

Notice

NOTICE is hereby given that the 67th Annual General Meeting of NOVARTIS INDIA LIMITED will be held at Hall of Culture, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018 on Thursday, July 23, 2015 at 11.30 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2015 and the Balance Sheet as on that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year ended March 31, 2015.
3. To appoint Mr Dinesh Charak (holding DIN 06827519) as Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint the Auditors and to fix their remuneration and in this regard pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, M/s Lovelock and Lewes, (Firm Registration No. 301056E), Chartered Accountants, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the 67th Annual General Meeting till the conclusion of the 68th Annual General Meeting of the Company, at a remuneration to be decided by the Audit Committee of the Board of Directors and reimbursement of travelling and out of pocket expenses incurred by the Auditors for the purpose of audit.”

Special Business

5. To consider and if thought fit, to pass with or without modification(s) if any, the following as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 190, 196, 197 and 203 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act, consent of the members be and is hereby accorded to the re-appointment of Mr Ranjit Shahani (holding DIN 00103845) as Vice Chairman & Managing Director of the Company for a period of 5 years commencing from November 1, 2015, on the terms and conditions of appointment and remuneration as follows:

Overall Remuneration

The remuneration payable to Mr Ranjit Shahani, in any financial year, shall not exceed five (5) per cent of the net profits of the Company and the overall remuneration payable to all Executive Directors including the Whole Time Director, in any financial year, shall not exceed ten (10) per cent of the net profits of the Company. In any financial year, during the tenure of Mr Shahani, if the Company has no profits or its profits are inadequate, then Mr Shahani will be paid in accordance with the provisions of Schedule V of the Act.

Within the aforesaid ceiling, the remuneration payable to Mr Ranjit Shahani shall be as follows:

Salary (including perquisites)

₹ 11,380,000/- (Rupees eleven million three hundred and eighty thousand only) per annum with annual or mid-term increments as approved by the Board/Committee of the Board within a limit so that the total remuneration is within five (5) per cent of the net profits of the Company.

Annual Performance Incentive

As may be decided by the Board/Committee of the Board, subject to a ceiling of one hundred (100) per cent of salary.

Other key conditions:

- a. The Company shall provide Mr Shahani rent free furnished accommodation along with benefits of gas, fuel, water, electricity and telephone/fax and maintenance of the Company's furnished accommodation.
 - b. Stock Linked Incentive Plans whether existing or declared by the parent company, Novartis AG as per Novartis Group policies and the cost thereof will be borne by the Company.
 - c. Two Company cars, with chauffeurs/reimbursement of salary for personal chauffeurs.
 - d. Reimbursement of medical expenses for himself and his family as per the Company's policy.
 - e. Leave as per the Company's policy, subject to maximum thirty (30) days leave each year with encashment of unavailed leave at the end of his tenure.
 - f. Group Personal Accident Insurance as per the Company's policy.
 - g. Club Membership as per the Company's policy.
 - h. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Company's policy.
 - i. Gratuity as per the Company's policy.
 - j. He will not be entitled to sitting fees for meetings of the Board/Committees of the Board attended by him.
 - k. The salary will be subject to all applicable provisions of the Income Tax Act, 1961.
 - l. The tenure will be subject to termination by six months' notice in writing on either side."
6. To consider and if thought fit, to pass with or without modification(s) if any, the following as an Ordinary Resolution:
- "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s N. I. Mehta and Co., Cost Accountants (Firm Registration No. 000023) appointed as Cost Auditors by the Board of Directors of the Company, be paid a remuneration of ₹ 275,000/- (Rupees two hundred and seventy five thousand only) for the financial year ending March 31, 2016.
- RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."
7. To consider and if thought fit, to pass with or without modification(s) if any, the following as a Special Resolution:
- "RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 ("the Act") and Clause 49(VII) of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the Audit Committee and the Board of Directors to authorize the management of the Company to enter into agreement(s) and transaction(s), as may be appropriate, with Novartis Pharma AG, Basel, Switzerland, a 'Related Party' as defined under Section 2(76) of the Act and Clause 49(VII) of the Listing Agreement, for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services or other obligations, if any, on such terms and conditions as may be mutually agreed upon between the Company and Novartis Pharma AG, for an amount not exceeding in aggregate ₹ 3,000 million (Rupees three thousand million only) in each financial year.
- RESOLVED FURTHER THAT consent of the members be and is accorded for ratification of the aforesaid related party transactions already entered into by the Company exceeding the threshold limits as specified in Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014 and which are material in nature in terms of Clause 49(VII) of the Listing Agreement.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”

By Order of the Board of Directors

GIRISH TEKCHANDANI
Company Secretary

Registered Office

Sandoz House, Shivsagar Estate
Dr Annie Besant Road, Worli
Mumbai 400 018

May 27, 2015

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“the Meeting”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER.

2. THE INSTRUMENT APPOINTING PROXY/PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

CORPORATE MEMBERS INTENDING TO SEND THEIR AUTHORIZED REPRESENTATIVE(S) TO ATTEND THE MEETING ARE REQUESTED TO SEND TO THE COMPANY A DULY CERTIFIED BOARD RESOLUTION AUTHORIZING THEIR SAID REPRESENTATIVE(S) TO ATTEND AND VOTE ON THEIR BEHALF AT THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 AND HOLDING IN AGGREGATE NOT MORE THAN 10 PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN 10 PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

3. In compliance with the provisions of Section 108 of the Companies Act, 2013 (“the Act”) and Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendments thereof and Clause 35B of the Listing Agreement, the Company is providing its members with the facility for voting by electronic means and the business may be transacted through such voting. The Company also will be providing voting facility through polling paper at the Meeting and the members attending the Meeting who have not already cast their vote by remote e-voting may be able to exercise their voting right at the Meeting. Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again. Please refer to the instructions relating to voting through electronic means which are sent along with the Annual Report.

4. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books will remain closed on all days from Thursday, July 16, 2015 to Thursday, July 23, 2015, both days inclusive.

5. Payment of dividend for the year ended March 31, 2015 as recommended by the Board, if approved at the Meeting, will be payable on or after July 28, 2015 in respect of shares held in physical form to those members whose names appear in the Company’s Register of members as on July 16, 2015 and in respect of shares held in electronic form, to those who are “deemed members” whose names appear in the statement of beneficial owners furnished by National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) at the close of business hours on July 15, 2015.

6. Pursuant to the provision of Sections 205A and 205C of the Companies Act, 1956, dividends which remain unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend account are required to be transferred to the Investor Education and Protection Fund (“IEPF”) established by the Central Government.

Members who have not encashed the dividend warrant(s) for the financial year ended March 31, 2008 onwards are requested to make their claims directly to the Company or to M/s Sharepro Services (India) Private Limited, without any delay.

Due date for transfer of unclaimed dividend to IEPF

| Year | Dividend rate per share (₹) | Date of declaration | Due date for transfer to IEPF |
|---------|-----------------------------|---------------------|-------------------------------|
| 2007-08 | 10 | 16.07.2008 | 22.08.2015 |
| 2008-09 | 10 | 17.07.2009 | 23.08.2016 |
| 2009-10 | 10 | 30.07.2010 | 05.09.2017 |
| 2010-11 | 10 | 26.07.2011 | 01.09.2018 |
| 2011-12 | 10 | 25.07.2012 | 30.08.2019 |
| 2012-13 | 10 | 25.07.2013 | 30.08.2020 |
| 2013-14 | 10 | 25.07.2014 | 30.08.2021 |

7. Members/Proxies are requested to bring the attendance slip along with their copy of the Annual Report to the Meeting.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least seven days before the date of the Meeting, so that the information required may be made available at the Meeting.
9. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agents to facilitate better service:
 - i. Any change in their address
 - ii. Particulars of their bank accounts in case the same have not been sent earlier, for dividend payment through ECS mode and
 - iii. Share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of the names for consolidation of such holdings into one account.
10. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective Depositories, viz. NSDL and CDSL will be printed on the dividend warrants. Members are requested to inform the concerned Depository Participants of any change in address, dividend mandate, etc.
11. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to the Registrar and Transfer Agents of the Company, in the prescribed Form SH. 13 for this purpose.
12. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the Company's Registrar and Transfer Agents for receiving communication from the Company in electronic form.
13. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
14. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, additional information relating to the Director who retires by rotation and recommended for re-appointment at the Meeting is as follows:

Re-appointment of Mr Dinesh Charak (Item No. 3)

Mr Dinesh Charak has been on the Board of Directors of the Company from May 22, 2014 as Whole Time Director. Mr Charak aged 44 years, has a Bachelor's of Arts and a Bachelor's in Legislative Law from the National Law School of India, Bengaluru. He has over 19 years of legal experience in various corporate and legal consulting assignments. His previous assignments include Wipro GE Healthcare Private Limited, Biocon Limited, Manipal Group, Nokia India Private Limited and a law firm.

Mr Dinesh Charak does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related in any way to any other Director or Key Managerial Personnel ("KMP") of the Company.

He is member of the Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company. The number of Board/Committee meetings attended by Mr Charak during the financial year is disclosed in the Corporate Governance Report annexed to the Directors' Report.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Explanatory Statement

[Pursuant to Section 102(1) of the Act, the following Explanatory Statement sets out material facts relating to the business under Item Nos. 5, 6 and 7 of the accompanying Notice dated May 27, 2015 convening the 67th Annual General Meeting of the Company scheduled for July 23, 2015.]

Item No. 5

Mr Ranjit Shahani was appointed as Vice Chairman & Managing Director of the Company for a period of 5 years at the 62nd Annual General Meeting of the Company held on July 30, 2010. The appointment is valid up to October 31, 2015.

The Board of Directors of the Company at its meeting held on May 27, 2015, subject to the approval of the members of the Company, approved the re-appointment of Mr Ranjit Shahani as Vice Chairman & Managing Director of the Company for a period of 5 years commencing from November 1, 2015.

Mr Ranjit Shahani has been on the Board of Directors of the Company from November 1, 2002 and providing his strategic and general management expertise to the Company. Mr Shahani aged 65 years, is a mechanical engineer from IIT Kanpur and MBA from JBIMS, Mumbai. He started his career with ICI in India in their businesses of fibres and specialty chemicals. Later, he rose to the position of General Manager with ICI/Zeneca in the U.K., overseeing their Asia Pacific and LatAm operations for their petrochemicals and plastics division. This was followed by a period as CEO at Roche Products Limited after which he moved to Novartis India Limited in 1997. Mr Ranjit Shahani was President of the Organisation of Pharmaceuticals Producers of India till 2013 and is President of the Swiss Indian Chamber of Commerce India.

The remuneration proposed to be paid to Mr Ranjit Shahani is within the permissible limits specified by the Act and is commensurate with his responsibilities of heading a Company of this size with its diversified business operations.

The draft agreement between the Company and Mr Ranjit Shahani is open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and holidays, until the date of the Annual General Meeting or any adjournment thereof.

Mr Ranjit Shahani does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related to in any way with any other Director or KMP of the Company.

He is Director of Novartis Comprehensive Leprosy Care Association, Octopus Steel Private Limited, Organization of Pharmaceutical Producers of India and Swiss Indian Chamber of Commerce India. He is member of the Stakeholders Relationship Committee and Corporate Social Responsibility Committee of Novartis India Limited. The number of Board/Committee meetings attended by Mr Shahani during the financial year is disclosed in the Corporate Governance Report annexed to the Directors' Report.

An Ordinary Resolution in terms as set out in Item No. 5 of the accompanying Notice is placed before the members in the Meeting for approval.

Except Mr Ranjit Shahani, being an appointee, none of the Directors or KMP of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 6

The Board of Directors of the Company has appointed M/s N. I. Mehta and Co., Cost Accountants, as Cost Auditors of the Company to audit the accounts relating to drug formulations for the financial year ending March 31, 2016.

Remuneration payable to M/s N. I. Mehta and Co., Cost Auditors of the Company for the financial year ended March 31, 2016, was recommended by the Audit Committee to the Board of Directors and subsequently, was considered and approved by the Board of Directors at its meeting held on May 27, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

None of the Directors or KMP of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution.

Item No. 7

The Company is inter-alia, engaged in the business of marketing and distribution of pharmaceutical products. The Company in the ordinary course of its business, imports various products and services from Novartis Pharma AG, Basel, Switzerland, who is a 'Related Party' within the meaning of Section 2(76) of the Act and Clause 49(VII) of the Listing Agreement.

Current and future transactions for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations from Novartis Pharma AG are/will be deemed to be 'material' in nature as defined in Clause 49(VII) of the Listing Agreement as they may exceed 10% of the annual turnover of the Company consequent on future business projections. Thus, in terms of Clause 49(VII)(E) of the Listing Agreement, these transactions would require the approval of the members by way of a Special Resolution.

The particulars of the contracts/arrangements/transactions are as under:

| | |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Name of the Related Party | Novartis Pharma AG, Basel, Switzerland |
| Name of Director(s) or KMP who is/are related | None |
| Nature of Relationship | The Company and Novartis Pharma AG are subsidiaries of Novartis AG |
| Nature of contracts/arrangements/transactions | Purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations |
| Material terms of the contracts/arrangements/transactions | To be determined on an arm's length basis |
| Monetary Value | Up to ₹ 3,000 million in each financial year |
| Are the transactions in the ordinary course of business | Yes |
| Are the transactions on an arm's length basis | Yes |
| Whether the transactions would meet the arm's length standard in the opinion of the Company's Transfer Pricing Consultants | Yes |
| Whether the transactions have been approved by the Audit Committee and the Board of Directors of the Company | Yes |
| Any other information relevant or important for the members to make a decision on the proposed transactions | None |

The monetary value of the transactions proposed is estimated on the basis of the Company's current transactions and future business projections.

The Company has launched the internationally recognized brands of Novartis in India and receives technical support. In the absence of the related party agreement(s)/transaction(s) as explained above, these brands will not be available to the Company for sale in India. It is therefore, in the interest of the Company, to continue working with Novartis Pharma AG.

The Board, therefore, recommends the Special Resolution set out in Item No. 7 of the Notice for the approval of the members as per Clause 49(VII) of the Listing Agreement.

None of the Directors or KMP of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution.

By Order of the Board of Directors

GIRISH TEKCHANDANI
Company Secretary

Registered Office

Sandoz House, Shivsagar Estate
Dr Annie Besant Road, Worli
Mumbai 400 018

May 27, 2015