

## **NOVARTIS INDIA LIMITED DIVIDEND DISTRIBUTION POLICY**

The Board of Directors (the “**Board**”) of Novartis India Limited (the “**Company**”), has adopted this Dividend Distribution Policy (“**Policy**”) in accordance with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy is effective from financial year 2016-17.

### **GUIDELINES FOR DECLARATION / RECOMMENDATION OF DIVIDENDS**

1. Dividend shall only be paid out of the profits of the Company for that year and/or out of the profits of the Company for any previous year, in compliance with the rules prescribed under the Companies Act 2013 or any other related laws or statutes. The Board of Directors may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of the profits of the financial year in which such interim dividend is sought to be declared.
2. The Board shall consider the following factors while declaring/ recommending dividend:
  - a) Financial Factors - Income, liquidity and profitability parameters such as quantum of profits earned by the Company, current and future cash flow requirements, working capital and capital expenditure requirements, providing for unforeseen events and contingencies, obligations to creditors, and such other financial parameters as it may deem fit in the interest of the financial health of the Company. The Board may not recommend dividend if it is of the opinion that it is financially not prudent to do so.
  - b) Internal/External Factors - Internal factors include in particular business expansion plan, investment plans or any other strategic priorities as well as elements related to the nature of dividend paid by the Company in previous years or restrictive covenants in agreements entered into by the Company. External factors include for instance prevailing legal requirements, market conditions or competition intensity.
  - c) Manner of utilization of retained earnings - The Company may use retained earnings for all activities as the Board may deem fit, including dividend pay-out in accordance with the criteria set forth in this Policy.
3. The Company has only equity shares and does not currently have any other classes of shares.

The Board may amend, modify or review this policy in whole or in part, as it may be considered necessary.

This Policy shall be published in the Annual Report and displayed on the Company’s website.

\*\*\*

This policy is approved by the Board of Directors on February 3, 2017.