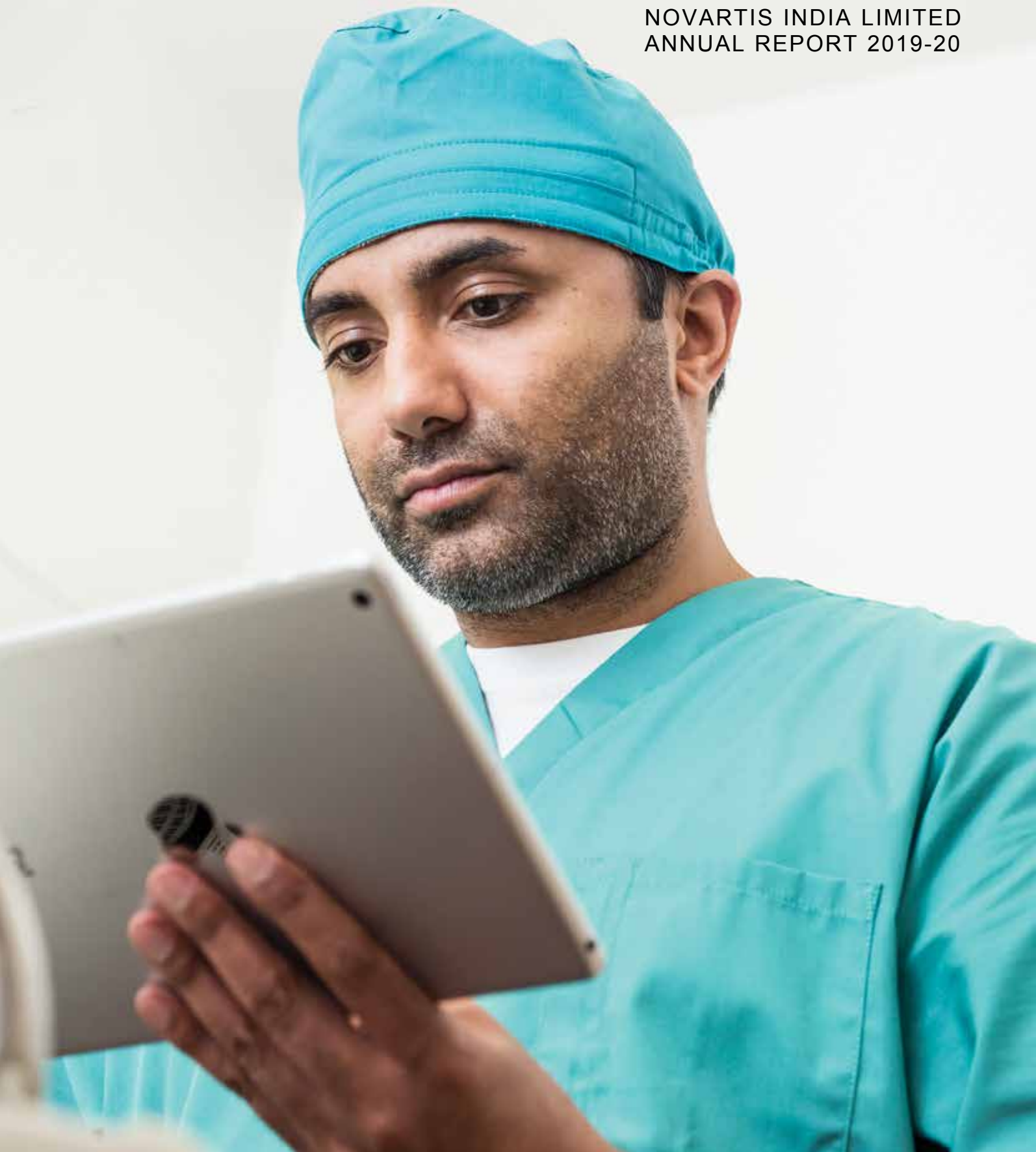




NOVARTIS INDIA LIMITED
ANNUAL REPORT 2019-20





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BOARD OF DIRECTORS

Christopher Snook	Chairman
Sanjay Murdeshwar	Vice Chairman & Managing Director
Monaz Noble	Non-executive and Non-Independent Director
Jai Hiremath	Independent Director
Sandra Martyres	Independent Director
Rajendra Nath Mehrotra	Independent Director (until March 31, 2020)
Sanker Parameswaran	Independent Director (effective June 22, 2020)

Trivikram Guda	Company Secretary & Compliance Officer
Felix Doss	Chief Financial Officer
CIN	L24200MH1947PLC006104
Registered Office	Inspire - BKC, Part of 601 and 701 Bandra Kurla Complex, Bandra East Mumbai 400 051
Telephone Nos.	+91 22 5024 3000
Fax No.	+91 22 5024 3010
E-mail	india.investors@novartis.com
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
Telephone Nos.	+91 22 4918 6000
Fax	+91 22 4918 6060
E-mail	rnt.helpdesk@linkintime.co.in

Annual General Meeting

11.30 a.m. Friday, August 07, 2020

For detailed instructions to join the AGM through Video Conference (VC) / Other Audio Visual Means (OAVM) and the procedure to raise questions / seek clarifications with respect to the Annual Report, please refer note 3 on page number 25 of this Report.

Members are requested to join the virtual AGM by 11:15 am. Please keep a soft copy of the Annual Report handy during the meeting proceedings. Members who wish to speak at the AGM are requested to write to the Company in advance on india.investors@novartis.com



Dear Shareholder,

The world is currently going through an unprecedented crisis posed by the coronavirus pandemic and I hope that you and your family are in good health. The pandemic has severely impacted the economy in more than 216 countries including India. The World Bank's June 2020 Global Economic Prospects baseline forecast envisions a 5.2 percent contraction in global GDP in 2020, using market exchange rate weights – the deepest global recession in decades – this, despite the fact that governments have made extraordinary efforts to counter the shock with fiscal and monetary policy support.

Since healthcare is a basic need, this sector has been largely immune to economic downturns; COVID-19, however, has impacted it in multiple ways. While hospitals are overwhelmed with patients who have contracted the virus, those with other problems have not always been able to access the care they need. Extended lockdowns and physical distancing norms has meant that some primary care practices have reported reductions in the use of healthcare services by up to 70%. People have generally postponed visits to healthcare professionals unless absolutely necessary and many clinics and OPDs were non-operational for extended periods.

At such a time, digital technologies play an important role. They can exponentially expand the reach of medical professionals, especially in remote and underserved regions, and offer long-term care-giving alternatives to manage diseases where visits to doctors may not always be necessary.

For all its advantages, cultural mindsets, organisational structures, business

models and governance have sometimes stood in the way of digital health initiatives. In a changed world order, post the coronavirus pandemic, these hurdles must be removed, and organisations must be more agile than ever as they respond to new challenges.

For Novartis, one of our strategic priorities is to be a leader in harnessing data science and digital technologies to boost effectiveness and efficiency across our enterprise.

Digital technologies help our scientists discover and develop new treatments; they are vital to our decision-making; how we run our operations and our patient engagement. In 2019, much before the pandemic made it a necessity we began work on a platform of digital solutions to engage with our stakeholders. The Leprosy Patients Records Database funded by our Company for example, which was launched as a pilot project in Hyderabad, has the potential to positively impact leprosy detection and care globally. This annual report provides a glimpse into how we are leveraging technology for transformation in healthcare.

On behalf of the Board of Directors, I am pleased to continue with our steady dividend policy and propose a dividend of ₹10 per equity share of ₹5 at the forthcoming Annual General Meeting.

Thank you for the confidence you continue to repose in our Company. I look forward to the same in the years ahead.

Sincerely,

Christopher Snook
Chairman





Dear Shareholder,

Hope you and your family members continue to be well amid the challenges posed by COVID-19. The ongoing health crisis that is facing the globe has brought to the fore the need to further strengthen health infrastructure in our country. As India continues to have an increasing number of COVID-19 cases, it is important to remember that the country's disease burden includes several other serious issues that need urgent attention as well, and that those with reduced immunity are more susceptible to the virus.

For Novartis, the safety of our associates and ensuring access to patients who depend on Novartis medicines during these unusual times have been the guiding principles of navigating your company.

Non-communicable diseases (NCDs), which are chronic in nature and stem from genetic, environmental, behavioral and physiological factors, kill approximately 41 million people worldwide each year. World Health Organization (WHO) estimates that, without timely interventions, NCD deaths could increase to 55 million by 2030. In India, according to a 2015 WHO report, nearly 5.8 million – or one in four – Indians risk dying of NCDs (heart and lung diseases, blood disorders, stroke, cancer and diabetes) every year.

Organ transplantation is one such area that poses many challenges. According to the Government of India, while an estimated 1,80,000 people suffer from renal failure, only 6,000 transplants are done. Approximately 1,500 liver transplants are performed, though 25,000 – 30,000 are required. Nearly 50,000 people in the country suffer from heart failure, but only 10 to 15 heart transplants take place annually. About 25,000 cornea transplants are performed, against a requirement of a hundred thousand. For the surgeries that do go through in all these areas, the risk of infection can be high.

In such a scenario, where every transplant is a milestone, it is vital to ensure stringent post-operative care that relies on up-to-date knowledge and the best medication. Novartis has been working in the area of immunosuppressants for more than three decades and has done much to spread awareness of the challenges associated with organ transplant and the opportunity to prevent infections.

As the Company continues to strengthen the knowledge base in India's healthcare market through a variety of communication tools, it has turned to digital initiatives with renewed vigour. But, with COVID-19, this has accelerated substantially. In the 'new

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normal', it is very likely that a number of business processes and the ecosystem for the delivery of healthcare to patients may undergo irrevocable changes. For example, International Speaker Programs have now expanded onto web-based platforms, particularly those that reach out to medical professionals. Our TransTalk channel on an external platform is a unique initiative that offers unbiased information through articles, infographics and Key Medical Expert (KME) videos, among other things. In addition, our Company launched its first digital interactive channel 'Responsible Pain Management' for the medical community to discuss pain management and this has been well received. For Novartis, going digital was a priority much before coronavirus struck, but in the strange new world we are now living in, it is proving to be a lifeline.

Building on the tools that we already had in place, in 2019, Novartis introduced a slew of digital solutions to support all our commercial efforts in innovative medicines. Our ambition is to improve our people's digital capabilities, use data science, and unleash the potential of advanced analytics and artificial intelligence, among other things. In the process, we are working towards meeting our customers' needs more effectively, streamlining commercial operations, accelerating cultural change in the organisation, and through all this, increasing our revenue base.

There is no doubt that the digital transformation will pay rich dividends in

multiple ways. India has emerged as one of the fastest-growing digital economies over the past few years. Increased internet usage and mobile connectivity have made it possible to bridge the gaps in underserved regions where access to healthcare is limited.

The ₹20 lakh crore economic package that the Prime Minister announced in the wake of the coronavirus crisis includes a slew of healthcare reforms. One of its major focus areas is the implementation of the National Digital Health Blueprint. These reforms are on the right track and increasing bandwidth will help realize their full potential.

Before I close, I would like to make mention of the noteworthy performance of the Voveran® range of products which continue to be among the top three in the NSAID market. The newly launched Voveran® 1 ml AQ injection added to this success. There are other challenges that continue to impact business performance and we are taking measures to mitigate these.

I thank you for the confidence you have placed in our Company over the years and look forward to your continued goodwill as we work for the long term interest of the patient.

Sincerely,

Sanjay Murdeshwar
Vice Chairman & Managing Director

Accelerating change through technological transformation

At the Sivananda Rehabilitation Home (SRH), a charitable hospital in Hyderabad, capital of the Indian state of Telangana, a quiet revolution is taking place. Since it began in 1958, SRH has been offering dignity, hope and medical care to approximately 500 leprosy patients every year. Over the years, as it has transformed the lives of these people, it has acquired more than 20,000 records tracing the course of their disease. “Many people who have worked in the leprosy field have retired,” explains Dr. S. Ananth Reddy, Chief Administrator of the hospital. “The work they have done is in their minds and once they leave, the knowledge and skills are gone. That is why this data must be recorded electronically.”

Now, thanks to a Novartis initiative – perhaps the first of its kind in the world – this vital information is being captured in a specially designed state-of-the-art cloud computing electronic health management platform, available at the click of a button. The Leprosy Patients Records Database, or LEOPARD project as it is known, is making the last-mile leap with both precision and speed.

“In my 38 years at SRH, I have not seen anything like this,” says a delighted Dr. Reddy. “This is a very easy, user-friendly platform that will be very helpful

not only to Sivananda Rehabilitation Home but also to any other hospital treating leprosy patients in India or any other country once it is made available.”

The LEOPARD project is just one of Novartis’ many technological innovations that help the Company connect with doctors and other healthcare workers across the country, in the process directly impacting patients’ lives. Novartis, which has always been at the forefront of cutting-edge scientific development, combines technology with a human touch to put the patient first. Every disease has its own challenges – whether it is leprosy, chronic myeloid leukemia, thalassemia, epilepsy, Alzheimer’s disease or those requiring organ transplants – but they all have two things in common; patients need to feel a connection with the doctor, and medical professionals need to have access to the latest information. Digital engagement, while seemingly remote, makes this possible.

In a world that has been radically transformed by coronavirus, such interactions take on greater urgency. For Novartis, however, digital innovation is not new; the Company has used technology as an enabler for years, to spread awareness of various diseases and solutions that Novartis can provide; to reach out to medical professionals in remote locations, and through them, to patients who have limited access to healthcare. In 2020, it has stepped up its technology-led communications through a variety of communication tools.

These initiatives are in tune with Government of India policies that recognise the need for digitising healthcare. As NITI Aayog’s Annual Report 2019 – 20, points out, private players (both for profit and not for profit) have a key role to play in bridging the supply-demand gap in health infrastructure while advancing standards of care. Digital health solutions, which

Novartis, which has always been at the forefront of cutting-edge scientific development, combines technology with a human touch to put the patient first



rely on artificial intelligence (AI) or machine learning (ML), span the gamut of biotechnology, computer science, robotics, and communication networks to exponentially expand the reach of healthcare services.

The applications are wide-ranging – from mobile apps connecting doctors to patients and enabling remote consultations to remote diagnosis, and innovations such as wireless health monitors paired with smartphone applications and telemedicine. Digital and social connectivity allow healthcare professionals not only to engage with

patients, but also with each other to share knowledge and seek help. Wearables such as wristwatches that can act as personal emergency response systems and relay medical and GPS data to a remote server, electronic medical records (EMRs) and big data analytics have also been emerging as game-changers. These technological advances allow for improved access to healthcare, increased patient engagement and outcomes, and enhanced information flow.

We still have a long way to go, but this revolution has trickled down to

the remotest regions; Novartis in India has found that its digital engagements with patients receive enthusiastic response from far-flung rural areas. “At least one person in the family will have a smartphone and that person will bring others into the mainstream,” says a Novartis associate, who works with thalassemia and chronic myeloid leukaemia (CML) patients. The Sivananda Rehabilitation Home has also found this to be true, and it is this fact that will allow them to send SMS messages to its leprosy patients with the help of the newly created health management platform.



THE LEOPARD PROJECT

SMS alerts to patients reminding them to take their daily Multi-Drug Therapy (MDT) dose, however, is just one of the many benefits that Novartis' LEOPARD project makes possible. As the Sivananda Rehabilitation Home (SRH) works towards preventing disability and providing adequate medical care to leprosy patients, the LEOPARD database will prove invaluable, not just for itself, but also for the community at large. SRH works closely with the state government; in 1976, the government of the then undivided Andhra Pradesh handed over the responsibility of taking care of nearly 900 patients in the leprosy home run by the Municipal Corporation in Hyderabad. In 2006, it was established as a nodal centre,

for the DPMR (Deformity Prevention and Medical Rehabilitation) covering six districts in Andhra Pradesh.

The 20,000+ records that SRH has archived over the years includes data that spans various stages of disease and its treatment, including detection, MDT treatment, reconstructive surgery, physiotherapy, and rehabilitation, stretching over a significant period of time for each case.

In devising the architecture for the database, the Novartis team worked closely with SRH staff, investing not just funds, but their own personal talent, time, and expertise. The project involved detailed discussions with Dr. Reddy to understand

the patient journey from the time a patient is registered until discharge. It also included mapping the process for recording and maintaining case histories, the kind of information needed for patients with various presentations, the treatment options available, among other things. The team also studied various department processes in the tertiary care set-up, patient movement between departments and how the hospital functions overall. A template for the database was then created using the services of a Hyderabad-based information technology company.

The idea was to help SRH create the first-of-its-kind dedicated 'Data Lake', digitalizing end-to-end medical history of a leprosy patient, using a real time