



“Natco Pharma Limited  
41<sup>st</sup> Annual General Meeting”

September 30, 2024

**Management:** Shri. V. C. Nannapaneni – Chairman & Managing Director – Chairman of Corporate Social Responsibility Committee  
Shri. Rajeev Nannapaneni – Vice Chairman & Chief Executive Officer  
Shri. S.V.V.N. Appa Rao – Chief Financial Officer  
Shri. D. Vijaya Bhaskar – Independent Director and Chairman of Nomination and Remuneration Committee & Stakeholders Relationship Committee  
Shri. Lakshminarayana Bolisetty – Independent Director & Chairman of Audit Committee  
Dr. Kantipudi Suma – Independent Director  
Shri. Nitin Jain – Independent Director  
Shri P.S.R.K. Prasad – Director & Executive Vice President (Corporate Engineering Services)  
Dr. D. Linga Rao – Director & President (Technical Affairs)  
Dr. Pavan Bhat – Director & Executive Vice President (Technical Operations)  
Shri. C. H. Venkat Ramesh – Company Secretary and Compliance Officer



- Moderator:** Dear shareholders, good morning and a very warm welcome to the 41<sup>st</sup> Annual General Meeting 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 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. C. H. Venkat Ramesh, Company Secretary & Compliance Officer of Natco Pharma Limited. Over to you Sir.
- Venkat Ramesh:** Good morning ladies and gentlemen. I, C. H. Venkat Ramesh, Company Secretary of your company welcome you all to this 41<sup>st</sup> Annual General Meeting, which is being conducted through video conferencing mode. The meeting is being live streamed through webcast. I take pleasure in inviting our respected Chairman and Managing Director Shri. V. C. Nannapaneni who is also Chairman of the CSR Committee.
- V. C. Nannapaneni:** Good morning all, I am attending this video conference from registered office of Natco. Thank you.
- Venkat Ramesh:** I now welcome Shri. Rajeev Nannapaneni, Vice Chairman & CEO of the Company.
- Rajeev Nannapaneni:** Good Morning all, I am Rajeev Nannapaneni. I am attending our AGM today from our corporate head office. Thank you.
- Venkat Ramesh:** I now welcome Shri. S.V.V.N. Appa Rao, Chief Financial Officer of the Company.
- Appa Rao:** Good morning everyone. I am attending this meeting from the registered office.
- Venkat Ramesh:** I now welcome Shri. D. Vijaya Bhaskar, Independent Director and Chairman of Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Company.
- Vijaya Bhaskar:** Namaste all. Good Morning all, I am attending this video conference from my residence at Hyderabad.
- Venkat Ramesh:** I now welcome Shri. Lakshminarayana Bolisetty, Independent Director of the Company to the video conference who is also Chairman of Audit Committee.
- Lakshminarayana:** Hello good morning to you all. I am attending this video conference from my residence in Hyderabad.



- Venkat Ramesh:** I now welcome Dr. Kantipudi Suma, Independent Director of the Company to the video conferencing.
- Kantipudi Suma:** Good morning. I am attending this conference from Hyderabad.
- Venkat Ramesh:** I now welcome Shri. Nitin Jain, Independent Director of the Company to the video conference.
- Nitin Jain:** Good morning everyone. My name is Nitin Jain. I am attending this AGM through video conference from office at Bombay.
- Venkat Ramesh:** I now welcome Shri. P.S.R.K. Prasad, Director & Executive Vice President (Corporate Engineering Services) of the Company to the video conference.
- Prasad:** Good morning everyone. This is Prasad attending this video conference AGM from my office in Mekaguda plant.
- Venkat Ramesh:** I now welcome Dr. D. Linga Rao, Director & President (Technical Affairs) of the Company to the video conference.
- Linga Rao:** Namaskar and good morning to all. I am attending this meeting from my Mekaguda office.
- Venkat Ramesh:** I now welcome Dr. Pavan Bhat, Director & Executive Vice President (Technical Operations) of the Company to the video conference.
- Pavan Ganapati Bhat:** Good morning everybody. This is Pavan Bhat. I am attending this AGM from my office from the corporate office of Natco in Hyderabad.
- Venkat Ramesh:** I now welcome Shri. Amit Kumar Bajaj, Partner, BSR & Associates LLP, Statutory Auditors of the company to the meeting. I now welcome Shri. Kiran Kumar B, Proprietor, BK & Associates, Practicing Company Secretaries, Secretarial Auditors and Scrutinizer for e-voting process to the meeting. I now request our Chairman Shri. V. C. Nannapaneni to commence the proceedings of this meeting.
- V. C. Nannapaneni:** Good morning ladies and gentlemen, I welcome you all to the 41<sup>st</sup> Annual General Meeting of your company. I am informed that 40 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 commence the proceedings. The Chairman speech will be by Rajeev Nannapaneni.



**Rajeev Nannapaneni:** Thank you Sir. Dear shareholders, good morning to 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 onset, 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 make the business to higher peaks. Business strategy of focusing on niche, complex molecules for limited competition as synergized well with our R&D expertise and first-to-market approach. Our persistent efforts over the decade have enabled us to deliver consolidated total revenue of Rs.4,126.9 Crores in 2024, against Rs.2,811.7 Crores in the previous year marking a 47% growth in top line. The profit after tax on consolidation basis was Rs.1,383.3 Crores as compared to Rs.715.3 Crores last year.

In our pharma business, particularly our domestic business, despite pricing pressure on some of our products, our performance in the domestic market has been stable in FY2024 with formulation in sales achieving around Rs.386.7 Crores. Growth in oncology segment was primarily driven by new product launches and increase in 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 market and sales force. International expanding canvas of operations, the year under the review has been strong growth in our international pharmaceutical business. The revenue for the formulation business reaching Rs.3,236.9 Crores. The growth was led by Lenalidomide sales in US. Other key products in portfolio have helped in gaining momentum in our earnings. Our pipeline in the US remains strong with several FDA products including Semaglutide injection for indication of diabetes and weight loss. Our formulation rest of the world business, including US and India, has performed well with a total revenue of Rs.606.4 Crores on the back of the 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 extended our chemistry stabilities in agro-division. We have reported revenue of Rs.108.3 Crores in FY2024 from Rs.40.9 Crores in 2023. We are beginning to establish ourselves in the strong quality conscious layer in this business, the focus in selecting products at different stages of top technology. We are going to launch new products and strengthen our products pipeline, but also increasing efforts in marketing, expanding our distribution channel to foster brand loyalty and accessibility to pharmas.



At Natco, we realise the value of strong research and development to align ourselves with evolving pharma and agrochemical industry. The team of 450 scientists and researchers, we have built research-driven organization with expenditure of Rs.269.4 Crores, 7.6% of our standard revenue in R&D during FY2024. We continue to facilitate advanced process for development of new molecules, improving adoption of advanced technologies and increasing our R&D workforce. As part of our innovative strategy, we are working towards building our oligonucleotides portfolio. In addition to this, our active ingredients portfolio and manufacturing team remains of strategic importance. Renewed focus on sustainable cost reduction of current products and selection of niche active ingredients continue to be the top priority for both pharma and agro. We constantly remind ourselves to nurture a culture of sustainable growth to achieve this objective. We continuously review our environment, social governance, ESG policies to fulfill our obligations to our people and the planet.

As responsible corporate, we believe in nurturing holistic development of our people. We embarked on our sustainable journey, aligned our strategic priorities with our ESG goals. Our responsibility towards being sustainable is intrinsic to our business. Our environmental commitment extends to increasing our investment in clean energy, particularly in solar and wind, as part of our strategy to reduce our carbon footprint and promote sustainable energy solutions. As part of our social commitments, we work on education, health, livelihood, underprivileged, and 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 sustainable goals. As we look forward with confidence, we seek to craft our onward journey with focus on our core competencies, along with strengthening our R&D efforts, increasing investment for development of complex molecules, pipeline, and venturing into new therapeutic segments through innovative solutions. We are committed in diversifying our revenue streams and strengthening our base. Your cell company has also made a strategic investment in new cutting edge technologies such as cells, gene therapy and CRISPR/Cas9 technology. These technologies have a wide variety of applications including basic biology, research development of biotech products, and treatment of hereditary diseases, cancer, viral infections. We believe the future wave of growth for our shareholders will come from these technologies. We always believe in creating value for shareholders. In the quest of doing so during financial year we issued three interim dividends of Rs.9.5 of face value two. Total dividend payout was Rs.170.2



Crores, which constitute 13% of the standalone profit after tax. As of March 31<sup>st</sup> 2024, your company had a market capitalization of Rs.17,051 Crores. We remain committed to rewarding our shareholders. We conclude this message by expressing a heartfelt gratitude towards all our stakeholders for their support, trust, and encouragement to Natco as we strive to build our success and many more prospects for next phase of our journey. We are working with optimism, moving with agility to design Natco. Thank you so much.

**V. C. Nannapaneni:** Seek shareholders permission to the notice of AGM, annual accounts for the year 2023-2024 and take auditors' report as read. Further, as the report of Statutory Auditors were unqualified and without any adverse observations or comments in their respective reports, with your permission I take the Auditors' report as read.

I request Company Secretary to read out the agenda items of the meeting.

**Venkat Ramesh:** The agenda items of the meeting are,

Adoption of Audited Annual Financial Statements for FY2023-2024.

To confirm three interim dividends aggregating to Rs.9.50 per share paid on equity shares during FY2023-2024 as dividend for the FY2023-2024.

Re-appointment of Dr. D. Linga Rao as a Director liable to retire by rotation.

Re-appointment of Dr. Pavan Ganapati Bhat as a Director liable to retire by rotation.

Appointment of Statutory Auditors.

Ratification of remuneration of Cost Auditors.

Appointment of Shri. Lakshminarayana Bolisetty to the office of Independent Director.

Appointment of Dr. Kantipudi Suma to the office of Independent Director.

Appointment of Shri. Nitin Jain to the office of Independent Director.

Revision in the remuneration of Shri P.S.R.K. Prasad Director and Executive Vice President Corporate Engineering Services of the Company.

Revision in the remuneration of Dr. D. Linga Rao, Director and President Technical Affairs of the Company.



Revision in the remuneration of Dr. Pavan Ganapati Bhat as Director & Executive Vice President Technical Operations of the company.

**V. C. Nannapaneni:** The company has provided e-voting facility to the members from September 27<sup>th</sup> 2024 9.00 a.m. to September 29<sup>th</sup> 2024 5.00 p.m. in order to exercise their right to vote. For the members who have not availed the remote e-voting facility can cast their vote through e-vote electronically during the video conference. Results of the remote e-voting and e-voting during the Annual General Meeting along with the scrutinizer report will be intimated to the stock exchanges within two working days of the conclusion of the meeting and the same will be uploaded on the company's website. I request the shareholders to raise any questions on the reports and accounts. I request the moderator to call the names of shareholders who have registered to speak at the Annual General Meeting one after the other and unmute their mikes.

**Moderator:** Ladies and gentlemen, we will now begin the question and answer session. We will invite our first speaker member, Mr. Praful Chavda. Sir may we request you to unmute your audio and video and ask your questions or give comments.

In the interest of time, I request you to please restrict your questions or comments to a maximum of 2 minutes. Mr. Chavda could you please unmute your connection?

**Praful Chavda:** Chairman Sir, Board of Directors and fellow shareholders from Hyderabad I am Praful Chavda. Today Natco's shareholders are very happy that the share price has doubled in one year. The company is getting good news. In the Chairman speech also you said that the future is bright. The future of Natco is always bright, but the future is going to be even brighter. I wish you all the best and also the employees. Thank you Sir.

**Moderator:** Thank you. We now move to our speaker number two, Mr. Kamal Kishore Jhawar. Sir, could you please unmute your microphone and you may ask your question.

**Kamal Kishore:** Chairman Sir and to all directors, my greetings to you. I am an old shareholder of Natco Pharma, Kamal Kishore. Our secretarial department is very good. All the investors got good returns in the company's share. New high is Rs.1500. I had 120 Natco Pharma shares at that time. I still have shares (inaudible)00:22:26 we have got good benefit from that time I am the shareholder. If you see me you will be able to recognize me. Please keep video conference like this. I wish you for Dussehra and Diwali. In future please give bonus and please talk to Suresh Chand.



**Suresh Chand:** Respected Chairman Sir I got the link and got your company's phone. I was unable to get the link. My name is Suresh Chand Jain. I wish you all the best in your work and Sir Srikanth is talking.

**Srikanth Jhawar:** Sir Kamal Kishore, Suresh Chand Jain, and Srikanth we are together. Thank you Sir.

**Moderator:** We will move to our speaker number 7, Mr. Abhishek J. Sir, could you please unmute your connection and you may ask your question now.

**Abhishek J:** I congratulate the management on the eve of Annual General Body Meeting. Sir trust all is well with you and your family. In this challenging situation, a 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 segment. As of date how many employees are there in the company? What are the steps being taken by the management to reduce the other expenses, legal professional charges, and the audit fee? And then myself and my team are running a legal firm in the name and style of Seven Wells Associates in Chennai. So I request the management to kindly enroll the firm in the empanelment of the Company and we will be glad to extend our services.

So first of all, I would request the management to kindly consider hybrid AGMs in the years to come as most of the senior citizens are not able to join because of the digital challenges in this virtual platform so if you can consider hybrid AGMs in the years to come, more number of shareholders can join in the meeting. You can get the valuable points, suggestions and ideas that will be helpful for the management to empower in the coming future. Sir I would request you to kindly conduct con call, quarterly presentations and meeting global investors on a regular basis. Sir, our company is in our 41<sup>st</sup> AGM. Shareholders have a lot of expectations of the management. Hope that the management will fulfill the wish and desire of the minority shareholders in the years to come.

Sir, the company has outperformed and we are really thankful to the entire Board of Directors for their sincere efforts in bringing the company to this particular extent and rewarding the minority shareholders in good numbers. What is the capex plan for the coming future, Sir? And where do you see the light at the end of the tunnel and what will be the growth figures in the first half and the second half? Sir I would request you to kindly conduct a factory visit for the shareholders as and when it is feasible. For the past five years, the shareholders are not able to meet you physically. We are forced to meet you virtually. Kindly take care of the hospitality part of the shareholders, Sir. Nothing much to ask. I wish the company and the Board of





Directors great success and prosperity in the coming future. And I hope that you take all our questions in the right spirit and thank you very much Sir and thank you for giving the opportunity. Hope to see you in hybrid AGM next year. Kindly give us an opportunity to meet you and greet you Sir whenever I come down to Hyderabad. Thank you very much Sir.

**Moderator:** Thank you. We have been able to connect with Mr. Reddeppa Gundluru. I will just unmute his connection. Mr. Reddeppa Gundluru, could you please unmute your connection and you may ask your question now. Mr. Gundluru I am sorry but there is a network challenge. We cannot hear you clearly.

**Reddeppa Gundluru:** This company has a very good management, balance sheet is crystal clear. I do not have any questions. Even I do not want to ask question to this company. Very legendary company. All the professional are in Board under Nannapaneni leadership. I mean he is very wonderful. That is the reason I strongly support all the regulations. I do not have any questions Sir. I strongly support Sir. I wish good health to you, happiness to you Sir.

**Moderator:** Thank you. We will move to Mr. Satish Doshi. Sir, may we request you to please unmute your connection and you may ask your question.

**Satish Doshi:** Hello, good morning everyone. I have no questions. All of them were answered in the opening remarks. Thank you so much for that. Also, I support all the resolutions. Thank you.

**Moderator:** Thank you. We move to our next speaker member, Mr. SVRB Sastry. Sir could you please unmute your connection and you may ask your question now.

**SVRB Sastry:** Good morning, Sir. Good morning, everybody and special thanks to secretarial team for giving me the opportunity. First, let me congratulate you on superb performance this year and I hope you will continue the same performance in the coming years. However, good the performance of the company, the valuation in the share market is not up to the mark. See some three or four years back it touched a high of maybe 1100 to 1200. When compared with that it has given a very nominal return for shareholders. So this is my concern and maybe the sustained future growth is not there, therefore the market is not confident in giving proper valuation. And another thing, US FDA inspections, you are receiving observations, I request you to maintain international standards so that nil observations will come in future US FDA inspections. Thank you, Sir that is my opinion. Thank you very much.



**Moderator:** Our next speaker member is Mr. Yusuf Yunus Rangwala. Sir, could you please unmute your microphone and ask your question?

**Yusuf Yunus Rangwala:** I am Yusuf Rangwala from Bombay. For Natco Pharma in the market the price is very high. And you have a dividend listed company. Look, the dividend listed company keeps on 30th. Every year why you do like this. Last year also it was September 30<sup>th</sup> at 11:00. What is the reason for this, Sir? I want to know. What is the reason for keeping it at the end? Do you want shareholders or not. Because our company is good, good growth and good people and good Board of Directors. Sir call me to Hyderabad for factory visit. And after Diwali from Hyderabad send some goodies. Sir, what is the total number of staff? When did you give the last bonus? And send me the annual copy. And what to tell the secretarial team? I got a call from your office. I want to thank Natco people. I am joining you with folded hands. Next year do it in first week of September and I want to visit the factory and send some gift during Diwali. Send me some goodies Sir so that I can remember you. This is my humble request Sir because there are so many meetings. Today there are 350 meetings. Why did you do like this. I just want to know. Thank you very much. Phoolon ki khushboo, kaliyon ka par and we will always be with Natco. Thank you very much and may God bless you Sir.

**Moderator:** Thank you very much. That was the last question. I now hand over the meeting to the Chairman for further proceedings. Over to you, Sir.

**Rajeev Nannapaneni:** So, we will answer the questions. We will split between the CFO and myself. So, I will start off with US FDA observation and the long-term prospects of the company. I think bonus shares and other expenses and capex plan our CFO will answer. I think of the plants that we have Sir, we have about four US FDA approved plants. I think one plant, we have received US FDA and so we are working on the remediation. Yes, we are very cognizant of what the shareholder pointed out. I think we always try to maintain highest quality and we will work with the regulators to make sure that everything is resolved. And our products, wherever we sell, we always maintain the highest standards and highest quality. And in terms of the long-term plans, I think as you know, our portfolio is doing very well. I would like to assure the shareholders that our long-term portfolio, if you see even the next seven to 10 years, is a very robust portfolio. I think we communicate that with our shareholders all the time. Like for example, we have the first to file in Semaglutide which is the most happening weight loss product right now. We are first to file on a lot of other cancer products like Olaparib, Bracanat. This is all obviously there in our Annual Report. I think we have a good future and looking forward in the next 8 to 10 years, we have enough pipeline which can sustain the profits. And we have made some very good R&D



investments. And I think shareholders are appreciating. And I think as we keep delivering, I think the shareholder will get the reward. I am certain that we will get good reward. Thank you.

**Appa Rao:**

There is a question with regard to the number of employees. We have about 4,800 employees plus minus because there was also a question with regard to the controlling of the expenses. This is a continuous process, which we have taken up on all the expenses. And with regard to legal expenses is something because it depends on the number of filings that we make. And possibly there will be some cases filed abroad when we wanted to litigate some patents. So this expenditure is more or less under control, but sometimes when we are filing more products, these expenses could go up. Basically for the next year also the audit fee remains the same, there is no increase. And with regard to the capex, the company over this year and next year put together about Rs.700 to 800 Crores of capex plans are there most of which will be funded from the internal accruals of the company. And with regard to the bonus shares, yes, the company has been thinking about it, but the company has been doing extremely well in the last three, four years, and we are stabilizing the balance sheet. And hopefully in the future, definitely the management will look at it and thank you very much.

**Rajeev Nannapaneni:**

And the last question about the AGM date. I think we will definitely try to fix it earlier. Unfortunately, we all have had some business commitments in the month of September and we were traveling and other commitments. We will make sure that, it is not on 30th. We will try to do it a little earlier so that you do not get pulled in with too many meetings the same time. Point noted. Thank you.

**Venkat Ramesh:**

Thank you. As the business for which this 41<sup>st</sup> Annual General Meeting is convened is completed, I thank all the shareholders once again for participating in the meeting and for their co-operation in transacting today's business. Thank you one and all.