

From: novartisindia.update@linkintime.co.in <novartisindia.update@linkintime.co.in>

Sent: Friday, June 30, 2023 13:16

To:

Subject: Novartis India Limited - Communication on deduction of tax at source on Dividend

Novartis India Limited

CIN No. L24200MH1947PLC006104

Registered Office: Inspire BKC, Part of 601 & 701 Bandra Kurla Complex Bandra (East)

Mumbai – 400 051 Maharashtra, India

Tel: +91 22 50243000; **Fax:** +91 22 50243010

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

Date: 30/06/2023

Dear Member,

Subject: Communication on deduction of tax at source on Dividend

We are pleased to inform you that, the Board of Directors of Novartis India Limited ('the Company') at its meeting held on May 10, 2023, recommended payment of following dividend for the financial year ended March 31, 2023:

- a) Final dividend of Rs. 10 (Rupees Ten Only) per equity share of face value of Rs. 5 (Rupees Five Only) each and;
- b) One-time special dividend of Rs. 37.50 (Rupees Thirty-Seven and Paise Fifty Only) per equity share of face value of Rs. 5 (Rupees Five Only) each on occasion of Company's 75th Anniversary

The total dividend amounting to Rs. 47.50 (Rupees Forty-Seven and Paise Fifty Only) per equity share of face value of Rs. 5 (Rupees Five Only) each will be paid to the members of the Company after declaration of dividend at the Annual General Meeting ('AGM') of the Company scheduled to be held on July 28, 2023.

The Register of Members and Share Transfer Books will remain closed from July 21, 2023 to July 28, 2023 (both days inclusive) for determining the eligibility of members for payment of above dividend. Payment of dividend, if approved at the AGM, will be made to those members whose names will be on the Company's Register of Members as on the date of book closure and to those whose names will appear as Beneficial Owners as at the close of the business hours on July 20, 2023 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Pursuant to the General Circular No. 20/2020 dated May 05, 2020 issued by Ministry of Corporate Affairs, the dividend will be paid electronically in the Members bank accounts. The Company will keep on hold cheques/dividend warrants/demand drafts of the members who have not registered their bank details with the Company. The members holding shares in demat form are advised to keep the bank details updated with their depository participants. Member holding shares in certificate form and who have not updated their bank accounts details are requested to update bank details with the Company's Registrar and Transfer Agents after following the process available on https://web.linkintime.co.in/emailreg/email_register.html

In accordance with the provisions of the Income Tax Act, 1961 ('the Act') as amended by and read with the provisions of the Finance Act, 2020, with effect from April 01, 2020, dividend declared and paid by the Company is taxable in the hands of its members and the Company is required to deduct tax at source (TDS) from dividend paid to the members at the applicable rates.

This communication summarizes the applicable TDS provisions in accordance with the provisions of the Act, for various categories, including Resident or Non-Resident members.

For Resident Members:

1. No TDS shall be deducted in the case of resident individual members, if the amount of such dividend in aggregate paid or likely to be paid during the financial year 2023-24 does not exceed Rs. 5,000 per annum.
2. Where, the Permanent Account Number (PAN) of the resident individual member is available and valid,
 - a. TDS shall be deducted at the rate of 10% on the amount of dividend payable
 - b. In cases where the resident individual member provides the duly signed Form 15G or Form 15H (as applicable) and provided that the eligibility conditions are being met, no TDS shall be deducted. The format of Form 15G and Form 15H are linked to **Enclosures 1 and 2** respectively below
3. Where the PAN is either not available or is invalid, TDS shall be deducted at a rate of 20%.
4. Further, effective July 1, 2021, Finance Act, 2021 has inserted Section 206AB of the Act for non-filers of income-tax return providing, that where TDS is required to be deducted under Chapter XVIIIB (other than Sections 192, 192A, 194B, 194BA, 194BB, 194-IA, 194-IB, 194LBC, 194M or 194N) on any sum or income or amount paid, or payable or credited, by a person to a specified person, the tax shall be deducted at the higher of the below rates:-
 - a. at twice the rate specified in the relevant provision of the Act; or
 - b. at twice the rate or rates in force; or
 - c. at the rate of 5%.

Further, sub section (2) of Section 206AB of the Act provides that if the specified person has not submitted the PAN and he has not filed the income tax return, the tax shall be deducted at the rate applicable as per Section 206AB of the Act (as described above) or 20% whichever is higher (Section 206AA of the Act).

The term 'specified person' is defined in sub section (3) of Section 206AB of the Act to mean a person who satisfies the following conditions:

- a. A person who has not filed the income tax return for the last previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under Section 139(1) of the Act has expired; and

- b. The aggregate of TDS and Tax Collected at Source ('TCS') in his case is Rs. 50,000 or more in the previous year
- 5. In order to help the Company to comply with the relevant provisions of the Act, the following resident non-individual members are requested to provide a self-declaration as listed below:
 - i. **Insurance companies:** A declaration that they are beneficial owners of shares held
 - ii. **Mutual Funds:** A declaration that they are governed by the provisions of Section 10(23D) of the Act along with copy of registration documents (self-attested)
 - iii. **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under Section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI Regulations along with copy of registration documents (self-attested)
 - iv. **Other Non-Individual shareholders:** Who are exempted from TDS under provisions of Section 194 of the Act and who are covered u/s 196 of the Act are also not subject to withholding of any tax are required to submit an attested copy of the PAN along with the documentary evidence in relation to the same

For Non-Resident Members:

- 1. TDS shall be deducted/withheld at the rate of 20% (plus applicable surcharge and, health and education cess) on the amount of dividend payable.
- 2. Non-resident member may have an option to be governed by the provisions of the Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the member, if such DTAA provisions are more beneficial to them. To avail the DTAA benefits, the non-resident member should furnish the following documents
 - a. Self-attested copy of Permanent Account Number (PAN) if allotted to you, by the Indian Income Tax Authorities. If PAN is not allotted to you, please provide your email address, contact number and address in the country of residence
 - b. Self-attested Tax Residency Certificate (TRC) issued by the competent authority or tax authority of the country of your residency, evidencing and certifying your tax residency status in the country of residency during the financial year 2023-24
 - c. Completed and duly signed Form 10F (electronic form where PAN is available) in the format linked to **Enclosure 3**
 - d. Self-declaration in the format linked to **Enclosure 4** below, certifying that
 - i) You are and continue to remain a tax resident of the country of your residency during the financial year 2023-24;
 - ii) You are eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
 - iii) You have no reason to believe that your claim for the benefits of the DTAA is impaired in any manner;
 - iv) You are the ultimate beneficial owner of your shareholding in the Company and dividend receivable from the Company; and

v) You do not have a taxable presence or a permanent establishment in India during the financial year 2023-24

3. For Foreign Portfolio Investor's & Foreign Institutional Investors'

a) Section 196D (1) in case of Foreign Portfolio Investor's and Foreign Institutional Investors - @ 20% plus applicable surcharge and cess

b) Section 196D (1A) in case of specified fund referred to in clause (c) of the Explanation to clause(4D) of Section 10 of the Act - @ 10% plus applicable surcharge and cess

4. The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident member.

5. For any non-resident member who has a Permanent establishment in India, the provisions of Section 206AB of the Act (covered above) will apply.

For all Members:

1. Members holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

2. In view of the prevailing COVID 19 situation, only scanned copies of the aforementioned documents will be accepted by the Company as per the laid down process. The documents (duly completed and signed) are required to be submitted to the Registrars and Share Transfer Agents ('RTA') of the Company Link Intime India Private Limited by uploading the documents on the link <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before Sunday, July 16, 2023, 11:59 pm (IST) in order to enable the Company to determine and deduct appropriate TDS / withholding tax. Should you have any query or any difficulty in uploading the documents, you may please write to novartisdivtax@linkintime.co.in

On clicking the above link, the user will be prompted to select / share the following information to register their request.

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment – 1 (PAN)
7. Document attachment – 2 (Forms)
8. Document attachment – 3 (Any other supporting document)

No communication on the tax determination/ deduction shall be entertained post 12:00 am (IST) on Monday, July 17, 2023. Any documents received through any other methods like email or hand delivery will not be considered to determine and deduct appropriate TDS / withholding tax.

3. Members may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt, or insufficiency of the aforementioned details/documents from you, an option is available to you to file the return of income as per the Act and claim an appropriate refund, if eligible.

To view / download Form 15G [click here](#).

To view / download Form 15H [click here](#)

To view / download Form 10F [click here](#)

To view / download Form Self declaration for dividend - Non-residents [click here](#)

4. Further, members who have not registered their email address are requested to register the same with our Registrar and Transfer Agent in case of physical shareholding and with Depository Participant ('DP') in case of demat holding:
 - a. In case equity shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to RTA at rnt.helpdesk@linkintime.co.in
 - b. In case equity shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to your DP or follow the procure as advised by respective DP.

General Instructions:

1. As per Central Board of Direct Taxes (CBDT) guidelines, the PAN allotted to a person shall become inoperative if it is not linked with Aadhaar by the date as specified by CBDT and shall be liable to all the consequences under the Income-tax Act, 1961 for not furnishing, intimating or quoting the PAN. The Securities and Exchange Board of India ('SEBI') vide PR No.05/2023 has recently mandated all existing investors to ensure linking of their PAN with Aadhaar number prior to specified date, for continual and smooth transactions in securities market and to avoid consequences of non-compliance with the said CBDT circular, as such accounts would be considered non-KYC compliant, and there could be restrictions on securities and other transactions until the PAN and Aadhaar are linked. On or after April 1, 2023, in case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s).
2. **Important Notice to Physical Shareholders- Request to update KYC on or before 30th September 2023 to avoid freezing of folio:**

In supersession of earlier circulars dated November 3, 2021 and December 14, 2021, Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, **effective April 1, 2023**, has mandated physical shareholders to submit their PAN, Nomination details, contact details, Bank account details and specimen signatures in prescribed forms (Form ISR-1, Form ISR-2, SH-13 etc.) by September 30, 2023. Non-availability of any one of the above documents/details with the Company/RTA **on or after October 1, 2023** will result in freezing of the physical shareholders' folios pursuant to the said SEBI Circular. We request you to submit / update your bank account details (i.e. Bank, Branch, Account No, IFSC Code etc.) with your Depository Participant, in case you are holding shares in the electronic form. Shareholders holding shares in physical form are advised to update the details as mentioned above. Relevant details and forms

prescribed by SEBI in this regard are available on the website of the Company at <https://www.novartis.com/in-en/investors/shareholders-information>

3. Updating of Bank Account:

In order to facilitate receipt of dividend directly in your bank account, members are requested to ensure that their bank account details in their respective demat accounts/physical folios are updated, to enable the Company to make timely credit of dividend in their bank accounts.

Should you seek any further clarification, please write to rnt.helpdesk@linkintime.co.in or investors.india@novartis.com

We request your co-operation in this regard.

Yours Sincerely,

For Novartis India Limited

Sd/-

Nikhil Malpani

Company Secretary and Compliance Officer

Disclaimer: This Communication is not to be treated as an advice from the Company or its affiliates or Link Intime India Private Limited. Members should obtain the tax advice related to their tax matters from a tax professional.

Note: Please do not reply to this email, as this email id is not monitored.