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NOVARTIS

NOVARTIS INDIA LIMITED

ANNUAL REPORT 2004 - 2005

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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]
S. D. Kulkarni	
Dr R. Mehrotra	
A. Pyrathon	[up to 27 th January 2005]

Executive Committee

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

Company Secretary & Head Investor Relations H. K. Maniar

Telephone No. 2498 8888 Ext. 4802 / 4040

E-mail hemang.maniar@novartis.com

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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 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 (India) Private Limited, at the address above.

ANNUAL GENERAL MEETING

11:00 am 29th July 2005

Y. B. Chavan Auditorium

Yashwantrao Chavan Pratishthan

Gen. Jagannath Bhosale Marg

Next to Sachivalaya Gymkhana, Mumbai 400 021



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10th June 2005**Dear Shareowner**

I am pleased to present the Annual Accounts for the year ended 31st March 2005 and share with you some thoughts on the current scenario in the Pharmaceutical industry in India and the work that Novartis is doing to offer new life and hope to many people in our country.

During the year major factors that impacted industry and company performance were:

- Slowdown of growth in the Pharma market
- Introduction of MRP based excise duty
- Implementation of VAT from 1st April 2005, which led to severe destocking by trade on concerns that they would be negatively impacted by holding stocks

Although these factors negatively impacted the Pharmaceutical industry during the year under review, there is a positive development in the enactment of the product patent law. Despite some areas of concern in the legislation which need to be addressed, the product patent law will encourage innovation and development of new products which is the key to growth in our industry. In India we have the opportunity to make a significant breakthrough in healthcare development in the coming years with investment in public health poised to increase from the current 1% of GDP to 2 to 3% of GDP. We have high expectations that these goals will be achieved with the collaboration of all stakeholders.

The Pharmaceutical industry looks forward to:

- A fully TRIPS compliant IPR regime
- Encouragement for investments in R&D
- Regulatory reforms
- Rational price control
- Deterrent legislation against manufacturers of counterfeit drugs
- Reduction in import tariffs on life saving and other essential drugs
- Flexible labour laws

We are very aware of the role our industry plays in fulfilling the expectations of society. Our justification and purpose for existence is derived from the nature of the products that we discover, manufacture and sell. These products are designed to prevent or cure disease, limit its course or at least alleviate human suffering and improve patients' quality of life. However, many people across the world cannot afford these products and therefore Novartis has introduced 'access to medicines' programs in partnership with international organisations such as WHO and NGOs for patients suffering from Leprosy, Tuberculosis, Chronic Myeloid Leukaemia and Malaria.

Novartis' philosophy is to reach out and make a difference wherever possible. As a company we encourage our associates to give of their time and efforts to reach out to those less fortunate than us. Each year in April, Novartis globally commemorates its formation by dedicating a full working day for community service. In India, we have taken this further by dedicating a week for this purpose.

Our Annual Report this year focuses on some of the work done by our associates during Novartis Community Partnership Week. We hope you feel as proud as we are to be associated with a company that believes in contributing to the communities in which it works.

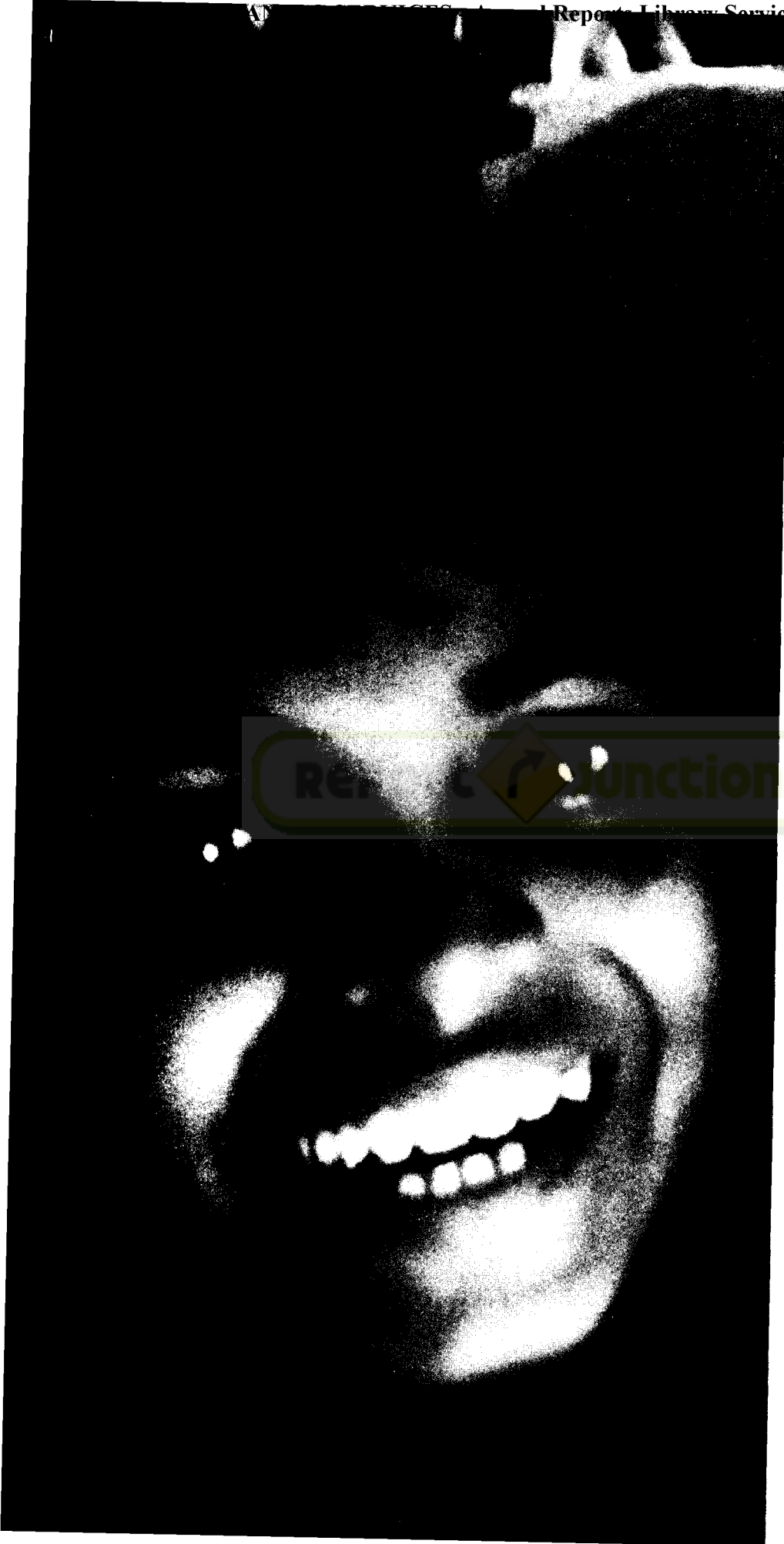
At Novartis it is our intention and goal to create a climate of continuous and relentless innovation amongst all associates and across all business segments. Competitive challenge can only be met by flawless execution – done with speed, excellence and precision.

I take this opportunity to express my sincere thanks to all our associates who continue to contribute to the success of Novartis.

To you, our shareowners, I wish to express my gratitude for your loyalty and confidence.

With best wishes

Ranjit Shahani



Bringing New Hope to Life

Close your eyes and Imagine witnessing a sunset on the horizons of Antarctica,

Plug your ears and Imagine K.L. Saigal singing to the tune of A. R. Rehman,

Shut your mouth and Imagine introducing yourself as "Bond. James Bond."

Now Imagine those who do not even have the CHANCE of Imagining the above,

Imagine yourself not having to tuck in your shirt for you have none,

Imagine yourself not having to wash your mouth as you haven't had a morsel,

Imagine yourself not having received this mail for you can't read,

Now Imagine those who NEED NOT imagine the above for they experience it day to day.

This Novartis Community Partnership Week, let's not leave it to Imagination.

Participate. In kind. In money. In person.

~ Dinshaw Karanjia, Novartis associate

This poetic appeal went out to Novartis associates earlier this year,
exhorting them to go out and serve the community.



Novartis Community Partnership Day is a worldwide initiative aimed at helping local communities in useful, practical ways, in social or environmental projects. It usually takes place around 23rd April, the date of the Ciba-Sandoz merger that marked the creation of Novartis. The first Community Partnership Day took place in April 1997.

Community Partnership Day gives Novartis associates a unique opportunity to learn more about their community and to help local non-profit organisations. More importantly, it is extremely uplifting for the people who take part, as well as for the community. The occasion often translates into a long-term relationship with community partners and a chance to make a difference. As with the several Novartis products, in many ways it is bringing NEW HOPE to LIFE.

Novartis in India has taken this initiative a step further and extended the days beyond the customary one day for this purpose. This year, hundreds of Novartis associates all over the country went out to serve the causes they believed in. Using their wide range of professional skills, they have helped release new talents and fresh energies within some of these non-profit organisations.

Activities included visits to the Helen Keller Institute for the Deaf and Deafblind at Byculla, Mumbai; Sanjeevan Deep (Paraplegic Foundation) at Navi Mumbai; St. Anthony's Home for the Aged, Bandra; Shelter Don Bosco, Wadala; Sneha Sadan, Andheri; Vasti Shala, Katkariwadi, Mahad; Dyanvihar, Kalwe; tribals at Palghar; Children's ward at Tata Memorial Hospital, Parel; Akanksha centres at Bandra and Prabhadevi; T.B. Hospital, Sewri; among others. The list goes on and on. Entertainment programs and lunch/snacks were organised for the old and not so old and for the young children too. Towels, bedsheets, sarees, bathing soap, school kits, provisions were distributed depending on need.

Though most of the pictures here have been taken by the associates themselves with no access to professional cameras, they have succeeded in capturing some special moments and beautiful emotions.



How lucky we are to be born with all our senses. How lucky we are to have the gift of sight. To see the beauties of nature. To smell the roses. To hear the voice of a loved one. What a dark world it must be for those who do not have these gifts.

Believe, when you are most unhappy, that there is something for you to do in the world. So long as you can sweeten another's pain, life is not in vain.

~ Helen Keller