



“Natco Pharma Limited 38th Annual General Meeting”

September 30, 2021 at 9:00 A.M.



MANAGEMENT:

SRI. V C NANNAPANENI – CHAIRMAN & MANAGING DIRECTOR, NATCO PHARMA LIMITED

SRI. G. S. MURTHY – INDEPENDENT DIRECTOR, NATCO PHARMA LIMITED

SRI. RAJEEV NANNAPANENI – VICE CHAIRMAN & CEO

SRI. T. V. RAO – INDEPENDENT DIRECTOR

SRI. D. G. PRASADA RAO – INDEPENDENT DIRECTOR, NATCO PHARMA LIMITED

DR. M.U.R. NAIDU – INDEPENDENT DIRECTOR, NATCO PHARMA LIMITED

DR. LEELA DIGUMARTI – INDEPENDENT WOMAN DIRECTOR, NATCO PHARMA LIMITED

SRI. P S R K PRASAD – DIRECTOR, NATCO PHARMA LIMITED

DR. D. LINGA RAO – DIRECTOR, NATCO PHARMA LIMITED

TECHNICAL AFFAIRS

SRI. SRIDHAR SANKARARAMAN – DIRECTOR, NATCO PHARMA LIMITED

SRI. M. ADINARAYANA – COMPANY SECRETARY AND VICE PRESIDENT LEGAL AND CORPORATE AFFAIRS, NATCO PHARMA LIMITED

SRI. S. V. V. N. APPA RAO – CHIEF FINANCIAL OFFICER, NATCO PHARMA LIMITED

SRI. VIKASH SOMANI – PARTNER, BSR & ASSOCIATES, STATUTORY AUDITORS

SRI. KIRAN KUMAR – PRACTICING COMPANY SECRETARY

SRI. VASUDEVA RAO – PRACTICING COMPANY SECRETARY



*Natco Pharma Limited
September 30, 2021*

Moderator: Dear shareholders, good morning and a very warm welcome to the 38th Annual General Meeting (AGM) of Natco Pharma Limited through video conferencing or other audio-visual facility. As a reminder for the smooth conduct of the meeting, the members will be in the mute mode and audio and video will be opened when they speak at the AGM as per the pre-registration.

Please note that for the requirements, the proceedings of the AGM will be recorded and available on the website of the Company. I now hand over the proceedings to Mr. M. Adinarayana, Company Secretary and Vice President (Legal and Corporate Affairs) of Natco Pharma Limited. Thank you and over to you, sir.

M. Adinarayana: Thank you. Good morning, ladies and gentlemen. I, M. Adinarayana, Company Secretary of your Company, welcome you all to the 38th AGM being conducted through video conferencing mode on account of COVID-19 and as per the guidelines issued by the Ministry of Corporate Affairs.

The meeting is being live streamed through webcams. I take pleasure in inviting our respective beloved Chairman & Managing Director Mr. V C Nannapaneni through the videoconference.

V C Nannapaneni: Good morning all of you, I am attending the video conference from our Registered Office of the Company.

M. Adinarayana: I now welcome Sri G. S. Murthy – Independent Director and Chairman of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee to the Video Conferencing.

G. S. Murthy: Good morning, everybody. I am G. S. Murthy – Independent Director in the Board of Natco Pharma Limited. I am participating in this AGM virtually from Hyderabad.

M. Adinarayana: I will now welcome Sri Rajeev Nannapaneni - Vice Chairman & CEO of the Company to this video conference. Sri Rajeev Nannapaneni, is to the next of Chairman.

Rajeev Nannapaneni: Good morning to all. I am attending this videoconference from the registered office of the Company.

M. Adinarayana: I now welcome Sri T. V. Rao – Independent Director to this videoconference. Sri. T. V. Rao.

T. V. Rao: Good morning, everybody. I am T. V. Rao – Independent Director in the Board of Natco Pharma Limited. I am participating in this Annual General Body Meeting virtually from my residence in Bangalore. Thank you.

M. Adinarayana: I now welcome Sri D. G. Prasad - Independent Director.



*Natco Pharma Limited
September 30, 2021*

- D. G. Prasad:** Good morning, everybody. I am D. G. Prasad – Independent Director on the board of Natco Pharma Limited and participating in the videoconference from my residence in Hyderabad. Thank you.
- M. Adinarayana:** I now welcome Dr. M.U.R. Naidu – Independent Director of your Company, for this 38th AGM through videoconference.
- Dr. M.U.R. Naidu:** Good morning to everybody. I am Dr. M.U.R. Naidu. I am attending this meeting from Chennai.
- M. Adinarayana:** I now welcome Dr. Leela Digumarti – Independent Woman Director to this 38th AGM through videoconferencing.
- Dr. Leela Digumarti:** Good morning, everybody. I am attending this AGM virtually from my home at Vishakhapatnam.
- M. Adinarayana:** I now welcome Sri. P S R K Prasad – Director, Executive Vice President (Corporate Engineering Services) of your Company to this videoconference.
- PSRK Prasad:** Good morning to all. I am attending this videoconference from our factory office in Hyderabad.
- M. Adinarayana:** I now welcome Dr. D. Linga Rao – Director, President-Technical Affairs to this AGM through video conferencing.
- Dr. D. Linga Rao:** Good morning, everybody. I am D. Linga Rao. I am attending this video conference from our factory office.
- M. Adinarayana:** I now welcome Sri Sridhar Sankararaman – Director for this video conferencing of 38th AGM.
- Sridhar Sankararaman:** Good morning all. My name is Sridhar. I am attending this meeting from my office in Mumbai.
- M. Adinarayana:** I now welcome Sri. SVVN Appa Rao, Chief Financial Officer of your Company to this AGM.
- SVVN Appa Rao:** Good morning, ladies and gentlemen. I am attending this video conference from registered office of the Company.
- M. Adinarayana:** I now welcome Sri Vikash Somani - Partner, BSR & Associates, Statutory Auditors to this video conferencing. Sri Vikash Somani, he is attending from Hyderabad.
- I now welcome Sri. Kiran Kumar, the Proprietor, M/s. BK & Associates, a Practicing Company Secretary as Secretarial Auditor of the Company to this videoconferencing who is attending from Hyderabad.



*Natco Pharma Limited
September 30, 2021*

I now welcome Sri Vasudeva Rao – Practicing Company Secretary, scrutinizer for the e-voting process to this videoconferencing of 38th AGM who is attending from his office at Hyderabad.

I now request our Chairman & Managing Director Sri. V C Nannapaneni to come into the proceedings this AGM.

V C Nannapaneni: Good morning, ladies and gentlemen. I welcome you all to the 38th Annual General Meeting of your Company. I have informed that 41 members are present for the meeting through videoconference. I declare that the prescribed quorum is present and general meeting is open to commence the proceeding.

Rajeev will read out the Chairman Speech.

Rajeev Nannapaneni: A very good morning!

On behalf of the Board of Directors, I welcome all of you to the 38th Annual General Meeting of your company.

The year in consideration was probably a once-in-a-lifetime situation with pandemic lead macroeconomic shocks to businesses. In such a year, as NATCO was being tested on all fronts, we quickly re-prioritized goals to ensure employee safety and business continuity with great tenacity and determination. While several outward activities were restricted due to the pandemic environment, we looked more inwards and focused on R&D efforts, tightened financial controls, enhanced business processes and improved operational efficiencies. Working with agility and clear focus, NATCO redirected some of its resources to develop and offer products to patients affected by COVID-19. At the end of the year, we are positioned well to grow the business.

For the financial year ending March 31st, 2021, your company has recorded consolidated total revenue of INR 2,155.7 Crore, with net profits, after tax (PAT), of INR 440.9 Crore. Despite significant shocks to business, we grew revenue and kept profits stable. The Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) margin for the company stood at a healthy ~33%. NATCO is on the verge of inflection growth point, driven by the strategic filings done years ago. We are very excited about significant growth in earnings over the next several years lead by launches in the US and emerging markets, including long awaited launch of Lenalidomide and other niche First-to-File (FTF) products.

Pharma, Domestic Business: Adapting to new conditions

The year was not without its share of disappointments. Our oncology vertical could not reach more patients as the healthcare community continued to be wary of COVID-related risks and



*Natco Pharma Limited
September 30, 2021*

postponed hospital-based treatment. Additionally, COVID-19 caused cancer patients to postpone hospital appointments and therapy that required their physical presence.

Our Hepatitis-C business continued to deteriorate due to market size contraction. To offset the impact, we focused on product launches pivoted around pandemic needs. The list of products which were launched include Chloroquine, Apixaban, Amphotericin and Posaconazole to treat post-COVID-19 complications. Additional products include Baricitinib, which was repurposed for use in COVID-19 patients and the anti-viral drug Molnupiravir, which is in the clinical trial stage. We are glad to be part of efforts, which is trying to combat the effects of the pandemic. Despite the challenging circumstances, we launched a total of 10 products in domestic market during the year.

Pharma, International Business: Fortifying our presence

Our international business, which comprises the United States (US) and Rest of World (RoW) markets, was also partly a victim of the pandemic conditions. Although the majority of our US portfolio remained stable, a key flu product, Oseltamivir, suffered significant revenue loss. This led to the overall decline in revenue in the US market when compared to the previous year. In spite of this adverse impact, we have successfully launched products recently in the US, such as, Lapatinib, as sole generic and oncology product Everolimus, in a limited competition environment. We continue to be bullish about our prospects in this market. We are constantly looking at ways to propel our business growth, whether through niche filings or by strategically positioning ourselves for better profitability, including considering establishing a front-end entity in the US.

During the year, contribution from the subsidiaries increased appreciably driven by growth in our portfolio of products in Canada. Our product portfolio has resulted in promising launches through our subsidiaries/step-down subsidiaries in Brazil, Canada, the Philippines, Australia, and Singapore as well as markets in the RoW such as South Africa, helping us secure our foothold and widening our revenue base.

Agri Business: Creating footprints

Through careful selection of niche molecules, NATCO plans to develop a pipeline of technical and formulation Agro products. These would include pesticides and pheromone based environmentally friendly products that help in prevention of pest rather than extermination, as part of Integrated Pest Management (IPM) solution to farmers.

We received our first key product approval in Crop Health Sciences during the year and our manufacturing units in Nellore are operational. We launched the first indigenously manufactured pheromone-based product in India for controlling Pink Bollworm (PBW) which affects the



*Natco Pharma Limited
September 30, 2021*

cotton crop. We are confident to grow this business to be an appreciable contributor of revenue in the next few years.

Investing for sustained future

Our R&D as well as product development teams tenaciously pursued critical activities during the year to alleviate the situation for patients affected by the pandemic. An integral part of our DNA has been our commitment to R&D, which remains crucial to our success. During the year, our expenditure in R&D amounted to INR 159.6 crore. We spent 9.1% of our standalone revenue towards R&D – a sign of our commitment. We have also spent INR 228.1 crore as capital expenditure, which was used to enhance our facilities.

Synthetic chemistry, biotech, nano medicines, novel drug development and cell biology are a few areas of our expertise. We are constantly adopting new technologies to improve the quality of our APIs and formulations while reducing their environmental impact. Our pipeline and technology are on right track, and we are focused on expanding our product basket. On the Agro business, by leveraging our current pharma R&D resources, we have established development centers in Nellore and Hyderabad to develop niche products.

Towards a better world

Health is intrinsically connected to the environment, and hence, we continue to explore ways to mitigate climate change by reducing our impact on the environment through ecologically sustainable practices across the value chain.

During the year, we were uncompromising in our actions to conserve natural resources and to empower our communities. We lowered our carbon footprint and improved our energy

mix, increasing our solar energy capacity at our three major manufacturing facilities in Kothur, Sagar, and Mekaguda. As of today, ~26% of our energy consumption is from renewable sources, primarily solar and wind. Today, over 80% of power needs at our Vizag and Chennai facilities are met through Wind energy.

We invest in the long-term well-being and development of our associates and communities. During the year, ~50,000 people benefited from our community outreach and healthcare services, which included two mobile health clinics and two independent satellite clinics for communities and employees respectively.

The Comprehensive NATCO Cancer Centre at GGH, Guntur, is a state-of-the-art cancer care center built in a spacious area of 80,000 sq. ft. has become fully operational with 110 beds. This is a first-of-its-kind government hospital in Andhra Pradesh, which matches the best private



*Natco Pharma Limited
September 30, 2021*

hospitals and offers holistic cancer treatment, including medical, surgical and radiotherapy services.

NATCO Trust schools generate value for the communities. Online and offline classes, after-school tuitions, Gurukula coaching, and home visits were some of the activities carried out under the NATCO Trust umbrella, which helped around 8,800 children. Our healthcare and farm-based livelihood programs have earned the trust and confidence of the community.

Committed to sustainable development and being a responsible corporate citizen, we closely monitored the situation and supported our communities all through the pandemic year.

Standing with our people and stakeholders

Your company's market capitalization stood at approx. INR 15,353 crore as of March 31, 2021. We gave three interim dividends amounting to INR 95.65 crore, resulting in a pay-out of 30.90% of the standalone profit after tax of the Company

We would like to extend our sincere gratitude to our employees for the passion and commitment they have shown during the year, and to our shareholders for their continued support in our endeavors. We are confident that NATCO will continue to be a company that puts its people first and enjoys the trust of society. We are sure that the Company will stand the test of time.

I thank one and all.

V C Nannapaneni:

Dear Shareholders, as the notice of the AGM, annual accounts for the year 2021 and take Auditors' Report as read. Further as per the report of statutory auditors and the secretarial auditors were unqualified and without any adverse observations or comments in their respective reports. With your permission, I take the audit report and the secretarial report as read. I request Company Secretary to read out agenda items of this meeting.

M. Adinarayana:

The agenda items of this 38th Annual General Meeting:

Item #1 – Adoption of audited annual financial statements for the financial year 2020-21. There are about eight items of the list.

Item #2 – To confirm the already paid three interim dividends on equity shares during the financial year 2020-21 as final dividend.

Item #3 – Reappointment of Sri. P S R K Prasad, DIN 07011140 as a director liable to retire by rotation.



*Natco Pharma Limited
September 30, 2021*

Item #4 – Reappointment of Sri. V C Nannapaneni, DIN number 00183315 as Chairman and Managing Director for a period of one year from April 1st, 2021, to 31st March 2022.

Item #5 - Reappointment of Sri. Rajeev Nannapaneni, DIN number 00183872 as Vice Chairman and Chief Executive Officer for a period of one year from April 1st, 2021, to 31st March 2022.

Item #6 - Reappointment of Sri. P. S. R. K. Prasad, DIN 07011140 as Director and Executive Vice president Corporate Engineering Services for a period of one year from April 1st, 2021, to 31st March 2022.

Item #7 - Reappointment of Dr. D. Linga Rao, DIN 07088404 as Director and President (Technical Affairs) for a period of one year from April 1st, 2021, to 31st March 2022.

Item #8 of the last item. Ratification of remuneration paid to the cost auditors for the year 2021-22.

All the statutory registers of the Company are open for inspection to the members during the period of AGM.

Management:

The Company has provided a e-voting facility to the members of the Company from 27th September 2021 to 29th September 2021 and in order to exercise the right to vote for the members who have not used the e-voting facility can cast their votes through e-voting during the video conference.

The result of the remote voting and e-voting during the Annual General Meeting along with the scrutinizer report will be intimated to the stock exchange within 48 hours of the conclusion of the meeting and will be uploaded on the Company's website.

Management:

The background to be appeared with the method of e-voting in progress and the timer will start which will indicate reverse timing starting from 30 minutes to zero minutes. When the ticket indicates around 10 minutes remaining time then the Chorus Call video operator make the following announcement.

Dear members, we request all the members participating in this AGM and who have not yet cast their vote to do so in the remaining period of 10 minutes. Thank you.

Management:

I request the shareholders to raise any questions on the report. I request the moderator to call the names of the shareholders who have raised to speak out in the Annual General Meeting one after the other.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. We take the first question from the speaker shareholder number one Mr. Praful Chavda from Hyderabad.



*Natco Pharma Limited
September 30, 2021*

Praful Chavda: Thank you. Chairman sir, board of directors and other shareholders. The news of the Company comes in everywhere, means the returns which we are expecting from the share market we are not getting that much return. Rich people are not purchasing the shares in big quantity, so we are not getting much returns.

If we see in three years, we did not get any return from the share. Same to same rate is going on, sometimes up and sometimes down. So, you should do something about this so that what is the problem of the Company we will get to know.

In my view one problem about the Company, I am seeing is our share price is not good. So after two years waiting from now on in full time, Company share will pick up? Natco Pharma is one of the oldest pharma Company. Other companies have gone ahead very well. They have introduced new products and done good business. So why Natco is behind. Please tell about this? Thank you.

Moderator: Thank you.

Management: So Praful Ji, I think to answer your question I think in the last 1 year and 1.5 year has been very difficult because of COVID scenario. A lot of the portfolio that we have had and we have been really exited by COVID because we were slow on the oncology portfolio and I think our earnings have not grown primarily because of these reasons.

But I think this year it is going to be a very good year. I think we have some very good launches coming up in the next 12 months. I think we already announced one of the biggest launches we have is the Revlimid US launch, which we have exclusivity. So that will come in and around March of 2022. And then we have the Canada launch of Revlimid which will start reflecting from next quarter. I think you will be able to see very dramatic growth starting from the March quarter of 2022.

Management: The next to speak up.

Moderator: Thank you. We will take the next audio question from Mr. Yusuf Yunus Rangwala. Please go ahead.

Yusuf Yunus Rangwala: Good morning respected Chairman and my fellow shareholder. I am speaking from Mumbai. Respected Chairman and my fellow shareholder and the secretarial team, very good morning sir. I am very happy with our Company secretarial team they could giving a link. As I support previous speaker sir, want to know when the Company has lastly issued shares under Bonus issue, we had a dividend list but sir, how our Company's shares are not quoting up sir? What is your plan, sir? If you arrange a factory visit? It is my humble request to arrange a factory visit at your Hyderabad. I am very happy with your Company performance.



*Natco Pharma Limited
September 30, 2021*

I have done e-voting. Yes sir, when was a last bonus given sir and last bonus when you have given, I just wanted to know. And sir, our total number of people who are working with us? In Covid-19 all the staffs have taken the vaccine and what is the position sir, I would like to know at present?

And sir, how people are working? People are working from home or people are coming sir? I would like to know. And sir, we had a one of the leader in Hyderabad sir. I am very happy to be a part of this excellent Company. I wish our Company good luck for all the resolutions, and I support our Company and also thank our Chorus people who are doing a very good services. I am very thankful to the Chorus people for giving me a link.

And also, I am very humbled for giving me the chance in this Covid-19. Thank you very much. And I wish our Company good luck for all the future and Diwali and Dussehra. Thank you very much, sir. Have a good day sir. Nothing more to add.

Management:

Thank you. I will answer the first question. The vaccine and employees and I will answer the question of bonus. The last of it. So, in terms of vaccination of most of our 95% of our employees are vaccinated. So that has been done. In terms of working from home and all most of the employees are working at the factories have to come physically because otherwise production of functional products is not possible.

So, we do not have working from home option because of the nature of our operation. In terms of employees, we have about 5,000 employees in our Company and Mr. Adinarayana, if you can just address the question on Bonus Issue of shares and shares price.

Management:

As of now no bonus has been declared in our Company after listing and the stock price otherwise is market driven and other forces that will have an impact on the up and down of the stock price. Thank you. The next speaker, please.

Moderator:

Thank you. We take the next question from the speaker shareholder Mr. Santosh Kumar Saraf from Kolkata. Please go ahead.

Santosh Kumar Saraf:

Respected Chairman, presented Board of Directors, and my shareholders brothers my name is Santosh Kumar Saraf and I am calling from Calcutta. Namaskar to you all. I hope you and your family are healthy and fine. I also express my condolences to those brothers and sisters who have lost their lives to the COVID. May god rest their soul peace and give them courage to overcome this loss. Sir I have sent a letter you secretary might have received it. I have asked about your CAPEX plan, order book and new product launch. And sir I wanted to know what arrangements you have made about rain water harvesting, renewal energy and the lesser and lesser use of single-used plastic. And sir I suggested that more and more women empowerment should be there for that what steps are you taking? I feel that there should be more women empowerment, women is goddess Lakshmi and if we empower goddess Lakshmi we get



*Natco Pharma Limited
September 30, 2021*

everything. And women have shown their capability during the Olympics, if they get a chance they can win a gold medal, silver medal and bronze medal. And for disabled employee I would like to say that if you have any place please give them chance they also shown their talent in Paralympics, Neeraj Chopra has made the nation proud by winning gold medal. I won't say much in the end what the expense in the physical meeting and in the video conferencing meeting please let me know. Jai Hind, Jai Bharat. Namaskar.

Management: Thank you, Santosh Ji. Our CFO will answer the question on the CAPEX, the order book and renewable energy and the expenses, the Company Secretary will answer.

S. V. V. N. Appa Rao: Yeah, Santosh we have a few questions received from you, which is about CAPEX of the plan. For the next three years, we have CAPEX plan of about Rs. 250 crores to Rs. 300 crores every year. It is mainly to complete the existing projects that we have and the normal capital expenditure. Plus, we are also expanding some of our API facilities. And there is another question with regard to the book position.

As you know, the domestic business is driven by the prescriptions that we get, and we have a basis on which we get the sales and continuously. We have manufacture and sell these products across the country based on that. As far as international business for APIs and formulations are concerned, we receive the orders and commitments from our partners as well as the distributors.

Based on that we make these exports. Although there is no substantial growth in terms of the orders and commitments as you all know that we have landed my project which will start selling from March which is a blockbuster drug.

And there is a question with regard to local for vocal and Atmanirbhar Bharat. And as you know, the pharmaceutical industry has been in forefront for this over the last many years and today we have India is known for its generic drugs across the world and it is increasing year on year and definitely we are in the forefront as far as local for vocal and domestic also we are manufacturing many of the drugs which are required for the communities at a very affordable prices.

And coming to the brand India as you know as I have mentioned pharma generics from India have a great place and as far as Natco is concerned, it is known for its quality of medicines across the world including United States. Our presence is increasing because we have been launching quite a new niche pharmaceuticals and all over the world the brand image of Natco is very well known. And we continue to pursue this in future also.

And there is regard the projects that we have in the pipeline, the R&D, we have almost 20 products, which are in various stages of R&D in API, and we are almost about 25 products in the finished dosage formulations R&D at various stages. There is another question with regard to usage of plastic. And yes, no, we are mostly using the recyclable plastics. And we continue



*Natco Pharma Limited
September 30, 2021*

even in case of packing materials also we are doing everything to reduce the plastics and working out various alternatives.

And with regard to the rainwater harvesting, we are doing an excellent job. We are aware of the importance of this particular thing. And we have not only now, over the last few years we have been working on this water, we use filtered water. And we have also got some rainwater pits and check dams and everything to conserve the water. And we are making the best efforts to minimize the water utilization.

And then there is a question with regard to renewable energy. Almost 25% of our energy requirements come from renewable energy, that solar as well as wind we have almost about 5.45 megawatts of solar energy, and we have 4.2 megawatts of wind energy. And then when it comes to the question of the female employment as Mr. Rajeev has mentioned, we have about 5,000 employees of which almost about 1,700 women employees are there, which is almost 34% of the total strength and we continue to increase the female employment, make it very balanced.

And then there is a question with regard to the gender base. I have already clarified to you and the distribution of employees. We have employees across India as well as overseas through the subsidiaries. We have almost about 1,700 employees, women employees, as I have already mentioned. We have casual employees of 849 with all the benefits. That is all. You have wished best of luck to the Board of Directors, employees and everybody. Thank you very much on that.

Santosh Kumar Saraf: Thank you, sir. Namaskar.

M. Adinarayana: Coming to the Chorus call meeting with NSDL it is coming to around Rs. 4 lakhs to Rs. 5 lakhs.

Moderator: Thank you. We take the next question from the line of Mr. Suresh Chand Jain. Please go ahead. As there is no response from the current participant, we move on to the next question from the line of Ms. Prakashini Shenoy. Please go ahead.

Ms. Prakashini Shenoy: I am Prakashini Shenoy from Mumbai. Respected Honorable Chairman, other dignitaries on the board, and my fellow shareholders, good morning to all of you, I received the annual reports through email, which is colorful, informative, and contains all the information as per the corporate governance. I thank the Company Secretary and entire team for the same.

Sir, we are living in a days where everything is unpredictable life, including our existence in such a circumstances, running a Company like ours is not a small thing. I appreciate Chairman. Sir, I have few questions. Question number one, what is the roadmap for next two years? Number two, what is the effect of COVID-19 on our Company and what are its challenges? Question number three, is there any change on a Company after the introduction of budget in the parliament? Question number four, is there any chance of expanding the existing R&D?



*Natco Pharma Limited
September 30, 2021*

And/or are we going to have any new R&D? What may be the expenses approximately? I wish the Company good luck for a bright future and pray God that the profit of the Company shall reach the peak in due course. Sir, I support all the resolutions put forth in today's meeting. Thank you, sir.

Management:

Thank you, Ms. Prakashini. So let me address the first two, three questions. The last two questions are our CFO will address. What is the growth plan for the next two years? I think what we are expecting is one, I think we have spoken about our upside in the US. We have few exclusivities coming in the year 2022. So that will drive the US growth, that is one.

The second thing is we are hunting for a front end in the US. So hopefully we will be able to consummate a transaction. We are looking at different options. And we believe that we will be able to close the transaction soon.

We are looking at various options. There are two, three gaps madam in our business. One is that we need to strengthen our domestic business and second is fix the front end in the US. US front end we are able to fix and India as well, what we have done is we have started a new Crop Health Science division.

So, we are looking at our front-end expansion in India. And in addition to that, we are looking for an acquisition in this front as well if something comes along. And our crop sciences business, which we are not getting much revenue at this time for which we have built a facility in Nellore and where we have got some approvals.

And we expect that there should be some launches from this division as well. Some big launches coming in the next year. So, this should drive the revenue for the next two years. Regarding the impact of Covid-19, there has been obviously impact on our Company and some other portfolios, but we are reprioritizing our portfolio in a changed environment. And the question regarding the budget and the existing R&D expenses, our CFO will address.

S. V. V. N. Appa Rao:

Yeah, the R&D expenses in the last year was about Rs. 158 crores which is approximately 9% of the standalone revenue. And we continue to invest in R&D and the approximately about 8% to 9% we continue to spend on the R&D. On the base business if there is a substantial growth because of any blockbuster launches, then the percentage may slightly come down, but we continue to invest in R&D.

Management:

The next question.

Moderator:

Thank you. We take the next question from the line of Samrat Sarcar. Please go ahead.

Samrat Sarcar:

Good morning, everyone. I want to congratulate the Company first for having a long-term vision for having a superior lineup of complex filings to be launched in the near future. I have the



*Natco Pharma Limited
September 30, 2021*

following questions. Number one, why do not we use our complex chemistry skills to diversify into niche specialty chemicals and intermediate space, which has lower competitive intensity like the electrical and the electronic chemicals?

Number two, do we have any plans to enter the biologics or the large molecule industry? Number three, our ROC, ROE has fall in to around 14% and 11%. And our asset turnover is very low as well, in spite of CAPEX of Rs. 604 crores in the last two years. Even though our ROC shall improve after the Lenalidomide launch in March 22, what is the Company doing to increase and sustain these high ratios in the future?

Over the very long-term high price erosion. And lastly, how many ANDAs have been filed in FY21 and approximately how many ANDAs do we plan to file in, in the current fiscal as well? That is it from my side. Thank you so much.

Management:

In terms of electronic chemicals, and all this is an area that we are not looked at Samrat Ji. I think we have done a certain we have done agrochemicals, which is allied to our pharmaceutical R&D skills. We have similar chemistry skills and that is the reason why we have done agrochemicals, specifically electronic, no we have not done that.

Regarding biologics, we are not doing anything in biologics. I think that is our business, and maybe we consider in the future, but as of today, we are not doing anything. Regarding the ROC and ROEs and the asset return ratios.

You know, obviously, it has been on the lower side, because we have been adversely affected by the pandemic, but I believe that it will improve dramatically in the next two to three years. I do not see a challenge there. It is only a temporary, I do not see a challenge there. Definitely we will see an improvement. Regarding ANDAs and in Brazil and Canada, I think in terms of filings, I think this year we will do about 10 filings.

Last year our filings were on the lower side because of the pandemic we had some impact. But I think we do over 10 filings in US, and we have done 10 filings in Canada and 10 filings in Brazil. So, these are co-markets that we are focusing on. Thank you.

Management:

Next question.

Moderator:

Thank you. We take the next audio question from Kantalala Bharat Raj. Please go ahead.

Kantalala Bharat Raj:

Yeah, very good morning, Mr. Chairman Nannapaneni and young dynamic leader Rajeev Nannapaneni our Company MD. Sir, first of all, I thank the management for the wonderful performance. I congratulate the entire board of directors happy to see all stay safe, fine and healthy in the pandemic time.



*Natco Pharma Limited
September 30, 2021*

Sir, in this pandemic time my Company has done wonderful performance. Sir, first of all, I congratulate my teams, my entire board, for a wonderful CSR. Sir, the CSR the way you are doing with the generous no Company is doing like that, sir. When I went visited Guntur I have seen our Natco Cancer Hospital. Very wonderful, sir.

Recently we visited Guntur. There we have seen our Natco Cancer Hospital. Wonderful sir. You are dedicated to the government and the government premises you have constructed a beautiful and for poor people you are accessing the cancer treatment.

I am very happy and very proud sir. The way the CSR you are doing sir. Sir, today I have no need to question my Company, sir. Because the wonderful performance the way you are paying the dividends to my Company, is enormous.

Sir, I am very happy sir. Sir, I wish that my Company will grow more and more on heights. I thank my chairman and entire board of directors for this hard work. In this pandemic sir, any salary cut you have given to our employees, any debt calamities happened, how you taken care of employees?

Sir, you have given 100% vaccination to my employees? Please let me know sir. I thank Mr. Adinarayana, my Company secretary. Wonderful person, sir. He is very humble man, he is accessible for 24x7. Any questions, any queries, any help he is always available, sir. I thank him for his services. Once again, Mr. Chairman, entire board of directors all the best in coming years. God bless you, Mr. Chairman. And entire board sir. Thank you very much.

Management:

Thank you. First of all, I would like to thank the shareholder for his very kind words on our CSR program. We are very happy for his appreciation. I am very happy to take this forward. And your other questions on vaccination.

I think most of our employees are being vaccinated. In terms of taking care of the employees, I think we have very good insurance plan. And we were I think we covered almost five to six lakhs worth of insurance for all our employees. So, and I think that is how we are taking care of the employees. We have not had a salary cut. We have made a modest increments. We are not done any salary cut.

Management:

95% of the people vaccinated as Mr. Rajeev has already informed earlier. Thank you.

Moderator:

Thank you. We take the next question from the line of Gundalooru Redappa. Please go ahead.

Gundalooru Redappa:

Thank you, Mr. Moderator and Mr. Chairman. My name is Gundalooru Redappa. Firstly, I wanted to address the Chairman Nannapaneni and Rajeev Nannapaneni, our CEO and S. V. V. N. Appa Rao and P S R K Prasad and Dr. Linga Rao and my Company Secretary Adinarayana.



*Natco Pharma Limited
September 30, 2021*

Good morning, sir. My name is Redappa Gundalooru from Hyderabad. My DP ID is 113468. Sir, actually I am very happy about the Company performance in 2021 financial year. I am very proud of it as a shareholder. So, Mr. Chairman, you have given very good informative presentation and detailed present and past and the future scenario has given to us. So very good information. I appreciate for what you were given sir. I appreciate.

Thank you. Thank you so much, sir. And also sir, on physical AGM sir 2018-19 whatever we have good memories with the board It was a very wonderful delightful experience with the Chairman and all the directors of this Natco Pharma. It was very memorable for me.

And also sir, this corporate governance point of view so my team and the Company secretary legal team is doing Wonderful and fantastic sir. Financial point of view sir, year-on-year YoY growth the net sales has steeply increased. I congratulate this increase. And also sir, consolidated net profit also steeply increased and EBITDA also year on growth is very good sir.

Sir, earnings per share also is deeply increased, sir. Strongly I am saying our stringent R&D so, I appreciate and congratulate the R&D department for this good experiments. Sir, congrats for the footprints in agro segments so nicely molecule flow we are entered, and we are this globally we are enter sir. Wish you all the best this segment. Sir, and also, I wanted to congratulations and I would like to record my appreciation in this.

Commercial products 25 commercial products we are initiated. I have gone through all the AGM report, 19 para ANDA para 4 ANDA and 13 US drug master file. It shows that my Company has wonderful platform. Go ahead sir, and also sir, for patents congratulations, assets also is there. So, there is no time that is the reason I am restricting my all the congratulations and appreciations. And also sir, this CSR point of view, you are doing wonderful CSR projects.

As our co-shareholders told me that the same about CSR done sir. Recently one week back I visited Guntur. Guntur GGH. So, there is a Natco Cancer Center is there. Wonderful facilities there without any beneficial or doing this social services.

So, the Natco Cancer Center is very wonderful. I have taken photograph also. I have visited there. So, and also sir, we have spent more than 2%. It shows my Company is towards the social services, wonderful dedicated. I appreciate all the Chairman and board of directors, CFO, entire. Very happy sir, especially Mr. Adinarayana very good person.

He is the CS, VP and legal and, he is a nice person. I have not seen like the person. Very nice person. So, he is a very good asset to the Company. It is heartfully I am saying it is nice. It is a teamwork, not individual, it is a teamwork.

Finally sir, I appreciate all the Company secretarial department and CSR group. And also sir, we have 100% faith on you sir. I wish good health and all the board members. I wish all the best.



*Natco Pharma Limited
September 30, 2021*

Thank you so much for giving this opportunity. One of my co-shareholder Mr. Ramesh with me. He wanted to speak. Please give me permission Mr. Chairman.

Ramesh: Thank you. Wish you all the best.

Gundalooru Redappa: Sir, Mr. Chairman, what is your vision of this couple of years? What is your vision of two to three years? What is the revenue addition this current financial year? So what is the impact sir? so please let us give some information?

And also sir, we are very happy sir. Thank you so much, sir.

Management: Thank you, Ramesh.

Management: So, I think as I said few minutes ago I think the next two years we have very good growth driven by our launches in the US market. And you will see very dramatic increase in our earnings in the financial starting from the March quarter of 2022 and going forward in the next few years based on the launches that we have had. And I think in the next two years are going to be very good. I am very positive on the future.

And I think vaccination already we have warranted. I think we have covered most of them. Thank you. Next question please.

Moderator: Thank you. We take the next audio question from the line of Suresh Chand Jain. Please go ahead.

Suresh Chand Jain: Respected Chairman, presented Board of Directors and fellow shareholders, I have minimum of 1000 shares and I am a senior citizen and you pushed me towards the end and you should answer the question in the end but you are answering one by one. Today we have 135 meetings in Hyderabad both physical and virtual. This way you are wasting time of others as well. If we want to say something but we have to listen to you that way we can only attend one meeting only rest of the other meetings we cannot go. I want to express my view on your Company. Sir your Chairman speech was very good, very spectacular and congratulate you for that. I would like to just take care of that because in the AGM you first know everyone's view and then answer. We are not able to go to other companies. I propose this Company. The kind of work you have done in the Corona time that is commendable. You have done a great work I congratulate you for that. Thank you for giving me the chance to speak I stope here. Jai Hind, Jai Bharat!

Moderator: Thank you. Sir, would you like to answer that, or should we proceed to the next question?

Management: You can proceed to next question.



*Natco Pharma Limited
September 30, 2021*

Moderator: Okay. Sir, just give me a minute. We take the next question from the line of Kamal Kishore Jhavar. Please go ahead.

Kamal Kishore Jhavar: Chairman sir, all the Directors, our Adinarayan Sir, Secretariat person I am very oldest shareholder of the Company. First of all this Company is very good. Today there are so many meetings, 10 am I have to go to another meeting. They have asked to give the email sir. And one more thing in social work there is a business going on. People are taking donation there they are doing business of commission. If you have to give the donation you go and give yourself, people are siphoning money in the name of donation. We are getting this news in the market, if you give the donation the company will get blessings. I praise secretariat department, share of the company is very good. You give a nice dividend. We are the senior people of the company. I wish you all Deepavali and Dussehra. I praise Mr. Chairman who is running the company at this age that is commendable. I congratulate the head of Secretariat department who is doing a great job with so much of hard work.

Moderator: Thank you. Sir, that was the last question for today. I would now like to hand the floor back to you all.

Management: Thank you for participating all the shareholders. Those who cannot participate or could not be able to speak, they can as well send the email for these on any accounts of pertains to 2020-2021. As the business for which this 38th Annual General Meeting of our Company is convened is completed I thank all the shareholders, directors once again for participating in the meeting for their active cooperation in transacting today's business. Thank you one and all.

Moderator: Thank you very much. The time for e-Voting has elapsed, and they are of the view that all members who are participating in the Annual General Meeting have been given adequate time and opportunity to vote at the AGM. This concludes the proceedings of AGM. Thank you all for participating in the AGM and e-Voting. Thank you.