



NOVARTIS INDIA LIMITED
ANNUAL REPORT 2005 - 2006



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Board of Directors

Dr E. Schillinger	Chairman
R. Shahani	Vice Chairman & Managing Director
A. Mirchandani	Executive Finance Director
Dr J. Acebillo	[w.e.f. 20 th May 2005]
J. Hiremath	[w.e.f. 28 th January 2006]
S. D. Kulkarni	[till 27 th January 2006]
Dr R. Mehrotra	

Company Secretary &
Head Investor Relations
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E-mail hemang.maniar@novartis.com

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Shivsagar Estate
Dr Annie Besant Road
Worli, Mumbai 400 018

Registrar &
Transfer Agents
Sharepro Services (India) Private Limited
Satam Estate, 3rd Floor
Cardinal Gracias Road
Chakala, Andheri [East]
Mumbai 400 099
Telephone Nos. 2821 5168 / 2832 9828
2830 0262
E-mail prashantv@shareproservices.com
pallavit@shareproservices.com

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Executive Committee

K. N. Chandrasekaran	Generics
A. Matai	Pharmaceuticals
A. Mirchandani	Finance
Dr P. R. Rao	Animal Health
R. Shahani	Vice Chairman & Managing Director
U. Sinha	OTC

Members are requested to bring their copy of the Annual Report to the meeting. Members are also requested to direct all correspondence relating to shares to the Company's Registrar & Transfer Agents, Sharepro Services (India) Private Limited, at the address above.

ANNUAL GENERAL MEETING

11.00 am 28th July 2006

Y. B. Chavan Auditorium
Yashwantrao Chavan Pratishthan
Gen. Jagannath Bhosale Marg
Next to Sachivalaya Gymkhana
Mumbai 400 021

Dear Shareowner

I write to you with a sense of pride as I present to you the Annual Accounts for the year ended 31st March 2006. Novartis has successfully completed 10 years since the historic merger of Ciba and Sandoz. It has been an eventful decade with several large mergers and acquisitions changing the Pharmaceutical landscape. Coincidentally, I too complete 10 years with Novartis and this makes it doubly special for me.

It has been an exciting and challenging decade, both at Group level and for us here in India, but equally satisfying for the progress we have made during this period. On this momentous occasion let me share with you some glimpses of the difference the Pharmaceutical industry in general and Novartis in particular has made to the world of healthcare and wellness of society at large.

The Pharmaceutical industry has made great strides in fighting rare diseases with innovative Pharmaceutical products during the last decade when R&D focus was on infectious diseases and development of antibiotics. The focus has changed today with increase in life expectancy and a larger aging population. Our value proposition remains strong with improved quality of life leading to a positive economic impact. Novartis remains one of the few global Pharmaceutical companies that have also set up dedicated research for diseases of the developing world.

R&D costs have gone up significantly in the last ten years as scientists look to discover and develop superior and innovative therapies to meet unmet medical needs. Significant efforts continue to reduce NCE development times, which carry the promise of not only bringing new drugs more speedily to the patient who needs it most but also has the potential to reduce R&D costs.

In India, the domestic Pharmaceutical industry has made its mark felt in the generics area and has begun partnering with global companies in their quest to be more research-oriented as well as share risks and rewards associated with this activity. With the advent of the product patent law in 2005, the MNC Pharmaceutical companies will launch their latest research products. There is no doubt that these are early days yet, but the future is bright and filled with hope as India seeks its place in the global knowledge arena.

Pharmaceutical companies are also developing several drug delivery technologies to make therapies easier in terms of treatment and compliance. Novartis led the way with its breakthrough cancer drug Glivec® and equally the Glivec International Patient Assistance Program became the most generous and far-reaching access program that has benefited thousands of people, globally, suffering from chronic myeloid leukaemia and gastro intestinal stromal tumours. In India, Glivec has provided hope to more than 5,600 people and their families to continue living their lives productively.

Our financial success over the past ten years has encouraged us to support several corporate citizenship initiatives on a sustainable basis. The Golden Peacock award conferred on us for our innovative services to support elimination of leprosy as well as the Bombay Chamber of Commerce & Industry award for our work done in tuberculosis fills us with a sense of deep satisfaction in the work we continue to do for the alleviation of pain and suffering.

Our Annual Report this year focuses on the contribution we have made in the past ten years, be it a case of successful lifecycle management of our key brand Voveran® or by way of giving hope to patients who have been on our medicines for all these years and more or by giving back to the community through active employee involvement in our Community Partnership initiatives.

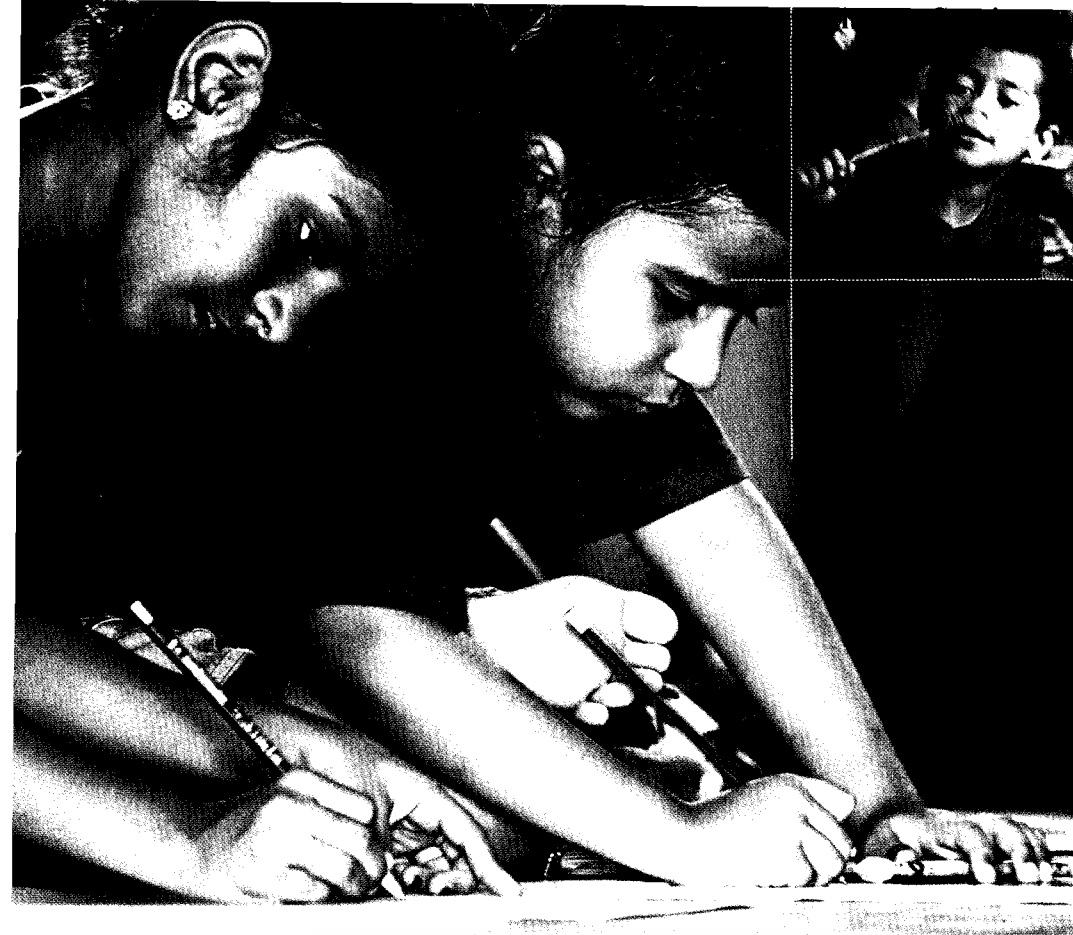
It is my sincere wish that with your support and that of our other stakeholders we are able to do more for the overall benefit of those suffering from disease.

I take this opportunity to say a personal word of thanks to each Novartis associate who has seen us through the difficult merger times to now and to all others who brought new ideas and initiatives to the organization, taking us to where we are today.

On behalf of the Board of Novartis India Limited, I specially take this opportunity to express our sincere gratitude to you our shareowners for the loyalty and confidence you have reposed in us year after year.

With best wishes

Ranjit Shahani



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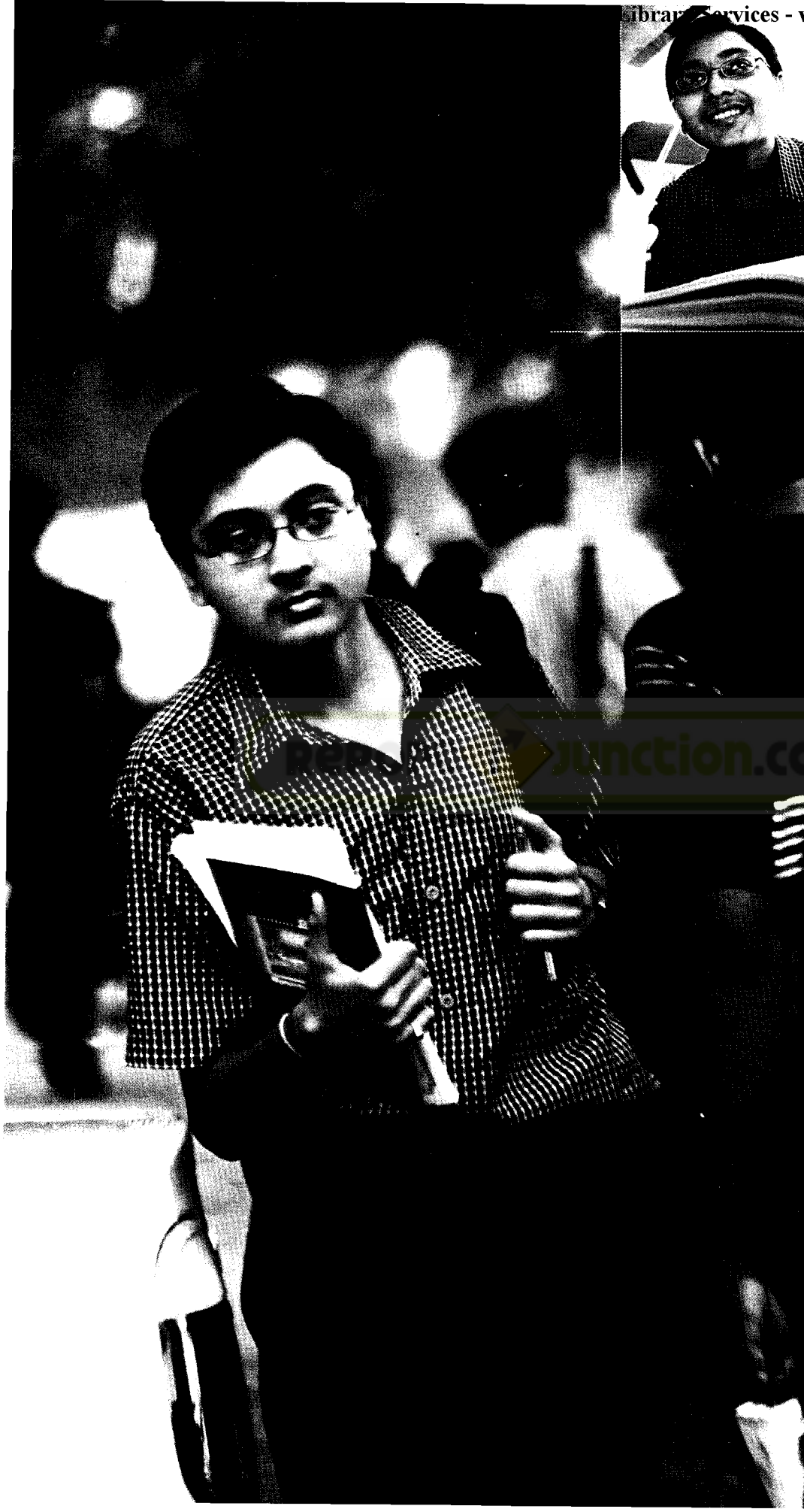
Life has been a roller-coaster ride for Dr Mushtaq Mardani. He has had innumerable illnesses and several surgeries over the past several years. He is doctor and patient rolled into one.

That is what makes him different. He understands pain better than most.

Novartis' immunosuppressant Sandimmun® Neoral® came into Dr Mardani's life exactly ten years ago when he underwent a kidney transplant due to a genetic problem.

The medicine helped him lead as normal a life as possible and he continues to practice in Mumbai. In spite of all the illnesses in his life, he feels the Almighty has been kind to him, having blessed him with a wonderful wife in Fatima, who donated her kidney and stood by him like the Rock of Gibraltar and his nephrologist Dr B.V. Gandhi who has been the guiding spirit in his life.





A chess enthusiast and a television buff with the channel always tuned into sports, young Nimesh Shah leads an active life thanks to Desferal®. He was just four-and-a-half months old when he was diagnosed as being thalassaemic. That motivated his parents to learn all there is to know of the illness and treat him as they did their other child who is absolutely normal. Nimesh has the exuberance of youth and is very philosophical about life. Having to take two injections a day does not bother him and he looks forward to making the most of what life has to offer. Nimesh is 19 today and pursuing a degree in Computer Engineering. He hopes to go on to do his MBA.

Voveran®

Diclofenac sodium

Voveran Today...The Leading Brand

- Launched in the year 1986
- No.1 brand of India amongst > 500 NSAID brands in the market
- Commands 43.7% market share in the molecule (Diclofenac) market (MAT March '06)

History

Voveran® 50

Diclofenac sodium

1986... Indian market witnessed the launch of Voveran 50 mg

- Original research molecule of Ciba-Geigy
- Potent anti-inflammatory, analgesic and anti-pyretic effects
- Demonstrated high degree of efficacy and excellent tolerability in the management of pain
- Established itself as a first-line NSAID with both therapeutic efficacy and safety

Voveran® Inj

Diclofenac Sodium 75 mg/3 ml

1987... Voveran forays in the acute pain management area with Voveran Injection strengthening Voveran 50 equity

- Voveran Injection, a breakthrough formulation of Diclofenac
- Promise of rapid pain relief
- Non-narcotic analgesic

Voveran® SR 100

(Diclofenac Sodium (sustained release))

1989... Witnessed the launch of Voveran SR 100 mg for long-term maintenance therapy

- Revolution in pain management – unique launch of once daily formulation of Diclofenac
- Acts at the site of inflammation and provides pain relief

Disclaimer: The above information is a brief overview of our Voveran range. It is not meant to replace a doctor's advice or instructions. All medication must be taken only under the prescription/supervision of a qualified medical practitioner.



1992... Witnessed the launch of Voveran Emulgel, maximizing presence in the acute pain management segment

- Pioneers in the topical anti-rheumatics non-steroidal anti-inflammatory agents



1995... Novel dispersible formulation of Diclofenac to strengthen position in acute pain management

- Promotion in acute painful conditions
- Delicious drinkable orange flavoured formulation



1998... Witnessed the launch of Voveran SR 75 mg

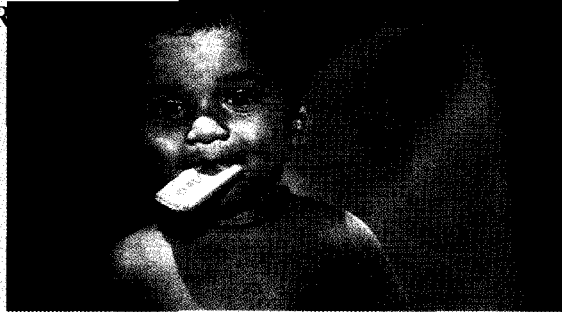
- Strengthening our position in the chronic pain segment
- First mover advantage of launching a formulation which had twice a day dosage compared to conventional thrice a day formulations



2003... Witnessed the launch of Voveran Thermagel

- Further consolidates our significant presence in Topicals
- Leverage consumer perception of “warm” formulations generally perceived to have a soothing effect
- Unique India initiative to launch a differentiated combination of Diclofenac topical gel

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It has been ten years since Community Partnership Day was first started to commemorate global approval of the merger by shareowners. Over these ten years, it has become close to a movement within the organization.

