

Novartis India Limited

Policy for Determination of Materiality of Events or Information

Introduction

The Company has formulated Policy for Determination of Materiality of Event or Information (the “Policy”) to comply with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Regulations”) as amended from time to time. 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 December 01, 2015 are disclosed to the stock exchange in pursuance with the Regulations. The Policy is applicable with effect from December 01, 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.

“Fraud” shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as may be amended from time to time.

“Default” shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in ‘default’ if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the Company

“Mainstream Media” shall include print or electronic mode of the following:

- i. Newspapers registered with the Registrar of Newspapers for India;
- ii. News channels permitted by Ministry of Information and Broadcasting under Government of India;
- iii. Content published by the publisher of news and current affairs content as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021; and
- iv. Newspapers or news channels or news and current affairs content similarly registered or permitted or regulated, as the case may be, in jurisdictions outside India;

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

“Senior Management” shall mean the officers and personnel who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Managing Director or Whole Time Director and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

“Social Media Intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021

“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 Regulations or any other applicable law or regulation to the extent applicable to the Company.

Disclosure of events or information:

- 1) The Company shall make disclosures of any events or information which in the opinion of the Board of Directors, is material.
- 2) Events specified in Para A of Part A of Schedule III to the Regulations are deemed to be material events and the Company shall make disclosure of such events without any application of the guidelines for materiality as specified in sub-Regulation (4) of Regulation 30.
- 3) The Company shall make disclosure of events specified in Para B of Part A of Schedule III of the Regulations, based on the criteria for determination of materiality of events/information as mentioned below:

Criteria for determining Materiality of Events or Information

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

1. Qualitative Threshold:

- a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- b) 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

2. Quantitative Threshold:

- c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - (1) two percent of turnover, as per the last audited financial statement of the Company;
 - (2) two percent of net worth, as per the last audited financial statement of the Company, except in case the arithmetic value of the net worth is negative;
 - (3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited financial statement of the Company;
3. In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the Board of Directors of the Company, the event or information is considered material:

Disclosures of Events or Information

- a) Events or information as specified in **Annexure A (Para A of Part A of Schedule III)** are deemed to be material events and the Company shall make disclosure of such events or information to the stock exchange.
- b) On application of the materiality criteria for the events or information as specified in **Annexure B (Para B of Part A of Schedule III)**, such events or information shall be also disclosed to the stock exchange.
- c) Any event or information which is not mentioned in Annexure A or Annexure B or are below the materiality criteria 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.

Timelines for disclosure of material events or information

The Company shall first disclose to the stock exchange all events or information which are material in terms of the provisions of this regulation as soon as reasonably possible and in any case not later than the following:

- (i) thirty minutes from the closure of the meeting of the Board of Directors in which the decision pertaining to the event or information has been taken;
- (ii) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
- (iii) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company;

Provided that disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines. In order to bring clarity to the above timelines for disclosure of material events or information, SEBI vide SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 or any other Circular, as may be amended from time to time, has come out with timelines for each event or information.

Provided further that in case the disclosure is made after the timelines specified under this regulation, the Company shall, along with such disclosure provide the explanation for the delay.

Details to be provided while disclosing material events or information

SEBI vide SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 or any other Circular, as may be amended from time to time, has come out with details to be provided for each material event or information, as may be amended from time to time.

Guidance on when an Event / Information can be said to have occurred for disclosures under Regulation 30 of the Regulations

1. The Company may be confronted with the question as to when an event/information can be said to have occurred for making disclosures under regulation 30 read with Schedule III of the Regulations.
2. In certain instances, the answer to above question would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc., the answer to the above question would depend upon the timing when the Company became aware of the event/information.
 - 2.1. In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval.
 - 2.2. In the latter, the events/information can be said to have occurred when a Company becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

Here, the term 'officer' shall have the same meaning as defined under the Companies Act, 2013 and shall also include promoter of the Company.

Authority to determine materiality of an event or information

The Managing Director, Whole-Time Director & Chief Financial Officer and Company Secretary & Compliance Officer (hereinafter referred to as 'Key Managerial Personnel') jointly 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. However, the policy shall assist the relevant

employee of the Company in identifying any potential material event or information and reporting the same to the authorized Key Managerial Personnel in terms sub-regulation (5) of Regulation 30 for determining the materiality of the said event or information and for making the necessary disclosures to the stock exchange.

The contact details of Managing Director, Whole-Time Director & Chief Financial Officer and Company Secretary & Compliance Officer 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

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 or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the Company, sale of stake in associate company 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. New Rating(s) or 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.
- 5A Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company

or impose any restriction or create any liability upon the Company, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements:

Provided that such agreements entered into by the Company in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or they are required to be disclosed in terms of any other provisions of these regulations.

6. Fraud or Defaults by a Company, its Promoter, Director, Key Managerial Personnel, Senior Management or subsidiary or arrest of Key Managerial Personnel, Senior Management, Promoter or Director of the Company, whether occurred within India or abroad.
7. Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Senior Management, Auditor and Compliance Officer.
- 7A. In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Company to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.
- 7B. Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the Company, within seven days from the date of resignation, the mandated disclosures shall be made to the stock exchanges by the Company.
- 7C. In case of resignation of Key Managerial Personnel, Senior Management, Compliance Officer or Director other than an Independent Director; the letter of resignation along with detailed reasons for the resignation as given by the Key Managerial Personnel, Senior Management, Compliance Officer or Director shall be disclosed to the stock exchanges by the Company within seven days from the date that such resignation comes into effect.
- 7D) In case the Managing Director or Chief Executive Officer of the Company was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).
8. Appointment or discontinuation of share transfer agent.
9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the mandated details.
10. One time settlement with a bank.

11. 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. a) Schedule of Analyst or institutional investors meet at least two working days in advance (excluding the date of intimation and the date of meet) and presentations made by the Company to analysts or institutional investors.
b) Audio or video recordings and transcripts of post earnings/ quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner.
 - (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
 - (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls
16. Initiation of Forensic audit (by whatever name called)- The mandatory disclosures shall be made to stock exchange by the Company.
17. Announcement or communication through Social Media Intermediaries or Mainstream Media by Directors, Promoters, Key Managerial Personnel or Senior Management of the Company, in relation to any event or information which is material for the Company in terms of the Regulation and is not already made available in the public domain by the Company
18. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its Directors, Key Managerial Personnel, Senior Management, Promoter, in relation to the Company, in respect of the following:
 - (a) search or seizure; or
 - (b) re-opening of accounts under section 130 of the Companies Act, 2013; or
 - (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the mandated details pertaining to the actions(s) initiated, taken or orders passed.
19. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its Directors, Key Managerial Personnel, Senior Management, Promoter or subsidiary, in relation to the Company, in respect of the following:
 - (a) suspension;
 - (b) imposition of fine or penalty;

- (c) settlement of proceedings;
 - (d) debarment;
 - (e) disqualification;
 - (f) closure of operations;
 - (g) sanctions imposed;
 - (h) warning or caution; or
 - (i) any other similar action(s) by whatever name called;
along with the mandated details pertaining to the actions(s) initiated, taken or orders passed.
20. Voluntary revision of financial statements or the report of the Board of Directors of the Company under section 131 of the Companies Act, 2013.

Annexure B

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. Any of the following events pertaining to the Company
 - (a) arrangements for strategic, technical, manufacturing, or marketing tie-up or
 - (b) adoption of new lines of business or
 - (c) closure of operations of any unit/division (in 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) 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. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
9. Fraud or defaults by employees of the Company which has or may have an impact on the Company
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety by whatever name called for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority

C. 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.

D. Without prejudice to the generality of para (A), (B) and (C) above, the Company may make disclosures of event/information as specified by the Board from time to time.

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	Vice Chairman and Managing Director	Inspire BKC 7 th Floor
2.	Ms. Shilpa Joshi	Whole-Time Director and Chief Financial Officer	Bandra Kurla Complex Bandra (East)
3.	Mr. Nikhil Malpani	Company Secretary and Compliance Officer	Mumbai – 400 051 Phone: +91 22 50243000

This policy is amended by the Board of Directors on April 27, 2022. In view of SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023, the said policy is further amended by the Board of Directors at its meeting held on July 26, 2023.