



NATCO Pharma Limited

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STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2021

(₹ in millions except per share data)

S.No.	Particulars	Quarter ended			Year ended	
		31 March 2021	31 December 2020	31 March 2020	31 March 2021	31 March 2020
		Audited (Refer note 4)	Unaudited	Audited (Refer note 4)	Audited	Audited
	Income					
1	Revenue from operations (refer note 7)	3,313	3,552	4,548	20,521	19,150
2	Other income	284	308	224	1,036	1,074
3	Total income (1+2)	3,597	3,860	4,772	21,557	20,224
4	Expenses					
	Cost of materials consumed	893	756	1,078	3,729	3,290
	Purchases of stock-in-trade	30	322	539	1,866	1,278
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(378)	(247)	(668)	(481)	(752)
	Employee benefits expense	946	1,014	816	4,149	3,750
	Finance costs	35	34	35	133	215
	Depreciation and amortisation expense	304	298	305	1,169	998
	Other expenses	1,060	882	1,500	5,196	5,758
	Total expenses	2,890	3,059	3,605	15,761	14,537
5	Profit before exceptional items and tax (3-4)	707	801	1,167	5,796	5,687
6	Exceptional items	-	-	-	-	-
7	Profit before tax (5-6)	707	801	1,167	5,796	5,687
8	Tax expense					
	(i) Current tax	188	77	222	1,408	1,271
	(ii) Income-tax for earlier years	70	-	40	70	40
	(iii) Deferred tax charge /(credit)	(81)	90	(27)	(106)	(205)
	Total tax expense	177	167	235	1,372	1,106
9	Profit for the period/year (7-8)	530	634	932	4,424	4,581
10	Other comprehensive income (net of tax)					
	A. Items that will not be reclassified subsequently to profit or loss:					
	Remeasurement of defined benefit plans	51	(20)	(10)	(8)	(79)
	Net gains / (losses) from investments in equity instruments designated at Fair value through other comprehensive income (FVTOCI)	7	26	(15)	143	(20)
	Income-tax relating to items that will not be reclassified to profit or loss	3	(1)	20	(10)	34
		61	5	(5)	125	(65)
	B. Items that will be reclassified subsequently to profit or loss:					
	Exchange differences on translation of foreign operations	9	36	(172)	(38)	(80)
		9	36	(172)	(38)	(80)
	Total other comprehensive income (net of tax) (A+B)	70	41	(177)	87	(145)
11	Total comprehensive income for the period/ year (9+10)	600	675	755	4,511	4,436
12	Profit for the period/year attributable to:					
	Owners of the Company	530	627	941	4,409	4,608
	Non-controlling interests*	0	7	(9)	15	(27)
13	Other comprehensive income attributable to:					
	Owners of the Company	70	41	(177)	87	(145)
	Non-controlling interests	-	-	-	-	-
14	Total comprehensive income attributable to:					
	Owners of the Company	600	668	764	4,496	4,463
	Non-controlling interests*	0	7	(9)	15	(27)
15	Paid-up equity share capital (face value of ₹2 each)	365	364	364	365	364
16	Other equity				40,851	37,371
17	Earnings per share (face value ₹2 each)					
	Basic (in ₹)	2.91	3.44	5.17	24.20	25.33
	Diluted (in ₹)	2.90	3.43	5.16	24.16	25.26
		(Non-annualised)	(Non-annualised)	(Non-annualised)		

*The numbers are rounded off to nearest million.

See accompanying notes to the financial results.





NATCO Pharma Limited

Consolidated Balance Sheet:

(₹ in millions)

	As at 31 March 2021 (Audited)	As at 31 March 2020 (Audited)
I Assets		
(1) Non-current assets		
(a) Property, plant and equipment	20,138	15,756
(b) Capital work-in-progress	2,234	5,180
(c) Intangible assets	94	88
(d) Financial assets		
(i) Investments	1,594	836
(ii) Loans	158	161
(iii) Other financial assets	43	42
(e) Other non-current assets	285	559
Total non-current assets	24,546	22,622
(2) Current assets		
(a) Inventories	7,982	5,580
(b) Financial assets		
(i) Investments	1,443	287
(ii) Trade receivables	4,129	5,513
(iii) Cash and cash equivalents	258	198
(iv) Bank balances other than (iii) above	2,577	462
(v) Loans	131	84
(vi) Other financial assets	4,270	8,588
(c) Other current assets	2,583	2,544
Total current assets	23,373	23,256
Total assets	47,919	45,878
II EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity share capital	365	364
(b) Other equity	40,851	37,371
Equity attributable to owners of the Company	41,216	37,735
(c) Non-controlling interest	18	112
Total equity	41,234	37,847
(2) Liabilities		
(A) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	9	9
(ii) Other financial liabilities	11	8
(b) Provisions	996	902
(c) Deferred tax liabilities, net	413	259
Total non-current liabilities	1,429	1,178
(B) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	2,667	3,150
(ii) Trade payables		
- Dues of micro and small enterprises	75	21
- Dues of creditors other than micro and small enterprises	1,387	2,533
(iii) Other financial liabilities	864	825
(b) Other current liabilities	122	134
(c) Provisions	128	105
(d) Current tax liabilities, net	13	85
Total current liabilities	5,256	6,853
Total liabilities	6,685	8,031
Total equity and liabilities	47,919	45,878





NATCO Pharma Limited

Consolidated Statement of Cash Flows:

(₹ in millions)

	Year ended	
	31 March 2021 (Audited)	31 March 2020 (Audited)
Cash flows from operating activities:		
Profit before tax	5,796	5,687
Adjustments for:		
Depreciation and amortisation expense	1,169	998
Finance cost	133	215
Share based payment expense	126	144
Interest income	(566)	(791)
Allowance for credit loss	(24)	175
Bad debts written off	117	55
Liabilities written back	-	(29)
Profit on sale of property, plant and equipment, net	(320)	(163)
Unrealised foreign exchange gain, net	(14)	(64)
Operating profit before working capital changes	6,417	6,227
Changes in working capital:		
Changes in inventories	(2,402)	(289)
Changes in trade receivables	1,306	(538)
Changes in loans, financial and other assets	(129)	(685)
Changes in trade payables	(1,095)	417
Changes in provisions, financial and other liabilities	191	119
Cash generated from operating activities	4,288	5,251
Income taxes paid, net	(1,300)	(1,078)
Net cash generated from operating activities	2,988	4,173
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,546)	(3,557)
Proceeds from sale of property, plant and equipment	451	221
Acquisition of intangible assets	23	(29)
Purchase of investments	(1,846)	(673)
Proceeds from sale of investments	73	1,203
Movement in other bank balances, net	(2,116)	2,087
Interest received	671	874
Loans given to others	6	-
Increase/(Decrease) in deposits with financial institutions	4,251	(1,796)
Net cash used in investing activities	(1,033)	(1,670)
Cash flows from financing activities		
Proceeds from issue of shares	1	1
Buy-back of equity shares, including transaction costs	-	(536)
Contribution from shareholders	-	474
Proceeds from non-controlling interest	(95)	119
Net proceeds from short-term borrowings	(484)	(801)
Payment of lease liability including interest	(12)	(8)
Dividends paid including dividend distribution tax	(1,139)	(1,536)
Interest paid	(128)	(221)
Net cash from/ (used in) financing activities	(1,857)	(2,508)
Net increase / (decrease) in cash and cash equivalents	98	(5)
Cash and cash equivalents at beginning of the year	198	283
Effect of currency translation adjustment	(38)	(80)
Cash and cash equivalents at the end of the year	258	198
Debt reconciliation statement in accordance with Ind AS 7:-		
Current borrowings:		
Opening balance	3,142	3,863
Proceeds from/ (repayment of) borrowings, net	(484)	(801)
Non-cash items (Foreign exchange changes)*	(0)	80
	2,658	3,142
Lease liabilities:		
Opening balance	17	20
Cash flow changes	(12)	(8)
Non-cash changes	13	5
	18	17

*The numbers are rounded off to nearest million.





NATCO Pharma Limited

Segment reporting:

(₹ in millions except share data)

S.No.	Particulars	Quarter ended			Year ended	
		31 March 2021	31 Dec 2020	31 March 2020	31 March 2021	31 March 2020
		Audited (refer note 4)	Unaudited	Audited (refer note 4)	Audited	Audited
1	Segment revenue					
	a. Pharmaceuticals	3,300	3,545	4,548	20,500	19,150
	b. Agro chemicals	13	7	-	21	-
		3,313	3,552	4,548	20,521	19,150
	Add: Unallocated	-	-	-	-	-
	Total revenue from operations	3,313	3,552	4,548	20,521	19,150
2	Segment results					
	a. Pharmaceuticals	752	833	1,202	5,941	5,902
	b. Agro chemicals	(10)	2	-	(12)	-
	Total segment result	742	835	1,202	5,929	5,902
	Less:					
	a. Finance cost	(35)	(34)	(35)	(133)	(215)
	b. Net unallocated (income)/expenditure	-	-	-	-	-
	Total profit before tax	707	801	1,167	5,796	5,687
3	Segment assets					
	a. Pharmaceuticals	42,452	43,513	43,404	42,452	43,404
	b. Agro chemicals	2,393	2,179	1,351	2,393	1,351
	Total segment assets	44,845	45,692	44,755	44,845	44,755
	Add:					
	a. Unallocated	3,074	2,639	1,123	3,074	1,123
	Total assets	47,919	48,331	45,878	47,919	45,878
4	Segment liabilities					
	a. Pharmaceuticals	3,499	3,799	4,467	3,499	4,467
	b. Agro chemicals	84	77	61	84	61
	Total segment liabilities	3,583	3,876	4,528	3,583	4,528
	Add:					
	a. Unallocated	3,102	3,639	3,503	3,102	3,503
	Total liabilities	6,685	7,515	8,031	6,685	8,031

Until the previous year, the operating segment of the Group was identified to be "Pharmaceuticals", as the Chief Operating Decision Maker ('CODM') reviewed the business performance accordingly. The Group has commenced the Agro Chemicals division and the management expects completion of substantial portion of construction activity in the current financial year followed by commencement of commercial operations in near future. The CODM has started reviewing the Agro Chemicals segment from the current period. Hence, the Group has disclosed Agro Chemicals as a separate reportable segment and has restated previously reported information to conform to current period presentation.





NATCO Pharma Limited

Notes to audited consolidated financial results:

- 1) The audited consolidated financial results of NATCO Pharma Limited ("the Company") and its subsidiaries (together referred as "the Group") have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and in terms of Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2) The consolidated financial results for the quarter and year ended 31 March 2021 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 17 June 2021.
- 3) The results of the Group for the year ended 31 March 2021, have been audited by the Statutory auditors and they have issued an unqualified audit report on the same. The audit report of the statutory auditors is being filed with the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") and is also available on the Company's website.
- 4) The results of the quarter ended 31 March 2021 and 31 March 2020 are balancing figures between audited consolidated figures in respect of the full financial years and the published unaudited year to date consolidated figures upto third quarter of the respective financial years. Also, the consolidated figures upto the end of third quarter were only reviewed and not subjected to audit.

- 5) The consolidated financial results for the quarter and year ended 31 March 2021 include financial results of the following subsidiaries:

Sr. No	Name of the Entity
1	NATCO Pharma Inc., United States of America
2	Time Cap Overseas Limited, Mauritius
3	NATCO Farma do Brasil Ltda, Brazil (subsidiary of Time Cap Overseas Limited)
4	NATCO Pharma (Canada) Inc., Canada
5	NATCO Pharma Asia Pte. Ltd., Singapore
6	NATCO Pharma Australia PTY Ltd., Australia
7	NATCO Lifesciences Philippines Inc., Philippines

- 6) In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Group has considered internal and external information while finalising various estimates and recoverability of assets in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. Considering the Group is in the business of manufacturing and supplying of pharmaceutical products which is categorised under essential goods, there has been a minimal disruption with respect to operations including production and distribution activities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to the future economic conditions.
- 7) Revenue from operations for the year ended 31 March 2021 includes an income from settlement of claims received by Natco Pharma (Canada) Inc., Canada, a subsidiary of Natco Pharma Limited under a settlement agreement entered with a party for a product in Canada.
- 8) The audited standalone financial results, for the quarter and year ended 31 March 2021 can be viewed on the website of the Company, NSE and BSE at www.natcopharma.co.in, www.nseindia.com, and www.bseindia.com respectively. Information of audited standalone financial results of the Company in terms of Regulation 47(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

(₹ in millions)

Particulars	Quarter ended			Year ended	
	31 March 2021	31 Dec 2020	31 March 2020	31 March 2021	31 March 2020
	Audited	Unaudited	Audited	Audited	Audited
Total revenue from operations	3,115	3,309	4,201	16,535	17,902
Profit before tax	734	707	1,239	3,922	5,831
Net profit for the period/ year	572	547	1,010	3,095	4,745
Total comprehensive income	635	551	1,012	3,228	4,681

- 9) During the year ended 31 March 2021, 269,850 equity shares of ₹ 2 each, fully-paid up, were allotted upon exercise of the vested stock options pursuant to the ESOP 2015, ESOP 2016 and ESOP 2017 schemes resulting in an increase in the paid-up share capital of ₹ 0.54 million and securities premium account of ₹ 185.64 million.
- 10) The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 11) Figures for the previous periods/ year have been regrouped, wherever necessary, to correspond with the figures of the current period.

By order of the Board
For NATCO Pharma Limited



V C Nannapaneni
Chairman and Managing Director
(DIN: 00183315)

Place: Hyderabad
Date: 17 June 2021

B S R & Associates LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of NATCO Pharma Limited

Report on the Audit of the Consolidated Annual Financial Results

Opinion

We have audited the accompanying consolidated annual financial results of NATCO Pharma Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), for the year ended 31 March 2021, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements of the subsidiaries, the aforesaid consolidated annual financial results:

- a. include the annual financial results of the following entities:

Name of the entity	Relationship
NATCO Pharma Limited	Holding Company
NATCO Pharma, Inc.	Subsidiary
Time Cap Overseas Limited	Subsidiary
NATCO Farma Do Brasil LTDA (subsidiary of Time Cap Overseas Limited)	Step- down subsidiary
NATCO Pharma (Canada) Inc.	Subsidiary
NATCO Pharma Asia Pte Ltd.	Subsidiary
NATCO Pharma Australia Pty Ltd.	Subsidiary
NATCO Lifesciences Philippines Inc.	Subsidiary

- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net profit and other comprehensive income and other financial information of the Group for the year ended 31 March 2021.

Independent Auditors' Report of Consolidated Annual Financial Results of NATCO Pharma Limited (continued)

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results

These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net profit/ loss and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the Management and the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial results.

Independent Auditors' Report of Consolidated Annual Financial Results of NATCO Pharma Limited (continued)

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results (continued)

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated annual financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report of Consolidated Annual Financial Results of NATCO Pharma Limited (continued)

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results (continued)

We also performed procedures in accordance with the circular No CIR/CFD/CMD1/44/2019 issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

- (a) The consolidated annual financial results (before consolidation adjustments) include the audited financial results of seven subsidiaries, whose financial statements reflect Group's share of total assets of INR 3,138 million as at 31 March 2021, Group's share of total revenue of INR 4,698 million and Group's share of total profit after tax of INR 1,313 and Group's share of net cash inflows of INR 88 million for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities have been furnished to us by the management and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated annual financial results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial results/financial information certified by the Board of Directors.

- (b) The consolidated annual financial results include the results for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 116231W/ W-100024

**VIKASH
SOMANI**

Digitally signed by
VIKASH SOMANI
Date: 2021.06.17
14:41:07 +05'30'

Vikash Somani

Partner

Membership Number: 061272

UDIN: 21061272AAAABH5473

Place: Hyderabad

Date: 17 June 2021



NATCO Pharma Limited

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STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2021

(₹ in millions except share data)

S.No.	Particulars	Quarter ended			Year ended	
		31 March 2021	31 Dec 2020	31 March 2020	31 March 2021	31 March 2020
		Audited (Refer note 4)	Unaudited	Audited (Refer note 4)	Audited	Audited
	Income					
1	Revenue from operations	3,115	3,309	4,201	16,535	17,902
2	Other income	291	249	386	1,011	1,238
3	Total income (1+2)	3,406	3,558	4,587	17,546	19,140
	Expenses					
4	Cost of materials consumed	893	756	1,078	3,729	3,290
	Purchases of stock-in-trade	19	220	601	1,740	1,239
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(364)	(202)	(542)	(469)	(559)
	Employee benefits expense	894	958	768	3,800	3,561
	Finance costs	23	30	35	113	206
	Depreciation and amortisation expense	298	294	298	1,152	981
	Other expenses	909	795	1,110	3,559	4,591
	Total expenses	2,672	2,851	3,348	13,624	13,309
5	Profit before exceptional items and tax (3-4)	734	707	1,239	3,922	5,831
6	Exceptional items	-	-	-	-	-
7	Profit before tax (5-6)	734	707	1,239	3,922	5,831
8	Tax expense					
	(i) Current tax	173	70	216	863	1,291
	(ii) Income-tax for earlier years	70	-	40	70	-
	(ii) Deferred tax charge /(credit)	(81)	90	(27)	(106)	(205)
	Total tax expense	162	160	229	827	1,086
9	Profit for the period/ year (7-8)	572	547	1,010	3,095	4,745
10	Other comprehensive income (net of tax)					
	Items that will not be reclassified to profit or loss:					
	Remeasurement of defined benefit plans	51	(20)	(10)	(8)	(79)
	Net gains / (losses) from investments in equity instruments designated at FVTOCI	9	25	(8)	153	(19)
	Income-tax relating to items that will not be reclassified to profit or loss	3	(1)	20	(12)	34
	Total other comprehensive income (net of tax)	63	4	2	133	(64)
11	Total comprehensive income for the period/ year (9+10)	635	551	1,012	3,228	4,681
12	Paid-up equity share capital (face value of ₹2 each)	365	364	364	365	364
13	Other equity				40,546	38,331
14	Earnings per share (face value ₹2 each)					
	Basic (in ₹)	3.14	3.00	5.55	16.99	26.08
	Diluted (in ₹)	3.13	3.00	5.54	16.96	26.01
		(Non-annualised)	(Non-annualised)	(Non-annualised)		

See accompanying notes to the financial results.



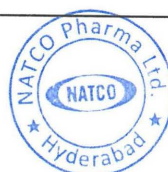


NATCO Pharma Limited

Standalone Balance Sheet:

(₹ in millions)

	As at 31 March 2021 (Audited)	As at 31 March 2020 (Audited)
I. Assets		
(1) Non-current assets		
(a) Property, plant and equipment	19,965	15,657
(b) Capital work-in-progress	2,234	5,178
(c) Intangible assets	94	88
(d) Investment in subsidiaries	1,830	1,025
(e) Financial assets		
(i) Investments	1,194	836
(ii) Loans	271	684
(iii) Other financial assets	42	41
(f) Other non-current assets	285	559
Total non-current assets	25,915	24,068
(2) Current assets		
(a) Inventories	7,692	5,244
(b) Financial assets		
(i) Investments	346	50
(ii) Trade receivables	3,998	5,367
(iii) Cash and cash equivalents	51	79
(iv) Bank balances other than (iii) above	2,577	462
(v) Loans	129	81
(vi) Other financial assets	4,280	8,612
(c) Other current assets	2,537	2,504
Total current assets	21,610	22,399
Total assets	47,525	46,467
II. EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity share capital	365	364
(b) Other equity	40,546	38,331
Total of equity	40,911	38,695
(2) Liabilities		
(A) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	9	9
(ii) Other financial liabilities	11	8
(b) Provisions	996	902
(c) Deferred tax liabilities, (net)	413	256
Total non-current liabilities	1,429	1,175
(B) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	2,555	3,131
(ii) Trade payables		
- Dues of micro and small enterprises	75	21
- Dues of creditors other than micro and small enterprises	1,320	2,321
(iii) Other financial liabilities	821	812
(b) Other current liabilities	286	122
(c) Provisions	128	105
(d) Current tax liabilities, (net)	-	85
Total current liabilities	5,185	6,597
Total liabilities	6,614	7,772
Total equity and liabilities	47,525	46,467





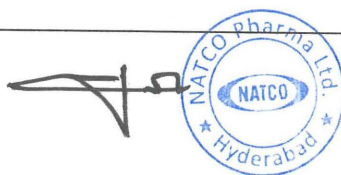
NATCO Pharma Limited

Standalone Statement of Cash Flows:

(₹ in millions)

	Year ended	
	As at 31 March 2021 (Audited)	As at 31 March 2020 (Audited)
Cash flows from operating activities:		
Profit before tax	3,922	5,831
Adjustments for:		
Depreciation and amortisation expense	1,152	981
Finance costs	113	206
Share based payment expense	126	144
Interest income	(562)	(816)
Allowance for credit losses	(24)	175
Bad debts written off	117	55
Liabilities written back	-	(29)
Profit on sale of property, plant and equipment, (net)	(320)	(163)
Guarantee income	(5)	-
Unrealised foreign exchange loss/(gain), (net)	(13)	(101)
Operating profit before working capital changes	4,506	6,283
Changes in working capital:		
Changes in inventories	(2,447)	(160)
Changes in trade receivables	1,292	(538)
Changes in loans, financial and other assets	(124)	(711)
Changes in trade payables	(947)	352
Changes in provisions, financial and other liabilities	324	50
Cash (used in)/ generated from operating activities	2,604	5,276
Income taxes paid, (net)	(769)	(1,051)
Net cash (used in)/ generated from operating activities	1,835	4,225
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,399)	(3,524)
Proceeds from sale of property, plant and equipment	451	222
Acquisition of intangible assets	(29)	(29)
Investments in subsidiaries	(787)	(47)
Loans given to subsidiary companies	410	(11)
Loans given to others	6	-
Proceeds from sale of investments	73	1,203
Purchase of investments	(578)	(642)
Movement in other bank balances, (net)	(2,110)	2,086
Interest received	680	888
Decrease/(Increase) in deposits with financial institutions	4,251	(1,796)
Net cash from/ (used in) investing activities	(32)	(1,650)
Cash flows from financing activities:		
Proceeds from issue of shares	1	1
Buy-back of equity shares, including transaction costs	-	(536)
Contribution from shareholders	-	474
Net proceeds from short-term borrowings	(572)	(801)
Dividends paid including dividend distribution tax	(1,140)	(1,536)
Interest paid	(112)	(205)
Payment of lease liability including interest	(8)	(8)
Net cash from/ (used in) financing activities	(1,831)	(2,611)
Net increase / (decrease) in cash and cash equivalents	(28)	(36)
Cash and cash equivalents at the beginning of the year	79	115
Cash and cash equivalents at the end of the year	51	79
Debt reconciliation statement in accordance with Ind AS 7:-		
Current borrowings:		
Opening balance	3,123	3,845
Proceeds from/ (repayment of) borrowings, net	(572)	(801)
Non-cash items (Foreign exchange changes)*	(0)	79
	2,551	3,123
Lease liabilities:		
Opening balance	17	-
Additions during the year	-	20
Payment of lease liabilities	(8)	(8)
Interest accrued on lease liabilities	4	5
	13	17

*The numbers are rounded off to nearest million.





NATCO Pharma Limited

Notes to the audited standalone financial results:

- 1) The standalone financial results of NATCO Pharma Limited ("the Company") have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and in terms of Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,
- 2) The standalone financial results for the quarter and year ended 31 March 2021 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 17 June 2021.
- 3) The results of the Company for the quarter and year ended 31 March 2021, have been audited by the Statutory auditors and they have issued an unqualified audit report on the same. The audit report of the statutory auditors is being filed with the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') and is also available on the Company's website.
- 4) The results of the quarter ended 31 March 2021 and 31 March 2020 are balancing figures between audited standalone figures in respect of the full financial years and the published unaudited year to date standalone figures upto third quarter of the respective financial years. Also, the standalone figures upto the end of third quarter were only reviewed and not subjected to audit.
- 5) Where financial results contain both consolidated and standalone financial results of the parent, segment information is required to be presented only in the consolidated financial results. Accordingly, segment information has been presented in the consolidated financial results.
- 6) During the year ended 31 March 2021, 269,850 equity shares of ₹ 2 each, fully-paid up, were allotted upon exercise of the vested stock options pursuant to the ESOP 2015, ESOP 2016 and ESOP 2017 schemes resulting in an increase in the paid-up share capital of ₹ 0.54 million and securities premium account of ₹ 185.64 million.
- 7) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 8) In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered internal and external information while finalising various estimates and recoverability of assets in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. Considering the Company is in the business of manufacturing and supplying of pharmaceutical products which is categorised under essential goods, there has been a minimal disruption with respect to operations including production and distribution activities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to the future economic conditions.
- 9) Figures for the previous periods/ year have been regrouped, wherever necessary, to correspond with the figures of the current period.

**By order of the Board
For NATCO Pharma Limited**



V C Nannapaneni
Chairman and Managing Director
(DIN: 00183315)

Place: Hyderabad
Date: 17 June 2021

B S R & Associates LLP

Chartered Accountants

Salarpuria Knowledge City
Orwell, B Wing, 6th Floor, Unit - 3
Sy No. 83/1, Plot No. 2, Raidurg
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of NATCO Pharma Limited

Report on the audit of the Standalone Annual Financial Results

Opinion

We have audited the accompanying standalone annual financial results of NATCO Pharma Limited (hereinafter referred to as the "Company") for the year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the Standalone annual financial results.

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

Independent Auditors' Report on Standalone Annual Financial Results of NATCO Pharma Limited (continued)

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results (continued)

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial results made by the Management and Board of Directors.

Independent Auditors' Report on Standalone Annual Financial Results of NATCO Pharma Limited (continued)

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results (continued)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The standalone annual financial results include the results for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/ W-100024

**VIKASH
SOMANI**

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SOMANI
Date: 2021.06.17 14:41:52
+05'30'

Vikash Somani

Partner

Membership No.: 061272

UDIN: 21061272AAAABI2299

Place: Hyderabad

Date: 17 June 2021