



“NATCO Pharma Limited”

September 29, 2023

Management:

- Mr. G.S. Murthy, Chairman
- Mr. V.C. Nannapaneni, Managing Director
- Mr. Rajeev Nannapaneni, Director and Chief Executive Officer
- Mr. S.V.V.N. Appa Rao, Chief Financial Officer
- Dr. T. V. Rao, Independent Director and Chairman of the Nomination and Registration Committee
- Mr. D.G. Prasad, Independent Director of the Committee
- Dr. M.U.R. Naidu, Independent Director
- Dr. Leela Digumarti, Independent Director
- Mr. P.S.R.K. Prasad, Director and Executive Vice President for Corporate Engineering Services
- Dr. D. Linga Rao, Director and President, Technical Affairs
- Dr. Pavan Bhat, Director and Executive Vice President, Technical Operations
- Mr. CH. Venkat Ramesh, Company Secretary
- Mr. Vikash Somani, Partner BSR & Associates LLP, Statutory Auditors
- Mr. Kiran Kumar B, Proprietor BK & Associates, Secretarial Auditors



- Moderator:** Dear shareholders, good morning and a very warm welcome to the 40th Annual General Meeting of NATCO Pharma Limited through video conferencing or other audiovisual facility. As a reminder for the smooth conduct of the meeting, the members will be in the mute mode. An audio and video will be opened when they will speak at the AGM as per the pre-registration. Please note that as per the requirements, the proceedings of the Annual General Meeting will be recorded and available on the website of the company.
- I now hand over the proceedings to Mr. CH. Venkat Ramesh, Company Secretary and Compliance Officer of NATCO Pharma Limited. Thank you and over to you sir.
- Venkat Ramesh:** Good morning ladies and gentlemen. I CH. Venkat Ramesh, Company Secretary of your company welcome you all to the 40th Annual General Meeting being conducted through video conferencing. The meeting is live streamed through webcast. I now request our respected Chairman G.S. Murthy to the meeting.
- G.S. Murthy:** Good morning all. I am attending this video conference from Registered Office of the company.
- Venkat Ramesh:** I now welcome Shri V.C. Nannapaneni, Managing Director of the company.
- V.C. Nannapaneni:** This is V.C. Nannapaneni. I am attending this meeting from our Registered Office, NATCO.
- Venkat Ramesh:** I now welcome Shri Rajeev Nannapaneni, Director and CEO of the company to the meeting.
- Rajeev Nannapaneni:** Good morning everyone. My name is Rajeev Nannapaneni. I am attending our AGM today from corporate office. Thank you.
- Venkat Ramesh:** I now welcome S.V.V.N. Appa Rao, Chief Financial Officer of the company.
- S.V.V.N. Appa Rao:** Good morning ladies and gentlemen. This is S.V.V.N. Appa Rao, Chief Financial Officer of your company. I am attending this meeting from the corporate office of the company in Hyderabad. Thank you.
- Venkat Ramesh:** I now welcome Dr. T. V. Rao, Independent Director and Chairman of the Nomination and Registration Committee to the meeting.
- T.V. Rao:** Good morning everybody. I am attending this meeting from my sister's residence in Hyderabad. Thank you.
- Venkat Ramesh:** I now welcome D.G. Prasad, Independent Director of the Committee to the meeting.
- D.G. Prasad:** I am D.G. Prasad, Independent Director participating in the AGM from my residence in Hyderabad. Thank you all.
- Venkat Ramesh:** I now welcome Dr. M.U.R. Naidu, the independent director of the company to the meeting.
- M.U.R. Naidu:** I am Professor Dr. M.U.R. Naidu. I am actually independent director of NATCO Pharma Ltd. and I am joining this audio-video conference of the Annual General Meeting from my house in Moti Nagar, Hyderabad. Thank you sir.



- Venkat Ramesh:** I now welcome Dr. Leela Digumarti, Independent Director of the company.
- Leela Digumarti:** Yeah, good morning everyone. I am Dr. Leela Digumarti. I am attending this meeting from Jaipur. Thank you.
- Venkat Ramesh:** Thank you. I now welcome P.S.R.K. Prasad, Director and Executive Vice President for Corporate Engineering Services of the company to the meeting.
- P.S.R.K. Prasad:** Good morning everyone. I am P.S.R.K. Prasad. I am joining this AGM from our Mekaguda unit.
- Venkat Ramesh:** Thank you sir. I now welcome Dr. D. Linga Rao, Director and President, Technical Affairs of the company.
- D. Linga Rao:** Good morning everyone. I am joining this meeting from my Mekaguda office.
- Venkat Ramesh:** Thank you sir. I now welcome Dr. Pavan Bhat, Director and Executive Vice President, Technical Operations of the company.
- Pavan Bhat:** Good morning. I am Pavan Bhat and I am attending this meeting from the NATCO Kothur facility.
- Venkat Ramesh:** Thank you sir. I now welcome Sri Vikash Somani, Partner BSR & Associates LLP, Statutory Auditors of the company to the meeting. I now welcome Sri Kiran Kumar B, Proprietor BK & Associates, Secretarial Auditors of the company and also acting as scrutinizers for the e-voting process of the meeting. I now request our Chairman Sri G S. Murthy to commence the proceedings of the meeting.
- G.S. Murthy:** Good morning ladies and gentlemen. I welcome you all to this 40th Annual General Meeting. I am informed that 38 members are present for the meeting through video conference. I declare that the requisite quorum is present and this Annual General Meeting is open to commencement. I now request to Rajeev Nannapaneni, Director CEO to read out the Chairman's speech.
- Rajeev Nannapaneni:** Thank you sir. Dear shareholders very warm welcome to all. On behalf of the Board of Directors, I welcome all of you to the 40th Annual General Meeting of the company. And we are delighted to state that in that big year in review, that brought remarkable growth in our company's business as we navigated through difficult times around the pandemic and the business challenges during the time. This performance of the company was supported through consistent commitment to quality, the stream of our technical strength, and pursuit of marketing, market expansion strategy.
- Our financial performance highlights the progress that we have made and inspires confidence for years to come. During the year ending March 31, 2023, I consolidated total revenues to 2,811.7 crores, net profit after tax of 115.3 crores. The increase in revenue and profits to the year were driven by growth in U.S. business and performance on subsidiaries in Canada and Brazil. A crop health division has began its journey contributing with strong growth potential.
- A company recorded domestic formulation sales of 374.9% during financial year 2022-23. During the year, we have launched 11 products across three key segments as we continue to



expand our NATCO reach. We set it to third much wider based on doctors including general medical practitioners. NATCO's carefully selected products need to be leveraged with strong reach to doctors and patients. It is worthy believed that strategy will pay good dividends for growth of domestic business.

Revenue and growth in international business earlier was clear outcome of the company's core strategy focused on select few molecules. Work diligently for years and create blockbusters. We witnessed a total export revenue of INR2,230.4 crores of which formation revenue was 2,003.2 balance from exports of active firms to intermediaries. Although majority of the revenue came from exports to the US, there was good diversification of revenue with contribution subsidiaries in Canada and Brazil.

With the emphasis on aggressively expanding to new geographies, we hope to maximize return on investment carefully selected modules. So we are widening our reach internationally to diversify source of revenue. We are in process of registering key products in the MENA region and have plans to increase number of subsidiaries. To be a financial year 2023, a company launched in the India that agro-blockbuster product Chlorine Pipe Oil has formulation and its combinations in liquid and granular form.

The company has created strong presence among competitors in the industry due to significant service product selection. Post launch, we are making our presence felt at the distribution of pharma levels to several field marketing and advertising initiatives. We now establish a strong sales team in key agrarian states across the country as we continue to increase more presence with business processes at front and back end. Apart from CTPR and its combinations, we are working on a unique pipeline of products for both domestic and international possibilities.

Your company has proactively invested in state-of-the-art R&D manufacturing in perspective to ramp up the supply of critical medications across the board with an emphasis on quality and global compliance. The R&D team comprises of over 465 highly skilled employees who are proficient researchers, scientists, and product specialists. They're deeply committed to enhancing our intellectual property through innovation and dedication.

Our first two market and first two status demonstrate our patient-centric actions. In the year, our expenditure in R&D amounted to INR195.9 crores. We spent 8.3% of our standard revenue on R&D, a continuing importance to business. We are managing the established year sustainability agenda that emphasizes the importance of water, wastewater, waste, and energy management. We're constantly starting to make advancements in these areas. Financial year, 22, 23, about 27.5% of our total energy requirement is made 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 key to our success and as a result, we invest heavily in resources and ensuring that we are an employer of choice in all regions where we operate. And of course, corporate governance is at the heart of its management approach. We believe that our governance framework supports a high-performing, respectful culture and is underpinned by our values of integrity, openness and equality.



NATCO trusts we strive to tackle important societal issues by uplifting disadvantaged communities and fostering inclusivity and equality. We have 12,000 students supported through 121 Anganbadis. A comprehensive approach strives to promote healthy practice and raise awareness about nutrition, mother, child and health and non-communicable diseases and preventive measures. We initiated two mobile clinics and two standard satellite clinics at Kothur and others have benefited over 30 religious collectives.

At NATCO we value our people, we aim to hire and retain best talent and provide work environment where each person can thrive. It is through our people, culture, that we create products and help customers. As of 31st March, 2023, the company's market capitalization stood at INR10,285 crores. During financial year, the company issued three dividends, INR5.5 per share, which amounted to a dividend pay dividends payout of INR100.4 crores.

The dividend payout stood at 15.76% of the 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 endeavours. We also thank our financial institutions and various regulatory authorities for their support and guidance. By continuing to work with our key stakeholders of prioritising sustainability, we will do our part to ensure a healthier tomorrow for the future generations to come.

I thank one and all. Thank you so much.

G.S. Murthy:

Thank you. I seek the shareholders permission for the notice of the AGM and also Annual Accounts for the year 2022-23 and to take Auditors' Report as read. Further, as the report of Statutory Auditors were unqualified and without any adverse observations or comments, with your permission I take the Auditors' Report as read.

I request Company Secretary to read out contents of the Agenda Items of the Meeting.

Venkat Ramesh:

Thank you, sir. The agenda items of the meeting are, agenda item number one, adoption of audited annual financial statements for the financial year 2022-23. Item number two, to confirm three interim dividends aggregating to INR5.50 per share, paid on equity shares during the financial year 2022-23 as dividend for the financial year 2022-23.

Agenda item number three, re-appointment of Sri Rajeev Nannapaneni as a Director liable to retire by rotation. Agenda item number four, reappointment of Sri P.S.R.K Prasad as a Director liable to retire by rotation. Agenda item number five, ratification of the remuneration of cost auditors.

Agenda item number six, revision in the remuneration of Sri V.C. Nannapaneni Managing Director. Agenda item number seven, revision in the remuneration of Sri Rajeev Nannapaneni Director and Chief Executive Officer.

I now request Sri G.S. Murthy to further proceed.

G.S. Murthy:

The Company has provided e-voting facility to the Members from 26th September, 2023 9.00 a.m. to 28th September, 2023 5.00 p.m. in order to exercise their right to vote. For the Members



who have not availed the remote e-voting facility till now, can cast their vote through e-vote electronically during the Video Conference.

The results of remote e-voting and e-voting during the Annual General Meeting along with the Scrutinizer Report will be intimated to the Stock Exchanges within 48 hours of the conclusion of the meeting and the same will be uploaded on the Company's Website.

I now request the shareholders to raise any questions on the reports and accounts. I request the moderator to call the names of the shareholders who got registered to speak at the Annual General Meeting, one after the other and unmute their names.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. In the interest of time, may I request you to restrict your questions or comments to two minutes.

I now invite the first speaker shareholder, Praful Chavda. Please accept the prompt on your screen unmute your audio and video from your device and proceed with your question. Ladies and gentlemen we will wait for a moment while Mr. Chavda is connected.

Praful Chavda:

Chairman, sir, Board of Directors, my fellow shareholders, I am very happy to be here at the NATCO meeting today. The company's investors are getting good returns. This year, the share price was 650 and gone till 950, is increasing by 50%. The results are also very good and the company is moving ahead.

I want to ask you that the why company is bringing new products and which products will be used to make a client and which countries will it go to? Can you tell us about this? I wish you all the best for the upcoming festivals. The Secretary Department sent me the AGM Report hard copy on time, so that I can read it. I would like to thank the Board of Directors and Company Secretary.

Moderator:

Thank you very much. I now invite the next speaker shareholder Santosh Kumar Saraf. Please accept the prompt on your screen. Unmute your audio and video from your device and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Saraf unmutes his connection.

Santosh Kumar Saraf:

Respected Chairman, present Board of Directors and staff members, myself Santosh Kumar Saraf from Calcutta welcome you. Hope for good health for Board of Directors and staff members. I would like to thank the employees of the company who have worked so hard to get this result. I would like to request them to continue to work hard and get a good result.

I would like to thank you for your dividend payout. I have two questions. First, what steps are you taking to maintain the company's continuous performance? And what steps are you taking for income growth? Second Sir, what steps have you taken for women empowerment? The percentage of women is very low. Tell us about this. I award about 4,000 employees. But the percentage of women is very low. Only 8% of you are female. What steps are you taken regarding this, sir.



And sir, what can you do about the artificial intelligence? Please tell us about this, sir. What steps have you taken for harvesting rainwater? And what steps have you taken for renewable energy? Please tell us, sir. And sir, I don't want to say much. I wish you all a very happy and healthy year. Thank you very much. Along with physical meeting do VC option too.

Moderator: Thank you very much. The next speaker shareholder Srikant Jhavar has registered however did not join the AGM. We will move on to the next speaker shareholder Rangan Venkataraman. Please unmute your microphone and proceed with your question.

Rangan V: Okay, but I am at the airport, okay, I would like to know that for the last five years our market capitalization and the share price is hovering around 800 only and we have not created really what the market capitalization, why? It's a paramount duty of the promoters to create market capitalization. But what about the export papers about the FDA regulations or rejected or somebody's filing some suits and get getting and what are the prospects for the next three years?

I would like to know that. I think you have gone for a very big expansion. I think for the results of that, which quarter it may arise actually. Otherwise, I don't suspect or integrity of the promoters, but I would like to know what is the business model, why it's going on like that. Somebody is filing and the rejection all these things as a name and we are not able to understand that. What will be the future growth for the next two years? That's all I would like, thanks.

Moderator: Thank you very much. I now invite the next speaker shareholder, Yusuf Yunus Rangwala. Please unmute your microphone and proceed with your question.

Yusuf Yunus Rangwala: Sir, very good morning sir, Chairman sir. NATCO, Pharma does not require anything sir. You have a world ranking of 25 -- world ranking we are on 10, in pharmaceutical. We are the leader in all divisions sir. And we are an excellent company sir. Dividend bank record, dividend bonus, everything given to us -- the shareholders.

Sir, you have made us rich. I am very happy and very proud to be a shareholder in our company. And I am very thankful to Veza Event. They are a very hardworking company. Their event is very good. We have no worries about the Veza. Neither we feel sad nor -- we are always happy with Veza Event. We are very happy to be here.

The service is excellent. They called us this morning and told us that the event is starting and your number is coming. Chairman sir I will come straight to the point, how much is the total number of staff in the factory. We are having a factory in Hyderabad. I would like to arrange I am very interested to see your factory and sir nothing more to add and if possible please make the factory visit and we are very happy to meet you and Chairman sir, you gave us a chance and opportunity I wish you a Happy Diwali, I wish you a Happy Dussehra and wish you for all the festival and sir don't forget us in Diwali. We will remember your good gift. Thank you very much. May God bless our company. Thank you very much. Jai Hind sir. Jai Hind sir.

Moderator: Thank you very much. I now invite the next speaker shareholder, Sanjay Banik. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question. Request to all the speaker shareholders to please restrict your questions or comments to two minutes.



Sanjay Banik:

Okay sir. Sir, hello, I am Sanjay Banik from Kolkotta the city of Joy. I am a shareholder of NATCO since the year 2011. Since then I have not visited any AGM either physically or attending any AGM virtually, so this is my first AGM of NATCO and I had a wish to see VC sir and Rajeev sir. So my wish has got fulfilled.

Sir, I have some questions. Our company has posted highest ever revenue. Sir, how sustainable is this? Will we see double digit compounded annual growth in sales and profit in coming five years? What is your guidance regarding this? If further price erosion happens in US market, how our company will tackle this?

Sir number two question is, our domestic formulation business is not performing well over the years as revenue from this is decreasing year after year. So, what are the main reasons for this?

Number three, sir, on the API side, we know that India has a good opportunity over the coming years to grab the market share because of reduced reliance on China on API supply. So, how our company is looking at this opportunity.

My question number four is non-oncology revenue is also decreasing over the years. Sir, what are the main reason of this? Is there any lack of innovation or our company's product cannot compete with others?

My next question is sir, what is the most costly product of our company in oncology segment? Is it of lung cancer, liver cancer, or anything else?

Next question is sir, as the crop production business is getting bigger of our company, shall our management will consider to demerge the business in future? That's all, I have full faith of the management of the NATCO. So, it has generated a quite amount of wealth for me over the years. So, I wish better performance of the company in future. Thank you sir.

Rajeev Nannapaneni:

Thank you Sanjay. Thank you.

Moderator:

Thank you very much. I now invite the next speaker shareholder Kamal Kishore Jhavar. Please unmute your microphone and proceed with your question.

Kamal Jhavar:

Hello, can you hear me. Okay, thank you sir. Our greetings to Chairman sir, all leaders, Rajeev sir Today video conference is very good. In this company IPO shareholder for more than 25 years, every shareholder got a good return and our Secretarial department has very good services. Whenever we get something, we get a balance sheet. They have very good service. I wish you a very happy Diwali. I liked your Chairman speech and I want that our dividend is rising so see about bonus, bonus should be at least 50 shares so it would be very good and interim dividend also you give, everything is good and talk to our colleague Suresh Chand.

Suresh Chand:

Respected Chairman sir, all Directors and our shareholder friends greetings to all. Yesterday Ganesh Chaturthi event was there because of that internet is not coming proper that's why I am talking from this point.



- Shrikant:** My name is Shrikant. I am also attending and we have a problem in link. Your Chairman speech and our co-shareholder talked about bonus, please do something about bonus and I wish you a very Happy Diwali and Dussehra and RTO people have a good service. Thank you.
- Moderator:** Thank you very much. Next speaker shareholder, Afzal Mohammad has registered, however did not join the AGM. I now invite the next speaker shareholder, Ramesh Manguluri. Please unmute your microphone and proceed with your question.
- Ramesh Manguluru:** Good morning everyone sir. I am Ramesh Manguluri speaking from Hyderabad. Hello..
- S.V.V.N. Appa Rao:** Go ahead Ramesh. Yeah, please go ahead.
- Ramesh Manguluru:** Namaskar sir, first of all I would like to congratulate the management for excellent performance. Sir, I have three questions. Till now what percentage for Revlimid has been sold, it's number one. Number two, sir, agrochemicals, how are the things are shaping up? How are you planning to grow these fields?
- And third one, sir, I understand that you are planning for acquisition, whether it is domestic or overseas and what would be the size of the company I would like to know. Thank you very much sir.
- Rajeev Nannapaneni:** Thank you. Thank you. Next caller please.
- Moderator:** Thank you very much. Next speaker shareholder Anil Babubhai Mehta has registered however did not join the AGM. The next speaker shareholder, Gundluru Reddeppa has registered, however, did not join the AGM. The next speaker shareholder, Abhishek J has registered however did not join the AGM. We will move on to the next speaker shareholder, SVRB Sastry. Please accept the prompt on your screen. Unmute your audio and video from your device and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Sastry unmutes his connection. Mr. Sastry, please unmute your microphone and proceed with your question.
- SVRB Sastry:** Good morning everybody. Congratulations on the good set of numbers. We are very much happy with the dividend you created to us. My question is there is some talk of erratic monsoon this year, what is the impact on the CTPR sales, is it on the expected lines or above expected lines or below, what is the impact?
- And the second question is some years back one analyst mentioned that NATCO is having a very good land bank in Hyderabad, what is the -- how much land bank we are having and what is the value. If you declare this, it will enhance the value of the share in the market. Thank you very much and I wish you all the best in your future endeavors. Thank you very much.
- Rajeev Nannapaneni:** Thank you.
- Moderator:** Thank you very much. The next speaker shareholder, Satishchandra Shantilal Doshi. Please accept the prompt on your screen. Unmute your audio and video from your device and proceed with your question.



Satishchandra Doshi: Yes, sir thanks for the opportunity. I have sent the questions over mail, I will just read those out sir, thank you sir. So, the first question is what is the market size and likely launch date of our different FDF products?

Second question is sir, what is the status of suit relating to pomalidomide? What is the legal status of the appeal relating to Ibrutinib and have we appealed to the higher courts?

And sir, the next question is, could you please provide details about the new products in the pipeline for the Brazil and Canada markets, including a timeline for their expected launch. Also, how was the performance of both the markets during the first two quarters of FY '24?

Sir, the fourth question is, could you please outline the strategy for launching new products in our pharmaceutical division in India, are we planning to continue with our current approach of introducing the products at highly affordable prices or are we considering to shift towards launching them at market prices moving forward?

How did Onco products perform last year and the growth going forward. Sir just a moment and which are the non-oncology brands and the growth prospects of the same. Sir, what is our plant business model for agrochemical sector and are we considering direct sales to customers under our brand or will be primarily engaging B2B transactions. What is our production capacity, capacity utilization and asset turnover in agrochemical sector?

Sir, what is our intended strategy for the launch of upcoming agrochemical products? Are we planning to follow the same approach of patent challenge as we did in CTPR segment of patent challenge?

Sir, the next question is to what extent is our distribution channel in the Indian agrochemical business is efficient and how can we leverage our existing distribution network from the pharmaceutical business to enhance our presence in agrochemical sector? Sir, what synergies are anticipated from acquisition of Pee Safe and ISCA Inc., ISCA Inc., Delaware Corporation?

Additionally, could you please provide information on allocated budget for such acquisition going forward? Sir, with a substantial cash position on our balance sheet, are we currently evaluating options such as additional share buybacks, increased dividend payouts, or discussions regarding potential new acquisitions? Sir, thank you so much and all the best, sir.

G.S. Murthy: Thank you.

Moderator: Thank you very much. I now invite the next speaker shareholder, Bharat Raj Kankanala. Please accept the prompt on the screen and proceed with your question.

Bharat Kankanala: Good morning, Chairman and Board of Directors.

Moderator: Sir, your audio is breaking, we can't hear your audio.

Bharat Kankanala: Mr. Rajeev. Wonderful performance, sir. And taking my company to the next level. My Chairman is very generous. He is giving in time regular dividends. Thank you very much for the way you bring the dividend to us and the way you expansion our company into the stable, sir.



Thank you very much and you are very generous in CSR. You are giving funds for the cancer hospitals and the cancer patients. Thank you very much for your generous, sir.

I thank my secretarial service Mr. Chairmanji. In time my secretary has sent me the annual report and link also. He is always at 365 days. And I thank my CEO for Mr. Appa Rao and his team, Mr. Das. They are always successful. Thank you very much. Chairman, sir, once again my best wishes to you. Sir, you should live 100 years because you are taking the NATCO company in the next legacy.

Thank you very much for giving this opportunity. Sir, we will see if it is possible. Next year, we will have a fiscal year, sir. Once again my best wishes to you. All the best, sir. Sir, within, one of my shareholder, Reddeppa Gundluru is there, due to technical reason, he did not attend. Shall I give to him?

G.S. Murthy: He is also a registered speaker?

Bharat Kankanala: Yes, sir.

G.S. Murthy: Please proceed.

Reddeppa Gundluru: Thank you, sir, for giving this opportunity. Board of Directors, Statutory Auditors, my Company Secretary. Good morning, Greeting, sir. This is Reddeppa Gundluru, speaking from Hyderabad. As a shareholder, I am feeling very proud about the company for the financial year '23. Chairman, sir, you have given a very wonderful speech about my company for the financial year '23.

We came to know lot of information about my company progress, future and present also. Sir, I requested for the physical annual report, I received within couple of days from the Company Secretarial department. Thank you so much for wonderful services. And after receiving the annual report, I found that there is a wonderful, previous numbers are wonderful, colorful information in this, sir. Thank you so much and for wonderful progress.

And also, I found that there is a wonderful corporate governance maintenance by my company, especially transparency of account, transparency of ethics, good values, morals and also good manner. So overall, I can say there is integrity there in my company. Thank you so much sir for wonderful, the hardworking employees, CFO and leadership, my company transparency. Thank you. Sir, yes sir, we are growing a wonderful financial performance sir. Thank you so much.

The Board has a very good growth mindset. Thank you so much. I don't want to speak in much on this financial. Here my question is, sir, what is our next financial vision in couple of years? What are the new project, sir? This are only observations, sir. I don't need to ask any financial question, fund or financial process over here. So, everything is in there in financial report. There is no single blast fire in companies since inception in IPO.

Wonderful leadership sir. We believe in the leadership, sir. Go ahead, sir, take appropriate decision about company growth. I have already reviewed all the resolutions, sir. Thank you so much for the company's secretarial department, sir. Always available and they are very good



manners, giving the importance to the shareholders. Very strong investor relations they are having, sir. I am concluding, sir, wherever required sir, please encourage the women empowerment, women leadership, women employment sir, this is my humble request.

Sir, we have faith on the Board, trust on the Board, go ahead. Sir, I wish you a good, sir, Chairmanji, under your leadership, sir, we'll achieve many more higher awards in coming financial year, sir, and also financial year of financial '23 also. That's the reason, I wish you the good health to you, all the Board, and all the key players of the company, not only you, sir, all the hard-working employees also. Thank you so much for giving this opportunity. Reddeppa, signing off.

G.S. Murthy: Thank you.

Moderator: Thank you very much. Speaker shareholder number 13, Abhishek J has reconnected. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question.

Abhishek J: Sir, my name is Abhijet, shareholder of the company. My DP ID is 41359155. Sir, first of all, I congratulate the management on the eve of 40th annual general body meeting. The trust all is well with you and your family. In this challenging situation, our company deserves much more respect than the current market cap. After completing more than a decade of successful operations, profitability and becoming one of the strongest brand in the respective sector.

Sir, as of date, how many employees do our company have? I would like to know from you, sir. And what are the steps being taken by the management to reduce the other expenses, legal professional charges and audit fees, so myself and my team have legal firm in the name of [inaudible 0:39:04]. So I would request you to kindly enroll our firm in the empowerment of the company and we'd be glad to extend our services, sir. I would request the management to kindly consider hybrid AGM because of the digital challenges in the virtual platform.

Most of the senior citizens are not able to join in this virtual AGM because of digital challenges and so you can consider hybrid AGM, local shareholders can join you digitally, planning shareholders can join you virtually, you can get the valuable points, and ideas that will be helpful for the management of our future, so kindly try to consider hybrid AGM. And the CDSL and NSDL platform, where we exercise our reward and we get access to the information of documents like register numbers, telephone numbers,,,

Moderator: Sorry to interrupt you Mr. Abhishek, Mr. Abhishek...

Abhishek J: The members can very well inspect the documents you are recommending and up to the conclusion of the AGM and I may not reach out to you at a later stage seeking for all these documents. So, if it is updated online, most of the companies, they are doing it, sir. So, I would request the management to kindly take care of it.

Moderator: Your audio is not clear to us.



- Abhishek J:** Nothing much to ask, sir. I would request the management to kindly take care of the hospital department of the physical disabilities. Finally, arrange for a plant visit for the investor fraternity, sir. I thank the company, the head of the team for sending me the email link as well as making this 40th anniversary of the AGM a grand success. I wish the company and the Board of Directors a great success and prosperity in the coming future. And thank you for giving me the opportunity. I hope to see you in the physical AGM next year. Thank you very much.
- G.S. Murthy:** Thank you.
- Moderator:** Thank you very much. The next speaker shareholder, Keshav Garg, has registered, however, did not join the AGM. That was the last speaker shareholder. I now hand over the meeting to the Chairman for further proceedings. Over to you, sir.
- G.S. Murthy:** Yes. So, what I do is there are lot of questions. I will split among all the Directors. So, first I request Mr. Prasad to answer the question on the renewable energy and the water waste management program. Mr. Prasad, can you just address that question to the shareholder please?
- P.S.R.K. Prasad:** Yes, I can say that, we have very extensive program for the renewable energies. We already have a couple of two windmills and we have about 6 megawatts solar power and we are adding some more for other units also. And we are also concentrating on the parabolic dishes, where we can have hot water and we are also exploring for the steam generation that is for our formulation plant as well as our Chennai plant where we can utilize substitute our furnace oil and diesel oil with solar energy.
- So this is on the renewable energy front and when it comes to the water management as you rightly asked, we have extensive programs and we already have, we are doing in couple of units, especially the rooftop water management. We are collecting the very good rainwater, directly we are collecting it to our storage tanks and we are reusing for our boilers and cooling towers, where we do not have to do any further treatment.
- This is one of the good initiatives that is yielding and we are extending this to all other units also and we have lot of storage facilities, we have created and we are utilizing this rainwater for our cooling towers and for our internal gardening and for other purposes. So, this is on the waterfront, we are doing as far as possible that to the maximum extent that is possible. Thank you.
- G.S. Murthy:** So, I request our CFO to address Mr. Sanjeev Lal Chandra, Doshiji's questions. Give him a moment.
- S.V.V.N. Appa Rao:** Yes. Market size and the life cycle of the different API products, we are announcing the launch of the new product on peptide. The market size would be a very extensive exercise, I will leave it to you. And with regard to Formaldehyde, we have already mentioned that this is a case without merit. So, we have also not launched this product.
- The launch of the product will happen sometime in 2027. So with regard to the question on the pipeline for Brazilian and Canadian markets, we have almost about launched seven products in Brazil. We have started the pipeline for approvals about 10 products in Canada. So the



performance of the Canadian and the subsidiaries we had a very good performance in the first quarter almost about INR50 crores turnover in Brazil and about almost INR60 crores in Canada. They are doing very well and contributing for the growth of the company.

With regard to your question on the affordable prices, our endeavor has been that for quite a long time and we continue to do that. And with regard to the onco products performance last year, about 5% to 10% growth is there in oncology products. And our endeavor -- because this is one of the principal therapeutic divisions of the formulation. We continue to focus on that in the domestic market as well as in the international markets.

And with regard to your question on the agrochemical sector whether we will be doing B2B and actually it is a mix of mainly primarily our emphasis is B2C and we are also doing B2B for certain major customers. But predominantly 80% of the business come from the B2C. And regarding the strategy for launch of the agrochemical products, this whether it is with the patent challenges or otherwise it will be a mix of both. Because we need a basket of products for running the business to be with the distributors and the farmers. So the, we continue to focus on both the patent challenges as well as the normal regular products.

And we also, with regard to your question on the leveraging the pharmaceutical distribution business to the agrochemicals, these are two independent setups. So, we cannot mix both of them and we have a reasonably good setup for the agrochemicals in a very short time of about nine months, we have built a good setup and we are stabilizing that. Definitely, whenever there is a scope, we are working for increasing the efficiency of this.

With regard to Pee Safe, it is a woman hygiene products, which we have invested and they're slowly growing and we are hopeful that this business will go very well. And ISCA is, actually it is not an additional investment, it is an investment made almost a couple of years back. Since they are selling this business to some big multinational company. So we have used our, like the conditions in the agreements and additional shares have been issued to us to maintain the value of our company. Yeah, and we own about 6% shareholders, which is a minority, but we are confident that investment will have value-added.

With regard to the cash position in the balance sheet, there are plans -- there are no further plans for the buyback. Definitely we would pursue certain opportunities for acquisition when we like, get them at a very optimum level where we can grow with those acquisitions and should not become a burden to the company.

Dr. Pavan, can you just speak about that portfolio that we are looking, that we're working on in our R&D and what is our vision for the business? A few lines please.

Pavan Bhat:

Thanks. So, for R&D we are focusing on multiple products along the same strategy where there is a difficult to develop or difficult to manufacture or have some inherent barrier to entry. With that, we continue to build on that. And mainly, I would say about 60% to 70% or greater percent of our portfolio is focused on oncology, trying to leverage our strength in India and as well as the past few products that we have launched in our subs in Brazil and Canada. So we continue



to build on that and we are definitely trying to extend some of the typical products that we have developed for the US or into other markets like, Canada and Brazil where we have our own subs.

And we have also started recently extending this to some emerging markets. So, we work on oral solids as well as injectables and we have also now increased our footprint into more complex products like, peptides and oligonucleotides. And in peptides these are harder to develop products because of the -- they are called as combination products with a device, either a reusable pen or an auto injector. So, we are continuing to increase the development in the area of complexity as generally referred to as complex products.

So, you know these are inherently got some values to entry. We are increasing the scope as well as the geographical diversity for our products in terms of development.

G.S. Murthy:

Thank you, Pavan. Thank you so much. So let me address the question on income growth and women participation. I think we're expecting good growth in the next few years. And I think a lot of the growth is driven by the product cycle launch. And I think we have some good launches that's the reason why we're seeing good growth rate.

And women participation, yes, I think we should definitely improve. I think that is something, it's a very valid criticism. I think we need to work hard and I think to enhance our participation. I think we'll definitely devise policies which encourage women participation. And I'm hopeful that over the next few years we'll be able to see the difference and increase in participation.

During the last, the gentleman asked us, in the last five years, market cap has remained flat and has not increased so much. And so I think there, I think the challenge has been our portfolio. I think our portfolio has declined dramatically because there are two challenges we have had. One is our domestic portfolio has declined dramatically because HFC has become zero. It used to be about INR500 crores a year and it's dropped dramatically. And that's the reason why we've seen a dramatic drop in the domestic sales. Otherwise, the other businesses have done well but it's been a large hole to replace because HFCs are pure. And that's the reason why they're unable to recruit new patients.

And regarding export, there's been a tremendous amount of price rushes in the US which has affected our core business. But however, I think we have revived with our new launches and with our geographic expansion, we believe that I think there will be more stability in earnings this round compared to what happened in the last few years. It's the base of the beast and I think that's how it works.

And Mr. Yusuf asked whether he can visit the factory. I think certainly he can. He can work with our Investor Relations as our Company Secretary. Whenever the shareholders are welcome to visit, he can always arrange a visit. I can address bonus shares and all. I think we will look into it. Certainly, I think we can certainly consider that. I think we want to enhance shareholder value. As you're aware, we did a significant buyback which has enhanced shareholder value and giving good dividends. And we look at all measures that can enhance shareholder value.

The gentleman asked about lenalidomide percentage. I think generally because the earnings are going to be finalized, I don't want to answer that question. I think we'll have better clarity for



our September earnings. I think we will speak during the conference call at that time how we have done in better time.

Regarding agro, agro, I mean one gentleman asked whether the erratic monsoon affected us. Yeah, but luckily for us they started from zero. So I think, anything that has right has been a bonus because it's a big thing for us. Overall, as the industry has started because of the erratic monster, you're absolutely correct. But fortunately, because we have come from zero, our sale has done extremely well. And the product portfolio that we have had has taken very good market share.

And I'm proud to say that we have done extremely well and we are doing very good campaigns in strong, educated states like Maharashtra and the Telugu states. I don't know if you ever have a chance to watch Marathi or Telugu channels. We are, Agro products are constantly advertised in the news channels so that we can bring more coverage and presentation to our products. And so we are doing very well and I think we have spoken in the past that we expect this division to do INR150 crores to INR200 crores. We are on track and everything looks good.

And regarding monetization of the land bank, I think some of it has been monetized over a period of time. I think it has been reflected in the other things from the past. Actual value of land bank and all, I do not have a number off of my head. I think it is a very dynamic situation. We have some assets that we can monetize. I think we are looking at different opportunities. But as of now, there is no clear plan as such.

Regarding the vision for the business, I think the business is going to be very competitive. I think as Pavan said, we need to do complex and rich. Second, have geographical expansions and spend on R&D to just expand the portfolio. And I think these three things are going to work. Commodity business is extremely difficult today because of the nature of our pharmaceutical sector. I think people, I, my personal belief is that commodity products, even though they are important, the margin that you can get in this business has declined dramatically and will continue to decline.

And one gentleman asked about the vision for the API business. The API business should do well, in my personal view, in CMO and domain niche R22 API products, which are Oligo nucleotide, oligo-peptide, and then in niche Para IV ingredients. Commodity, I still -- I am not that excited. I may or my research from the general market view, but I still think doing niches in the high technology barrier ones is where the real money is, especially in the generic sector. And the number of employees, we have a little less than about 5,000 employees in our system.

And then we did some, a rise to some VRS program, which have dropped employees by about 15% in the last one year. We are the right size for our scale of revenue. And in terms of capacity utilization, we are around, depends on which particular segment, API, we are doing some expansion, doing another capacity in our Chennai in like two to three months. And finished dosage, relatively we have good capacity because we have a backup facility in Vizag, so we are relatively okay there. But we only have INR300 crores, INR400 crores capex, which can just upgrade our facilities and enhance where we are, capacities and areas where we are short. Regarding legal expenses being high, this is part of our game.



We do a lot of legal litigations to get early entry to market where we are able to make money. And sometimes depending on the cycle of the litigation, sometimes the bills tend to be higher. You can't, we can rationalize by strategically spending money on more interesting assets, but that itself won't drop dramatically because it's the nature of the business. And you have to spend legally, otherwise you can't clear the way to launch. I think, addressed most of the questions. And again, thank you everyone. Thank you, thank you for attending.

Venkat Ramesh:

Thank you sir. As the business for this 40th Annual General Meeting is convened and completed, I thank all the shareholders once again for joining the meeting and for their cooperation in conducting today's business. I thank all the shareholders for their continued support. Thank you very much.

Moderator:

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