



40th Annual General Meeting, 29th September 2023, Hyderabad

Chairman Speech

Dear Shareholders,

A very warm welcome to all!

On behalf of the Board of Directors, I welcome all of you to the 40th Annual General Meeting of your company.

I am delighted to state that the year in review has brought remarkable growth in your company's business, as we navigated through difficult times around the pandemic and the business challenges during that time. This performance of your company was supported through consistent commitment to quality, nurturing of our technical strengths and pursuit of market expansion strategies.

Our financial performance highlights the progress we have made and inspires confidence for years to come. During the year ending March 31st, 2023, our consolidated total revenue stood at INR 2811.7 crore and the net profit, after tax, at INR 715.3 crore. The increase in revenue and profits for the year was driven by growth in the US business and performance from subsidiaries in Canada and Brazil. Our Crop Health Division has begun its journey contributing, with strong growth potential.

Pharma, Domestic Business: Casting a Wider Net

Our Company recorded domestic formulation sales of INR 374.9 crore during FY 2022-23. During the year, we launched 11 products across the three key business segments as we continued to expand our NATCO Reach initiative to cover a much wider base of doctors including general medical practitioners. NATCO's carefully selected products need to be leveraged with strong reach to doctors & patients! We firmly believe that this strategy will pay good dividends for the growth of domestic business.

Pharma, International Business: Fortifying our Presence & Expanding Geographies

The revenue and growth in the international business during the year was a clear outcome of your company's core strategy- focus on a select few molecules, work diligently for years and create blockbusters. We witnessed a total exports revenue of INR 2230.4 crore of which formulation revenue was INR 2063.2 crore and balance from exports of Active Pharmaceutical Ingredients (APIs). Although majority of the revenue came from exports to the US, there was good diversification of revenue with contribution from subsidiaries in Canada and Brazil.

With our emphasis on aggressively expanding to new geographies, we hope to maximize return on investment of the carefully selected molecules. So, we are widening our reach internationally to diversify sources of revenue. We are in the process of registering key products in the Middle East & Northern African (MENA) regions and have plans to increase number of subsidiaries.

Agri Business: Beginning Shoots

During the year FY2023, your company launched in India the Agro blockbuster product Chlorantraniliprole (CTPR) pesticide formulation and its combination products in liquid and granule forms. Your company has created a strong presence amongst competitors in the industry due to the significance of its product selection. Post launch, we are making our presence felt at the distribution and farmer level through several field marketing and advertising activities.

We have now established a strong sales team in key agrarian states across the country as we continue to increase more personnel and build business processes at front and backend. Apart from CTPR and its combinations, we are working on a unique pipeline of products for both domestic and international possibilities.

R&D: Harnessing our Strengths.

Your company proactively invests in state-of-the-art R&D and manufacturing infrastructure to ramp up the supply of critical medications across the globe with an emphasis on quality and global compliances.

The R&D team comprises of over 465 highly skilled employees who are proficient researchers, scientists and product specialists. They are deeply committed to enhancing our intellectual property through innovation and dedication. Our first-to-market and first-to-file status demonstrates our patient centric actions. During the year, our expenditure in R&D amounted to INR 195.9 crore. We spent 8.3% of our standalone revenue on R&D – a continued importance to business.

Environment, Societal and Governance: For a sustainable future

Your management has established a clear sustainability agenda that emphasizes the importance of water, wastewater, waste and energy management and we are constantly striving to make advancements in these areas. In FY 2022-23, about 27.51% of our total energy requirement was met through renewable energy sources.

Our people and the relationship we build with communities are the foundation on which we grow and prosper as an organization. Our employees are the key to our success and as

a result, we invest significant resources in ensuring that we are an employer of choice in all the regions where we operate.

NATCO has corporate governance at the heart of its management approach. We believe that our governance framework supports our high performing and respectful culture and is underpinned by our values of integrity, openness and quality.

Through NATCO Trust, we strive to tackle important societal issues by uplifting disadvantaged communities and fostering inclusivity and equality. During the year, 12,000 students were supported through 121 Anganwadis. Our comprehensive approach strives to promote healthy practices and raise awareness about nutrition, mother and child health, non-communicable diseases and preventive measures. We initiated two mobile clinics and two standalone satellite clinics at Kothur and Nagarjuna Sagar benefiting over 30 villages collectively.

Empowering our people and standing with our stakeholders

At NATCO, we value our people. We aim to hire and retain the best talent and provide a work environment where each person can thrive. It is through our people and culture that we create products that help consumers.

As on 31st March 2023, your company's market capitalization stood at INR 10,285 crore. During the financial year, your Company issued three dividends at INR 5.5 per share which amounted to a dividend payout of INR 100.4 crore. Dividend payout stood at 15.76% of standalone profit.

I would like to extend my heartfelt 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 also thank our financial institutions and various regulatory authorities for their support and guidance. By continuing to work with our key stakeholders and prioritizing sustainability, we will do our part to ensure a healthier tomorrow for future generations to come.

I thank one and all.

CHAIRMAN
NATCO PHARMA LIMITED

Note: This does not purport to be a record of the proceedings of the 40th Annual General Meeting of the Members of the Company.