



**41<sup>st</sup> Annual General Meeting, 30<sup>th</sup> September 2024, Hyderabad**

*Chairman Speech*

Dear Shareholders,

Good morning, all!

On behalf of the Board of Directors, I welcome all of you to the 41<sup>st</sup> Annual General Meeting of your company.

At the outset, we are elated to state that FY2024 was a momentous year for us, despite geopolitical tensions and supply chain disruptions. Your company has recorded its highest ever consolidated revenue and profits during the financial year – a milestone demonstrating our diligent efforts over the years to take the business to higher peaks.

Our business strategy of focusing on niche and complex molecules with limited competition has synergized well with our R&D expertise and first-to-market approach.

Our persistent efforts over the past decade have enabled us to deliver a consolidated total revenue of ₹ 4,126.9 Crore in FY24, against ₹ 2,811.7 Crore in the previous year, marking a 47% growth in topline. The profit after tax on a consolidated basis was ₹ 1,388.3 Crore, as compared to ₹ 715.3 Crore last year.

## **Pharma Business**

### Domestic- More Products & People

Despite pricing pressures on some of our products, our performance in the domestic market has been stable in FY24 with formulation sales achieving ₹ 386.7 Crore. Growth in the oncology segment was primarily driven by new product launches and an increase in the market share of some key products. Moving ahead, we plan to strengthen our market presence in the specialty pharma, cardiology and diabetology segments with an increased thrust on new product launches and expansion of our marketing and sales force.

### International- Expanding Canvas of Operations

The year under review has seen strong growth in the international pharmaceutical business with revenue from formulations reaching ₹ 3236.9 Crore. While the growth was led by Lenalidomide sales in the US, our other key products in portfolio have also helped in gaining momentum in our earnings. Our pipeline in the US remains strong with several FTF products including Semaglutide injections for the indication of diabetes and weight loss. Our formulations Rest of World (RoW) business excluding US and India has performed well with a total revenue of ₹ 606.4 Crore on the back of increased market share and launch of new products. Our subsidiaries in Canada and Brazil continue to deliver strong growth, as we expand our footprint in several new geographies.

## **Crop Health Sciences**

Extending our chemistry capabilities in Agro division, we have reported revenue of ₹ 108.3 Crore in FY24 from ₹ 40.9 Crore in FY23. We are beginning to establish ourselves as a strong quality conscious player in the market. With a focus on selecting products at different stages of crop phenology, we intend to launch new products and strengthen our product pipeline. We are also increasing efforts in marketing and expanding our distribution channel to foster brand loyalty and accessibility to farmers.

## **Emphasis on Research and niche backward integration to API**

At NATCO, we realize the value of strong research and development to align ourselves with an evolving pharma and agrochemical industry. With a team of over 450 scientists and researchers at the helm, we have built a research driven organization. With expenditure of ₹ 269.4 Crore (7.6% of standalone revenue) in R&D during FY24, we continue to facilitate advanced processes for the development of new molecules, improving the adoption of advanced technology and increasing our R&D workforce. As a part of our innovative strategy, we are working towards building our oligonucleotides portfolio. In addition to this, our active ingredients research and manufacturing team remains to be of high strategic importance. Renewed focus on sustainable cost reduction of current products and selection of niche active ingredients continues to be of top priority for both pharma and Agro business.

## **Committed to making a difference**

We constantly remind ourselves to nurture a culture of sustainable growth. To achieve this objective, we continuously review our environmental, social and governance (ESG) policies to fulfill our obligations towards people and the planet. As a responsible corporate, we believe in nurturing the holistic development of our people.

We have embarked on a sustainable journey aligning our strategic priorities with our ESG goals. Our responsibility towards being sustainable is intrinsic to our business. Our Environmental commitment extends to increasing our investments in clean energy, particularly in solar and wind, as part of our strategy to reduce our carbon footprint and promote sustainable energy solutions. As a part of our social commitments, we work on Education, Health and Livelihood development of under privileged & rural population. Along with a staunch focus on internal governance, we have adopted dedicated efforts to

create a lasting change in communities and pave the path for balanced ecological prosperity. Our governance approach reflects an inclusive environment to all our stakeholders. We are dedicated to advancing our journey through several initiatives that align with our sustainability goals.

### **Looking Ahead- Achieve milestones with agility**

As we look forward with confidence, we seek to craft our onward journey with a focus on our core competencies. Along with strengthening our R&D efforts, increasing investments for the development of complex molecule pipelines and venturing into new therapeutic segments through innovative solutions, we are committed in diversifying our revenue streams and strengthening our base business.

Your company is also making strategic investments in new cutting-edge technologies such as Cell Gene Therapy (CGT) and CRISPR-Cas9 technology. These technologies have wide variety of applications including basic biological research, development of biotech products and treatment of hereditary diseases, cancers, viral infections and we believe that future wave of growth for our shareholders, will come from these technologies.

### **Standing with our Stakeholders**

We always believed in creating value for the shareholders and on the quest of doing so, during the financial year, we issued three interim dividends totaling to ₹ 9.5 per share of ₹ 2.0/share face value. The total dividend payout of ₹ 170.2 Crore, which constituted 13% of the total standalone profit after tax. As on 31<sup>st</sup> March 2024, your company's market capitalization stood at ₹ 17,051 Crore. We remain committed in rewarding our shareholders

We conclude this message by expressing our heartfelt gratitude towards all our stakeholders for their support, trust and encouragement to NATCO. As we strive to build on our success and look at many more prospects for the next phase of our journey, we are working with optimism and moving with agility to design the NATCO of tomorrow

I thank one and all.

CHAIRMAN

NATCO PHARMA LIMITED

*Note: This does not purport to be a record of the proceedings of the 41<sup>st</sup> Annual General Meeting of the Members of the Company.*