etc. shall be subject to such approvals as may be required including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder, if any.

(c) Maximum amount required under the Buyback and the sources of funds from which the Buyback would be financed

The maximum amount required under the Buyback will be ₹ 290.32 crores (Rupees Two Hundred and Ninety Crores Thirty Two lakhs only). The Buyback would be financed out of free reserves of the Company. The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited Balance Sheet.

The Company confirms that as required under Section 68(2) (d) of the Companies Act, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves after the Buyback.

(d) Buyback Price and the basis of arriving at the Buyback Price

The equity shares of the Company are proposed to be bought back at a price of ₹ 760 (Rupees Seven Hundred and Sixty only) per equity share (the “**Buyback Offer Price**”). The Buyback Offer Price has been arrived at after considering various factors such as the volume weighted average closing prices of the equity shares of the Company on BSE where the equity shares of the Company are listed, the net worth of the Company and the impact of the Buyback on the key financial ratios of the Company. The Buyback Offer price of ₹ 760 (Rupees Seven Hundred and Sixty only) per Equity Share represents a premium of 11.1% over the volume weighted average price of the Equity Shares on BSE for 3 months preceding the date of intimation to the BSE for the Board Meeting to consider the proposal of the Buyback and 5.0% over the volume weighted average price of the Equity Shares on BSE for 2 weeks preceding the date of intimation to the BSE for the Board Meeting to consider the proposal of the Buyback.

(e) Number of shares that the Company proposes to buyback and the time limit for completing the Buyback

The Company proposes to Buyback not exceeding 38,20,000 equity shares of face value of ₹ 5 each of the Company. The Buyback is proposed to be completed within 12 months of the date of Special Resolution approving the proposed Buyback.

(f) Compliance with Section 68(2)(c) of the Companies Act

The aggregate paid-up equity share capital and free reserves as at March 31, 2016 is ₹ 1,161.98 crores. Under the provisions of the Companies Act, the funds deployed for the Buyback cannot exceed 25% of the total paid-up capital and free reserves of the Company i.e. ₹ 290.49 crores. The maximum amount proposed to be utilized for the Buyback, is approximately ₹ 290.32 crores and is therefore within the limit of 25% of the Company’s total paid-up equity capital and free reserves as per the audited Balance Sheet as at March 31, 2016.

Further, under the Companies Act, the number of equity shares that can be bought back in any financial year cannot exceed 25% of the total paid-up equity capital of the Company in that financial year. Accordingly, the maximum number of equity shares that can be bought back in the current financial year is 79,90,199 equity shares. Since the Company proposes to Buyback upto 38,20,000 equity shares, the same is within the aforesaid 25% limit.

(g) The aggregate shareholding of the Promoters of the Company, the Directors of the Promoter companies and of Directors and Key Managerial Personnel of the Company as on the date of this Notice:

(1) Shareholding of the Promoters who are in control of the Company:

Sr. No.	Name	Equity Shares	% of shareholding
1	Novartis AG	2,39,70,597	75.00
Total		2,39,70,597	75.00

- (2) Shareholding of the Directors of the Company forming part of the Promoter Group (mentioned in point 1 above):

Sr. No.	Name	Equity Shares	% of shareholding
1	Joerg Reinhardt	Nil	—
2	Enrico Vanni	Nil	—
3	Nancy C. Andrews	Nil	—
4	Dimitri Azar	Nil	—
5	Srikant Datar	Nil	—
6	Ann Fudge	Nil	—
7	Pierre Landolt	Nil	—
8	Andreas von Planta	Nil	—
9	Charles L. Sawyers	Nil	—
10	William T. Winters	Nil	—
11	Ton Buechner	Nil	—
12	Elizabeth Doherty	Nil	—

- (3) Shareholding of the Directors or Key Managerial Personnel of the Company:

Sr. No.	Name	Designation	Equity Shares	% of shareholding
1	Christopher Snook	Chairman	Nil	—
2	Ranjit Shahani	Vice Chairman and Managing Director	Nil	—
3	Dinesh Charak	Whole Time Director	Nil	—
4	Jai Hiremath	Director	Nil	—
5	Dr. Rajendra Nath Mehrotra	Director	270	0.0008
6	Sandra Martyres	Director	Nil	—
7	Monaz Noble	Chief Financial Officer	Nil	—
8	Girish Tekchandani	Company Secretary	Nil	—

- (h) There were no transactions either purchase / sale / transfer – undertaken by persons referred to in (g) above during the period of last twelve months preceding the date of the Board Meeting at which the Buyback was approved and from the date of the Board Meeting till the date of this Notice.

- (i) **Intention of the Promoters of the Company to tender equity shares for Buyback indicating the number of shares, details of acquisition with dates and price:**

In terms of the Buyback Regulations, under the Tender Offer route, the promoters of the Company have the option to participate in the Buy-back. Novartis AG, being the promoter of the Company, vide its letter dated May 26, 2016 has expressed its intention to participate in buyback to the extent of its shareholding in the Company as on the Record Date, or such lower number of shares as required in compliance with the Buyback Regulations / terms of the Buyback.

Details of the date and price of acquisition of the Equity Shares that Novartis AG intends to tender are set-out below:

Date of Acquisition	No. of Equity Shares Acquired / (Sold)	Cost of Acquisition / Sale Consideration (₹ in Lakhs)	Nature of Transaction
Prior to 17-Oct-66	48,748	(Refer Note 1)	—
17-Oct-66	162,493	Nil	Bonus Issue
18-Oct-71	105,634	Nil	Bonus Issue
16-Apr-74	84,500	Nil	Bonus Issue
17-Jun-77	200,687	Nil	Bonus Issue
6-May-80	301,031	Nil	Bonus Issue
26-Apr-85	(194,783)	337.00	Sale of Shares
25-Jan-91	354,155	Nil	Bonus Issue
26-Sep-97	Sub division of face value of equity shares from ₹ 100 to ₹ 10 each		
29-Oct-97	2,700,000	Not Available	Allotment of shares post merger of Sandoz India Ltd (“SIL”) with Hindustan Ciba Geigy Ltd. (“HCGL”) through a court approved scheme of amalgamation. In consideration of transfer of the existing business of SIL in favour of HCGL, the promoters were allotted 10 equity shares of ₹ 10 each of the Company for every 15 shares of ₹ 10 each held in SIL.
3-Dec-98	2,921,800	56,552.27	Acquisition of shares from Ciba India Private Ltd. for effectuating a reorganization pursuant to a scheme of reconstruction.
12-Oct-00	Demerger of Syngenta and subsequent reduction of face value of the shares from ₹ 10 to ₹ 5		
1-Sep-01	30,987	Not Available	Allotment of shares post merger of Ciba CKD Biochem Ltd. (“CCBL”) with Novartis India Ltd. through a court-approved Scheme of Arrangement. In consideration of transfer of the existing business of CCBL in favour of NIL, the promoters were allotted 1 equity share of ₹ 5 each of the Company for every 50 shares of ₹ 10 each held in CCBL.
25-Jun-09	8,147,365	36,663.14	Acquisition of equity shares pursuant to an open offer
30-May-13	(454,205)	(2,544.96)	Sale of shares pursuant to the offer for sale through stock exchange mechanism
Total Current Holding	23,970,597		

Note:

- The relevant documents showing the exact date and cost of acquisition by the promoter between December 13, 1947 i.e. the date of incorporation of the Company and October 17, 1966 are not available.

(j) No defaults:

The Company confirms that there are no defaults subsisting in the repayment of deposits, interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company.

(k) Confirmation that the Board of Directors have made full enquiry into the affairs and prospects of the Company and that they have formed the opinion to the effect that the Company, after Buyback will continue to be able to meet its liabilities and will not be rendered insolvent

The Board of Directors of the Company has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion:

- (i) That immediately following the date of the Board Meeting and the date on which the results of the Postal Ballot will be declared, there will be no grounds on which the Company can be found unable to pay its debts;
- (ii) That as regards the Company's prospects for the year immediately following the date of the Board Meeting as well as the year immediately following the date on which the results of the Postal Ballot will be declared, approving the Buyback and having regards to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board Meeting approving the Buyback or within a period of one year from the date on which the results of the Postal Ballot will be declared, as the case may be;
- (iii) In forming its opinion aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Companies Act.

(l) Report addressed to the Board of Directors by the Company's Auditors on the permissible capital payment and the opinion formed by Directors regarding insolvency:

The text of the Report dated May 26, 2016 received from Lovelock & Lewes, Chartered Accountants, the Statutory Auditors of the Company, addressed to the Board of Directors of the Company is reproduced below:

The Board of Directors
Novartis India Limited
Sandoz House
Shivsagar Estate
Dr Annie Besant Road
Worli, Mumbai 400 018

Auditors' Report on Buy Back of Shares pursuant to the requirement of Schedule II to Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998

1. This report is issued in accordance with our agreement dated May 24, 2016.
2. We have been engaged by Novartis India Limited (the "Company") to perform a reasonable assurance engagement on determination of the amount of permissible capital payment as detailed in the accompanying Annexure I in connection with the proposed buy-back by the Company of its equity shares in pursuance of Section 68 and 70(1) of the Companies Act, 2013 (the "Act") and regulations as specified in the 'Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998' and amendments thereto (the "Regulations") and on the opinions expressed by the Board of Directors of the Company, as required under the Regulations. We have initialled the Annexure I for identification purposes only.

Board of Directors Responsibility

3. The Board of Directors of the Company is responsible for the following:
 - (i) The amount of capital payment for the buy-back is properly determined; and

- (ii) It has made a full inquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date of declaration of results of the postal ballot for buyback of its equity shares by placing the results in the website of the Company (hereinafter referred to as the “Date of declaration of results”).

Auditor’s Responsibility

4. Pursuant to the requirement of the Regulations, it is our responsibility to obtain reasonable assurance on the following “Reporting Criteria”:
 - i. whether the amount of capital payment for the buy-back is within the permissible limit computed in accordance with the provisions of Section 68 of the Act; and
 - ii. whether the Board of Directors has formed the opinion, as specified in Clause (x) of Schedule II to the Regulations, on reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from the Date of declaration of results.
5. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting Criteria. The procedures selected depend on the auditor’s judgment, including the assessment of the risks associated with the Reporting Criteria. Within the scope of our work, we performed the following procedures:
 - (i) Examined authorisation for buy-back from the Articles of Association of the Company;
 - (ii) Examined that the amount of capital payment for the buy-back as detailed in Annexure I is within the permissible limit computed in accordance with the provisions of Section 68 of the Act;
 - (iii) Examined that the ratio of secured and unsecured debt owned by the Company, if any, is not more than twice the capital and its free reserves after such buy-back;
 - (iv) Examined that all the shares for buy-back are fully paid-up;
 - (v) Inquired into the state of affairs of the Company with reference to the audited financial statements of the Company as at and for the year ended March 31, 2016 (the “Audited Financial Statements”) which have been prepared by the Management of the Company; and examined budgets and projections prepared by the Management;
 - (vi) Examined minutes of the meetings of the Board of Directors;
 - (vii) Examined Directors’ declarations for the purpose of buy-back and solvency of the Company; and
 - (viii) Obtained appropriate representations from the Management of the Company.
6. We conducted our examination in accordance with the Guidance Note on Special Purpose Audit Reports and Certificates.
7. The financial statements referred to in paragraph 5 (v) above, have been audited by us on which we issued an unmodified audit opinion vide our report dated May 26, 2016. Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

Opinion

8. As a result of our performance of aforementioned procedures, we report that:
- i. The amount of capital payment of ₹ 2,903.2 million for the shares in question, as stated in the accompanying certified extract of the minutes of the Board of Directors' meeting held on May 26, 2016, which we have initialled for identification, is within the permissible capital payment of ₹ 2,904.9 million, as calculated in Annexure I based on the Audited Financial Statements, which, in our opinion, is properly determined in accordance with Section 68 of the Act; and
 - ii. The Board of Directors in their meeting held on May 26, 2016 has formed the opinion, as specified in Clause (x) of Schedule II to the Regulations, on reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from the Date of declaration of results.

Restrictions on Use

9. Our work was performed solely to assist you in meeting your responsibilities with reference to the Regulations. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.
10. This report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Regulations solely to enable the Board of Directors of the Company to include in the:
- a. Explanatory statement to be included in the postal ballot notice to be circularised to the shareholders;
 - b. Public Announcement to be made to the shareholders of the Company, which will be filed with (a) the Registrar of Companies as required by the Regulations (b) the National Securities Depository Limited and the Central Depository Services (India) Limited for the purpose of extinguishment of equity shares and (c) the authorised dealer for the purpose of capital payment;
 - c. The draft letter of offer to be filed with Securities and Exchange Board of India and Stock Exchange; and
 - d. The letter of offer to be given to the shareholders and should not be used for any other purpose. Lovelock & Lewes does not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report, or Public Announcement which includes our report, is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Asha Ramanathan
Partner
Membership Number: 202660

Place: Mumbai
Date: May 26, 2016

Annexure I: Statement of Permissible Capital Payment for Buyback of Equity Shares

Particulars	₹ in Million
Issued, Subscribed and Paid up Capital as at March 31, 2016 (31,960,797 equity shares of ₹ 5 each fully paid up)	159.8
Free reserves as at March 31, 2016:	
– General Reserve	3,472.9
– Securities Premium Account	228.8
– Statement of Profit and Loss	7,758.3
Total	11,619.8
Maximum permissible amount for Buyback i.e. 25% of the total paid-up capital and free reserves	2,904.9

Note:

- (1) Calculation in respect of Permissible Capital Payment for Buyback of Equity Shares is done on the basis of audited financial statements of the Company for the year ended March 31, 2016 which is not more than six months old from the proposed date of offer document.
- (2) The Company has no debt as at March 31, 2016 and hence, computation of debt equity ratio is not applicable.

For and on behalf of Novartis India Limited

Ranjit Shahani
Vice Chairman & Managing Director

Monaz Noble
Chief Financial Officer

Place: Mumbai

Date: 26th May, 2016

(m) As per the provisions of the Buyback Regulations and the Companies Act:

- (a) The Company shall not issue any equity shares or other securities (including by way of bonus) till the date of closure of the Buyback;
- (b) The Company shall not raise further capital for a period of one year from the closure of Buyback offer except in discharge of its subsisting obligations;
- (c) The special resolution approving the Buyback will be valid for a maximum period of one year from the date of passing the said special resolution (or such extended period as may be permitted under the Companies Act or the Buyback Regulations or by the appropriate authorities). The exact time table for the Buyback shall be decided by the Board (or its duly constituted Committee) within the above time limits;
- (d) The equity shares bought back by the Company will be compulsorily cancelled and will not be held for re-issuance;
- (e) The Company shall not withdraw the Buyback after the public announcement of the offer to Buyback is made; and
- (f) The Company shall not buyback locked-in equity shares and non-transferable equity shares till the pendency of the lock-in or till the equity shares become transferable;

For any clarifications related to the Buyback process, Members holding equity shares of the Company may contact any one of the following:

1. Company: Novartis India Limited
Contact Person: Mr. Girish Tekchandani, Company Secretary
Tel : +91 22 2495 8675; Email: india.investors@novartis.com
2. Ambit Corporate Finance Private Limited (Manager to the Buyback):
Contact Person: Mr. Praveen Sangal
Tel : +91 22 39821819; Email: novartisbuyback@ambitpte.com

All the material documents referred to in the Explanatory Statement are available for inspection by the Members of the Company at its Registered and Corporate Office on any working day except Saturday between 10.00 am IST and 4.00 pm IST up to the last date of receipt of Postal Ballot Form specified in the accompanying Notice.

A copy of the Notice is also available on the website of the Company, at www.novartis.in, website of Link Intime India Private Limited at www.linkintime.co.in, website of the BSE Limited, at www.bseindia.com.

In the opinion of the Board, the proposal for Buyback is in the interest of the Company and its Members holding equity shares of the Company. The Directors, therefore, recommend passing of the Special Resolution as set out in the accompanying Notice.

None of the Directors or any key managerial personnel of the Company including their relatives are, in anyway, concerned or interested, financially or otherwise, in passing of the proposed resolution, save and except to the extent of their shareholding in the Company, if any.

By Order of the Board of Directors
For **NOVARTIS INDIA LTD**

Mumbai, May 26, 2016

Girish Tekchandani
Company Secretary

NOTES AND INSTRUCTIONS

1. For the purpose of offering E-Voting facility, the Company has entered into an agreement with NSDL. E-voting is optional for Members. A Member who wish to vote by Postal Ballot Form (instead of e-voting) can use the enclosed Postal Ballot Form or download it from www.novartis.in
2. The instructions for shareholders for e-voting is as under:

A. Casting of Vote in Electronic Form (E-Voting):

- (1) Obtaining User ID and Password:
 - (a) For the members whose email IDs are registered with the Company's Registrar & Transfer Agent/Depository Participant: You will receive an email from NSDL. Open the attached PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and Password/PIN for remote e-voting. Please note that the password is an initial password and you will be asked to change this password when you log-in for the first time. You will not receive this PDF file if you are already registered with NSDL for e-voting.
 - (b) The members whose email IDs are not registered with the Company's Registrar & Transfer Agent/Depository Participant: You may use User ID and Password provided above. Please note that the password is an initial password and you will be asked to change the password when you log-in for the first time
 - (c) If you are already registered with NSDL for e-voting: You may use your existing User ID and Password for Login. If you forgot your password, you can reset the password by using "Forgot User Details/Password" option available on <https://www.evoting.nsd.com/> or contact NSDL at the toll free no. 1800 222 990
- (2) Open the internet browser and type URL: <https://www.evoting.nsd.com/>
- (3) Click on Shareholder - Login.
- (4) Please enter User ID and Password provided above.
- (5) If you are logging in for the first time, password change menu will appear. Change the password/PIN with a new password of your choice with minimum 8 digits/characters or combination thereof. Please note your new password. Please do not share your password with any other person and take utmost care to keep your password confidential.
- (6) E-voting home page will open. Click on e-voting: Active Voting Cycles.
- (7) Select "EVEN" of Novartis India Limited.
- (8) Once the Cast Vote page opens, you are ready for e-voting.
- (9) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (10) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (11) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (12) Institutional shareholders (i.e. members other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPEG Format) of the relevant Board resolution /authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at contact@csakta.com with a copy marked to evoting@nsdl.co.in. The relevant Board resolution / authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) should be mailed before the voting period ends.

B. Casting of Vote through Postal Ballot Form

- i. Members desiring to cast their vote in Postal Ballot Form are requested to execute the Postal Ballot Form as per the instructions stated therein and send the same in the enclosed self-addressed postage prepaid envelope.
 - ii. The vote can be cast by recording the assent in the Column FOR and dissent in the Column AGAINST by placing a tick mark (✓) in the appropriate column.
 - iii. The Member need not use all the votes nor needs to cast all the votes in the same way.
 - iv. Members are requested not to send any other paper / document along with the Postal Ballot Form in the enclosed self-addressed postage prepaid envelope. If sent, the same paper / document would not be acted upon.
3. The postal ballot notice is being sent to the Members whose names appear on the Register of Members/ List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on Friday, June 3, 2016. The postal ballot notice is being sent to Members who have registered their email IDs for receipt of documents in electronic form to their email addresses registered with their Depository Participants (in case of electronic shareholding)/the Company's Registrar and Transfer Agent (in case of physical shareholding). For Members whose email IDs are not registered, physical copies of the postal ballot notice along with postal ballot form are being sent by permitted mode along with a postage prepaid self-addressed Business Reply Envelope.
 4. Members whose names appear on the Register of Members / List of Beneficial Owners as on Friday, June 3, 2016 will be considered for the purpose of voting.
 5. Members can download the Postal Ballot Form from the link www.evoting.nsdl.com or www.novartis.in; or seek a duplicate Postal Ballot Form from Link Intime India Private Limited, the Registrar and Transfer Agent from their office at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078, fill in the details and send the same to the Scrutinizer.
 6. Kindly note that the Members can opt only one mode of voting i.e. either by Postal Ballot Form or e-voting. If you are opting for e-voting, then do not vote by Postal Ballot Form also and vice versa. However, in case a Member has voted both by Postal Ballot Form as well as e-voting, then voting done through e-voting shall prevail and voting done by Postal Ballot Form will be treated as invalid.
 7. The Company has appointed Mr. Amit Trivedi, Practicing Company Secretary, as a Scrutinizer for conducting the entire Postal Ballot process in a fair and transparent manner.
 8. The Scrutinizer's decision on the validity of the Postal Ballot will be final.
 9. The period for voting through physical Ballot and e-voting starts from Wednesday, June 8, 2016 at 9.00 am IST and ends on Thursday, July 7, 2016 at 5.00 pm IST and any physical ballots received thereafter shall not be considered and e-voting shall be disabled by NSDL.
 10. You are requested to carefully read the instructions printed on the Postal Ballot Form and return the Form (no other Form or photo copy is permitted) duly completed, in the enclosed self-addressed postage prepaid envelope, so as to reach the Scrutinizer at Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, on or before the close of working hours (5.00 pm IST) on Thursday, July 7, 2016. No other request / details furnished in the Self-Addressed envelope will be entertained. The Postal Ballot Forms received after close of working hours (5.00 pm IST), Thursday, July 7, 2016 will be treated as if the same has not been received from the Member.
 11. The Scrutinizer will submit his report, to the Chairman or in his absence to any other person authorized by him, after completion of scrutiny of Postal Ballot in a fair and transparent manner. The Scrutinizer's report will be displayed on the Company's website: www.novartis.in. The results of the Postal Ballot will be announced on Tuesday, July 12, 2016 and will be displayed at the Registered Office and Corporate Office of the Company and communicated to BSE Limited where the equity shares of the Company are listed. The results of the Postal Ballot will also be displayed on the Company's website: www.novartis.in and website of NSDL. The date of declaration of the results of the Postal Ballot i.e. Tuesday, July 12, 2016 shall be the date on which the Resolution would be deemed to have passed, if approved by the requisite majority.