



NOVARTIS INDIA LIMITED
ANNUAL REPORT 2017-18





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BOARD OF DIRECTORS

Christopher Snook	Chairman
Milan Paleja	Vice Chairman & Managing Director (effective June 1, 2018)
Monaz Noble	Whole Time Director & Chief Financial Officer
Jai Hiremath	Director
Rajendra Nath Mehrotra	Director
Sandra Martyres	Director

Trivikram Guda	Company Secretary & Compliance Officer
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CIN	L24200MH1947PLC006104
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Website	www.novartis.in

Registrar and Transfer Agents	Link Intime India Private Limited C-101, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai 400 083
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Annual General Meeting

11.30 a.m. Friday, July 27, 2018

Hall of Culture

Nehru Centre

Dr. Annie Besant Road

Worli, Mumbai 400 018

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 and Transfer Agents, Link Intime India Private Limited, at the address above.



The Novartis India Limited Board

From left: Milan Paleja, Sandra Martyres, Rajendra Nath Mehrotra, Jai Hiremath, Monaz Noble, Christopher Snook

Dear Shareholder,

The history of our Company is closely linked to the history of India. We have completed 70 years of operating in the country in various business constructs and continue to be committed partners in India's growth story. Through all of this, our commitment to the patient community remains unwavering.

Novartis works with the patient community around the world to discover new ways to improve and extend people's lives. Our significant investment in research and development underpins our commitment to using science-based innovation to address some of society's most challenging healthcare issues. Only by working together can we improve outcomes for patients and change the practice of medicine.

As a global company we are committed to implementing access strategies for all our new medicines based on three principles: addressing the needs of underserved populations through research and development; further improving affordability of our medicines; and strengthening healthcare systems. We are also committed to continuing to provide tailored and scalable access solutions, including patient assistance programs, equitable commercial models, social business models, zero-profit models and drug donations. We are committed to grow our business responsibly while always keeping patients at the centre of everything we do. In fact, we go beyond business through the various CSR initiatives we have, thus contributing to society.

Access to healthcare continues to be high on our agenda, together with meeting unmet medical needs of patients in India. We are extremely aware of our responsibility to provide affordable medicines, particularly to the rural poor. Under the umbrella of our social business Arogya Parivar, which completed 10 years since it started as a pilot in two districts, we have conducted close to 150,000 health education meetings in the previous financial year. During the same period, 398,618 people participated in 9,232 health camps held in 11 states. Arogya Parivar continues to evaluate newer models for health-care delivery to underserved people, including leveraging digital technology to broaden reach.

In the following pages of this annual report, our newly appointed Vice Chairman & Managing Director Milan Paleja describes in some detail how our Company addresses access challenges in India. With his appointment the Board of Directors and I are confident that our Company is in good hands. He returns to India with rich multi-country experience which will be to the long-term benefit of the Company.

I thank you for continuing to place your trust and confidence in our Company and look forward to your continued support in the years ahead. On behalf of the Board of Directors, I am pleased to propose a dividend of ₹10 per equity share of ₹5 at the forthcoming Annual General Meeting.

Sincerely,
Christopher Snook
Chairman





Dear Shareholder,

At the outset I would like to thank you for the trust you have reposed in our Company over the years. This is my first communication to you in the capacity of Vice Chairman & Managing Director of Novartis India Limited. I am happy to return to India after a span of 15 years, during which time I gained rich experience serving in various leadership positions across the Novartis world. Maximising patient access is foremost on my mind and together with my leadership team I look forward to driving access to our medicines for a larger patient population.

It is our intent to work together with various stakeholders for the larger benefit of the patient. We would like to begin by exploring partnerships with the government for Ayushman Bharat through the National Health Protection Scheme (NHPS), announced as part of the annual budgetary exercise of the government in February 2018. NHPS is government-sponsored insurance, which aims to cover around 40% of India's population at roughly 500 million people. While this has been positioned to be a game-changer for healthcare in the country, we hope that NHPS will eventually extend to domiciliary out-patient expenses in addition to hospitalization charges, which is currently a limitation.

In addition to government, we would also like to extend our partnership to patient organizations and healthcare providers, to introduce digitization of

health registries in the country beginning with renal failure. For it is only when you know how big the enemy is, in this case disease, that you will be able to fight it.

Our annual report this year focuses on three disease areas: renal disease, thalassemia and chronic myeloid leukemia (CML), and how through our medicines we have made a difference in the lives of these patients.

The Global Burden of Disease (GBD) study 2015 ranked chronic kidney disease as the eighth leading cause of death in India with diabetes being the largest contributor to renal failure deaths. According to *The Lancet*, the analysis of dialysis facilities and transplant numbers in India are impacted by the poor quality of source data. The lack of dialysis and transplant registries do not allow a more accurate estimate of the kidney disease burden in the country. A vast proportion of kidney failure patients in the developing world, including India, says *The Lancet*, die without receiving renal replacement therapy.

A paper published by the *Pediatric Hematology Oncology Journal* stated that β thalassemias and sickle cell disorders pose a significant health burden in India. There are between 35 to 45 million carriers in India, which is a huge number by any standard. Estimates suggest that there would be around 100,000 patients with β thalassemia syndrome. Once again, it is the absence of a national registry of thalassemia patients that makes it difficult to know the exact numbers. According to the article, there

I am optimistic that with increased focus, innovative lifecycle management of our existing product portfolio, better disease awareness and greater engagement with key external stakeholders, we can endeavour to put our Company back to growth

is a need for more intensive education and awareness programs focused on the disease. Intense education on thalassemia from the secondary school level together with education of health professionals has been responsible for the success of prevention programs in the Mediterranean region. We need to learn from others.

Lack of registries for various diseases seems to be a recurring refrain in India. For CML too lack of reliable data is an issue. In 2016, the *Journal of Global Oncology* carried an article that mentioned that the annual incidence of CML in India was originally reported to be 0.8 to 2.2 per 100,000 population. However, these estimates may not represent the true incidence because most of the data from population-based registries in the country report myeloid leukemia as a single entity without separating the acute and chronic forms.

Coming to the performance of our Company, the ongoing challenges outside of our control continue to negatively impact business performance. The Company's Revenue from Operations for FY 2017-

18 was lower by 14.1% compared to the previous year as business was impacted by the GST (goods and services tax) roll-out, inclusion of more products under the National List of Essential Medicines, continued price control under DPCO and stiff competition. Profit for FY 2017-18 was significantly higher at ₹783.6 million as against ₹572.2 million in the previous corresponding period. This was mainly due to a substantial interest on tax refund that was received for a prior period. I am happy to share that the Board has recommended dividend at 200% for FY 2017-18, subject to your approval.

Thank you once again for your trust, your continued loyalty and your support. I am optimistic that with increased focus, innovative lifecycle management of our existing product portfolio, better disease awareness and greater engagement with key external stakeholders, we can endeavor to put our Company back to growth.

Sincerely,

Milan Paleja
Vice Chairman & Managing Director





Maximising patient access

On April 7, 2018, when the World Health Organisation marked its 70th anniversary with World Health Day, it highlighted an issue that has gained immense importance in the modern world. The theme – ‘Universal Health Coverage: everyone, everywhere’ – shone the spotlight on the need for a global community where everyone, everywhere can access essential quality healthcare and services without facing financial hardship.

For Novartis, this has always been a key agenda. Its core business involves the discovery, development and marketing of innovative treatments, and through this, the Company has helped prevent and treat diseases, ease suffering and improve quality of life for people worldwide. Novartis also has a broad range of access-to-medicine programmes that include social business initiatives, selling at cost, drug donations and patient assistance programmes. Its commitment to patients involves respecting and understanding the patient community perspective; expanding access to medicines; conducting responsible clinical trials and recognising the importance of transparency in reporting. Novartis’ commitment is to providing tailored and scalable access solutions.

WHAT DOES ACCESS MEAN?

For a patient to access treatment, three aspects are involved. These include physical accessibility, financial affordability and acceptability.

Physical accessibility How accessible is healthcare for most people in India? In rural areas, it could mean travelling for a day, losing precious daily wages. For 830 million men, women and children across India living in far-flung villages, the idea of accessible and affordable medicines is often as remote as their homes: an estimated 65% of India’s population does not have access to healthcare.

Physical accessibility refers to the availability of healthcare within reach of people who need them. It also has to do with the timings of such facilities, how easy it is to book appointments and other service and delivery aspects. Novartis’ Arogya Parivar programme takes healthcare to rural India. Strong links with more than 32,000 doctors and new distribution networks help to make medicines available in 21,000 remote pharmacies.

Financial affordability Often, people stay away from medical care because it is simply too expensive. According to WHO, almost 100 million people are being pushed into extreme poverty, forced to survive on just \$1.90 or less a day, because they have to pay for health services out of their own pockets.

Financial affordability takes into account a person’s ability to pay for services without financial hardship. This would include not only the direct cost of healthcare but also other issues such as the cost of transportation and the loss of wages.

Acceptability Low acceptability is when patients perceive services to be ineffective or when there are cultural and social barriers that make it difficult for them to reach out for services.

ALL ABOUT PEOPLE

Beyond all the theories and eco-systems surrounding patient access is the fact that such programmes are all about people – about transforming their lives, bringing hope, making them recognise that illness does not necessarily mean it is time to give up.

We spoke to three patients whose lives have been impacted by Novartis.

Deepali Kalaskar (née Umratkar)

‘You have to take care of yourself’

