



NOVARTIS INDIA LIMITED

ANNUAL REPORT 2003-2004

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Board of Directors

Dr E. Schillinger	Chairman
R. Shahani	Vice Chairman & Managing Director
A. Mirchandani	Executive Finance Director
S. D. Kulkarni	
Dr R. Mehrotra	
A. Pyrathon	
U. Tanner	[upto 31 st December 2003]

**Company Secretary &
Head Investor Relations**

H. K. Maniar

Telephone No. 2498 8888 ext. 4802/4040

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Dr Annie Besant Road
Worli, Mumbai 400 018Works Plot No. L-1
Additional Phase
MIDC Industrial Area
Mahad, District - Raigad
Maharashtra 402 301**Executive Committee**

S. G. Advani	Generics
R. Kumar	OTC
A. Matai	Pharmaceuticals
A. Mirchandani	Finance
Dr P. R. Rao	Animal Health
R. Shahani	Vice Chairman & Managing Director

Registrar &
Transfer Agents Sharepro Services
Satam Estate, 3rd Floor
Cardinal Gracias Road
Chakala, Andheri [East]
Mumbai 400 099Telephone Nos. 2821 5168 / 2832 9828
2830 0262

E-mail sharepro@vsnl.com

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, at the above address.

ANNUAL GENERAL MEETING11:00a.m., 23rd JULY 2004

Y. B. Chavan Auditorium

Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg

Next to Sachivalaya Gymkhana, Mumbai 400 021

Dear Shareowner

It gives me great pleasure to present you with the Annual Accounts for the year ended 31st March 2004 and share with you a few thoughts on the Healthcare scenario in India, the Pharmaceutical industry and Novartis India's performance.

A major challenge facing our country today is the low level of investments in Healthcare. India spends just 1 per cent of her GDP on Healthcare. The developed world spends a healthy 7 to 8 per cent. Many developing countries spend around 4 to 5 per cent. A recent announcement by the Government of a proposed increase in Healthcare spend to around 2 to 3 per cent of GDP is indeed welcome.

The cost of medicines in India is among the lowest in the world. Despite this, two thirds of India's population have no access to medicine, doctors and healthcare centres.

In spite of all these challenges, the Pharmaceutical industry in India is favourably poised to be an important player globally. With a vast knowledge pool, expertise in process chemistry and proven leadership in the field of IT, India has all the ingredients necessary to become a force to reckon with in the pharmaceutical field. Speedy introduction of internationally accepted Intellectual Property Rights together with effective implementation mechanisms by 1st January 2005 will increasingly attract investments by global pharmaceutical companies.

I firmly believe an environment that encourages innovation will result in more opportunities for contract research and collaborations, product discovery and development, networking with universities and a surge in bioinformatics.

I am proud to inform you that our Company became the first pharmaceutical company in India to be granted exclusive marketing rights (EMR) for its breakthrough product Glivec[®] used in the treatment of chronic myeloid leukaemia (CML) and gastrointestinal stromal tumours (GIST). The Government has since also granted an EMR to an Indian pharmaceutical company. By granting EMRs to companies in India, the authorities have shown their commitment to stand by international agreements. This augurs well for companies with a research focus.

Though the EMR granted to us has been challenged in court, we are confident that the stay granted will be upheld and Novartis' research efforts will be recognized. One of the reasons cited for opposing the grant of the EMR for Glivec is its price, disregarding the fact that it is an original research product.

In fact, much before the grant of the EMR in India, Dr Daniel Vasella, Chairman & CEO, Novartis International AG, had instituted the Glivec International Patient Assistance Program (GIPAP). Under this program patients who cannot afford the drug and meet specific medical criteria receive the drug totally free of charge. This program has since benefited a significant number of patients from all walks of life in different parts of the world.

A large number of patients on GIPAP are from India. This Annual Report narrates how Glivec and GIPAP have dramatically impacted the lives of five of these patients and their families.

We are all proud to be associated with a Company that is not only in the business of "caring and curing" but is also part of a Group that has been in the forefront of many areas of corporate social responsibility. The active involvement of employees at all levels in Community Partnership Day programs enables us to touch the lives of many who are less privileged than us.

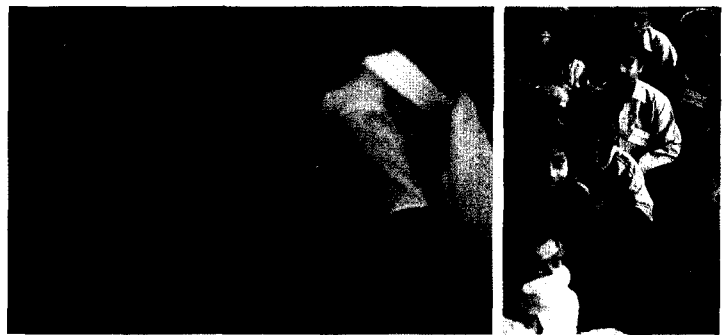
Novartis' major social initiatives worldwide in addition to GIPAP include:

- Providing drugs free of charge to World Health Organisation (WHO) for the treatment of leprosy patients;
- Committing to supply medicines for treatment of 500,000 tuberculosis patients over the next 5 years free of charge;
- Providing Coartem[®], the new malaria drug, to WHO at cost.

In a pioneering move, Novartis has also set up an Institute for Tropical Diseases in Singapore for research in Malaria, Tuberculosis and Dengue Fever, diseases which are prevalent in our part of the world.

I am also happy to report that our Company was awarded the first prize for Corporate Social Responsibility in the mid-size company category in February this year by The Energy and Resources Institute (TERI) in recognition of its active commitment to Corporate Citizenship in India. The TERI award was presented by Vijay Kelkar, advisor to the Union Finance Minister. TERI is a highly regarded regional think-tank.

Corporate Citizenship is a way of life at Novartis. It is the way we want to do business and such recognition comes as strong encouragement. We will continue our endeavours to better the quality of human life and look forward to your continued support.



With best wishes

Ranjit Shahani

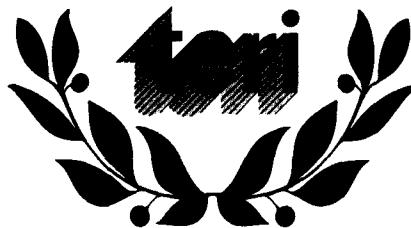
TERI
Corporate Social Responsibility Awards
2002/03

FIRST PRIZE

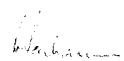
Presented to

Novartis India Ltd

in recognition of corporate leadership for good corporate citizenship
and sustainable initiatives amongst corporates
with turnovers between 100 crore and 500 crore rupees



4 February 2004


(R K Pachauri)
Director-General
The Energy and Resources Institute

Forward Thinking Means Giving Back

Glivec® International Patient Assistance Program (GIPAP)

The Novartis Group instituted the Glivec International Patient Assistance Program (GIPAP) for those qualified patients who are not insured or reimbursed and have no other financial recourse. It provides Glivec, a cancer therapy for treatment of chronic myeloid leukaemia (CML) and gastrointestinal stromal tumours (GIST), at no charge to these patients.

Leukaemia is a type of cancer of the blood and the bone marrow. CML is one type of leukaemia. It is a slowly progressing cancer that makes the body produce too many cancerous myeloid white blood cells. There are three phases of CML: the chronic phase, the accelerated phase, and the blast crisis phase. As patients move through these phases, their disease progresses, and they experience more physical symptoms.

GIST is a rare cancer of the gastrointestinal (GI) tract. Most GISTs develop in the stomach or in the small intestine, and a small percentage develop elsewhere in the GI tract. It is difficult to diagnose and to treat because it "hides" in the abdomen, and often does not cause any physical symptoms.

GIPAP is one of the most generous and far-reaching international patient assistance programs ever developed for a breakthrough cancer therapy. The Max Foundation administers this program through a grant by Novartis. The estimated prevalence of CML in India is around 15,000 with an estimated 5,000 new cases added every year. There are no estimates available for GIST. India currently has around 1,800 patients on GIPAP.

Ashish Poddar



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*Ask what made her take
such a brave decision and Ashish responds,
"Ask her. I don't know how she had the guts
to marry me." To which Pratibha smiles.*

The diagnosis of the doctors stating that he was in the accelerated phase of chronic myeloid leukaemia (CML) took the family by shock but they soon recovered and rallied round the young Ashish. They never allowed him to feel depressed. Just kept encouraging him to lead as normal a life as possible.



Normal life for this young man, who lives in a joint family, begins on the phone at around 4:30 in the morning. He deals in exotic flowers at the Dadar wholesale market in Mumbai and that is a busy period for flower dealers. A short nap in the afternoon and he is ready to get involved in the family's catering business where the hours are long and he is often up till 1:00 a.m. the next day.

He had been put on various drugs in several combinations before he read of the STI571 (now Glivec) trials and went to New York where he tried unsuccessfully to get enrolled. He returned to India only to be called back to New York two months later with no guarantee that he would get onto the trials. He decided instead to wait till Glivec got registered and in 2001 started therapy with Glivec.

The financial strain began to tell on the family and when Ashish heard about GIPAP, he contacted Novartis who put him in touch with The Max Foundation, the supervising body for GIPAP. In 2002 he was enrolled as a GIPAP patient. Since starting with Glivec his spleen that had enlarged to 32 cms is back to normal. Though he has gained a lot of weight he feels very healthy.

While Ashish's cytogenetic reports have not been normal, his counts have come back to normal and he feels physically active. In his words, "Glivec has worked wonders for me. I was expecting great results with Glivec and am happy to say that I was not disappointed. Yes, I now have a lot of good days and am grateful for this."

"Glivec has worked wonders for me. I was expecting great results with Glivec and am happy to say that I was not disappointed. Yes, I now have a lot of good days and am grateful for this."

As he sits and talks about CML and how it affected his life, his little niece and nephew perch themselves onto his lap. They seem blissfully unaware of what CML or Glivec are and of how the disease and the drug have impacted their uncle's life and the lives of all in their household.

Ashish got married to Pratibha in 2001. Ask what made her take such a brave decision and Ashish responds, "Ask her. I don't know how she had the guts to marry me." To which Pratibha smiles and looks at Ashish.

