Annual Report

2023-24

NATCO

Achieving Milestones with Agility

Contents

CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS

NOTICE

Industry-leading performance

₹41,269 million
Global revenue for FY24

15.3%
5 year CAGR

47%
Consolidated Y-o-Y revenue growth

94%
Consolidated Y-o-Y PAT growth

50+
Countries export presence worldwide

4,800+
Strong and motivated employees globally

₹2,694 million
spent in R&D in FY24

25.8%
Renewable energy share

450+
Erudite scientists and experienced researchers

Zero
Liquid discharge across our major plants (ZLD)

Forward-looking Statements

We have exercised utmost care in the preparation of this report. It might include forecasts and/ or information relating to forecasts. Facts, expectations, and past data are typically the basis of forecasts. As with all forward looking statements, the actual result may deviate from the forecast. As a result, we can provide no assurance on the correctness, completeness, and up-to-date nature of the information for our forward-looking statements, as well as for those declared as taken from third parties. Reader discretion is advised. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Over the years, we have repeatedly shown our expertise by launching niche high-value products in India and the US, and at the same time diversifying into new geographies. We have proven our abilities by crossing new milestones consistently. Our achievements are also a reflection of our innate qualities of being focused and yet agile in all our endeavors.

The year in review, FY24 was iconic for the company with revenues surpassing a significant milestone of over ₹ 4,000 crores for the first time in its history. This was the result of years of unwavering focus on research, partnerships and strategic approach to markets.

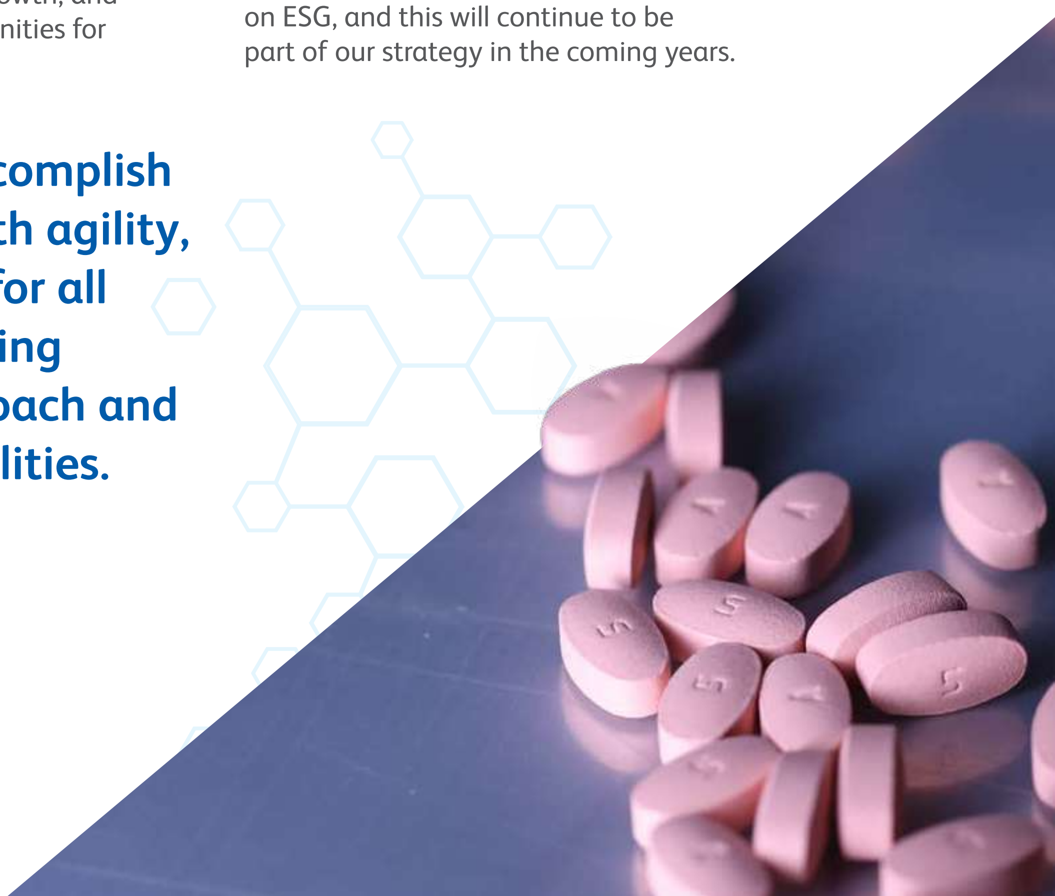
Our robust R&D expertise and assessment of patents and freedom to operate has helped us to differentiate from competition in various global markets while complying with stringent regulatory standards. Our export formulations division registered significant growth, and moving forward, we see opportunities for further growth.

With a focused pharma to farm approach, we are extending our R&D capabilities to drive growth in our Crop Health Sciences (CHS) division and to bring innovative crop solutions to farmers.

FY24 saw us accomplish our highest ever consolidated revenues and profits, which is the result of our diligence and sustained emphasis on developing niche and high-potential molecules.

We have always balanced our growth aspirations with responsible emphasis on ESG, and this will continue to be part of our strategy in the coming years.

We continue to accomplish new milestones with agility, maximising value for all stakeholders by being innovative in approach and ramping up capabilities.



About Us

Crossing milestones consistently

Powered by decades of experience, NATCO Pharma Limited (NATCO) has emerged as one of the leading pharmaceutical companies known for its vertically integrated business model, strong R&D focus and sustained emphasis on developing niche, high-potential molecules.

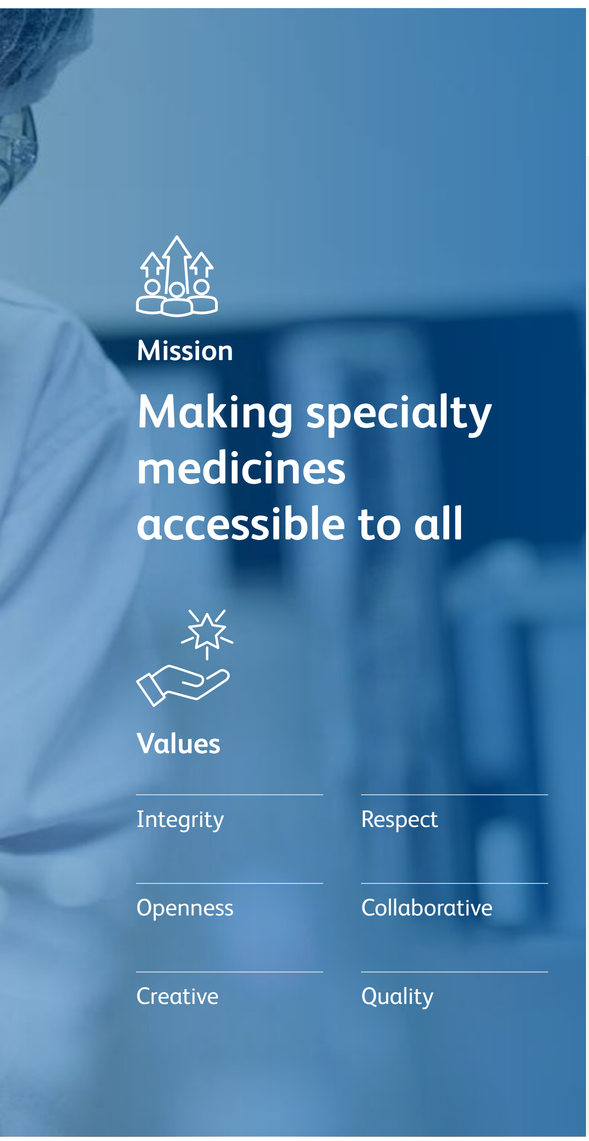
We are engaged in developing, manufacturing and marketing finished dosage formulations (FDF), active pharmaceutical ingredients (APIs) and intermediates.

With backward integration for strategic products, we have established a diverse portfolio that encompasses the entire value chain, from developing, manufacturing APIs and FDFs to successfully commercialising them in both domestic and international markets.

We have nine state-of-the-art manufacturing facilities and research centres across India, supporting diverse API, FDF and crop health sciences operations, catering to domestic and international markets.

We focus on high-quality FDFs, with expertise in developing complex generic products.

Our reputation is built upon our commitment to cutting-edge manufacturing and a deep understanding of the global pharmaceutical landscape. This expertise is evident in our ability to be early entrants in bringing complex products to markets with agility. Leveraging our core strengths in chemistry, we aim to expand strategically into agrochemical business.



Mission

Making specialty medicines accessible to all

Values

Integrity	Respect
Openness	Collaborative
Creative	Quality

50+
Countries with export presence

288
International patents filed

4,800+
Employees globally

204
International patents granted

450+
Scientists

80+
Active FDFs in India

282
Indian patents filed

182*
Active FDFs in RoW

111
Indian patents granted

(*does not include US)

Long-term value creation

Crossing new milestones in our performance

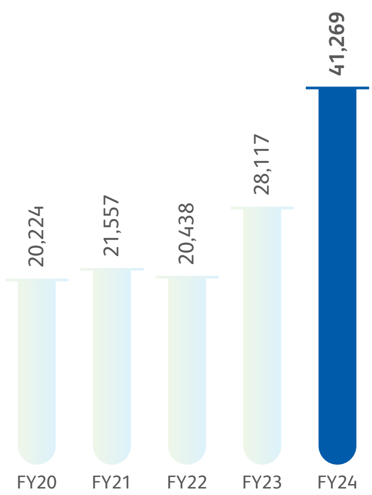
Decades of our diligent efforts in implementing business strategies has been fruitful as we have achieved highest ever revenue, EBIDTA, PAT and profitability. We remain committed in amplifying long term value to all stakeholders.

$499mn* (₹ 41,269)

Total revenue

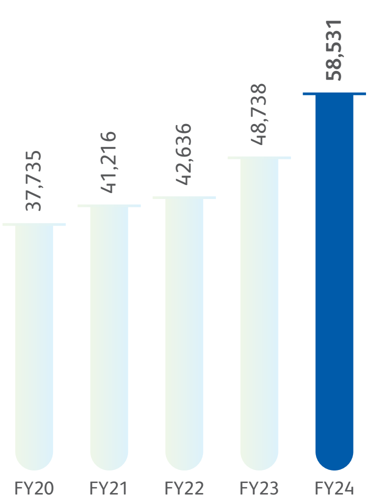
Total Revenue**

(₹ Million)



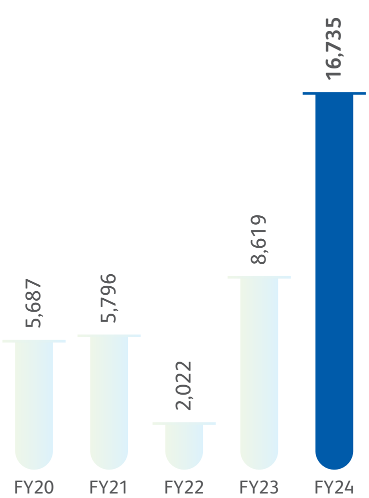
Networth

(₹ Million)



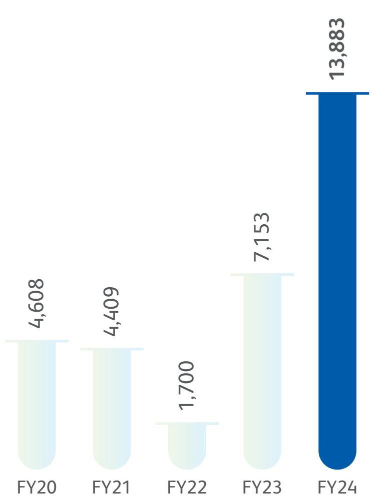
Profit before tax (PBT)

(₹ Million)



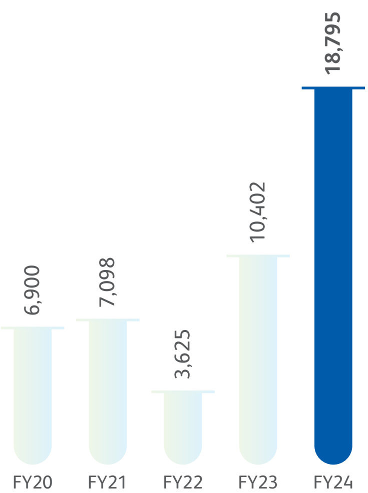
Profit after tax (PAT)

(₹ Million)

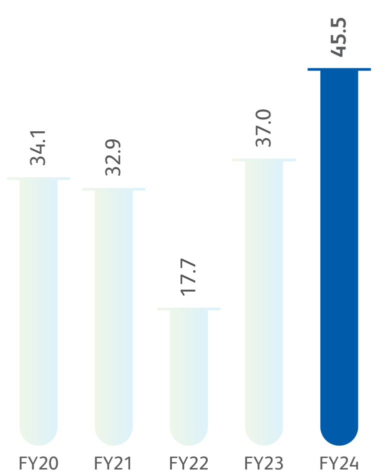


*Average Fx rate - USD/INR: 82.779
**includes other income

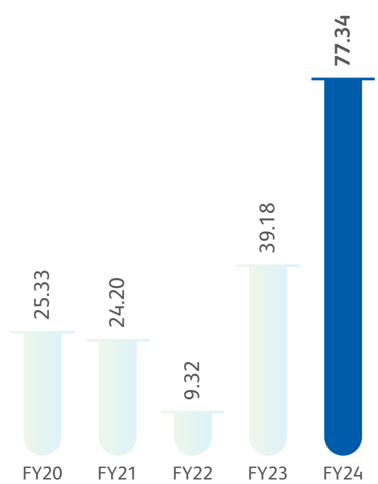
EBITDA**
(₹ Million)



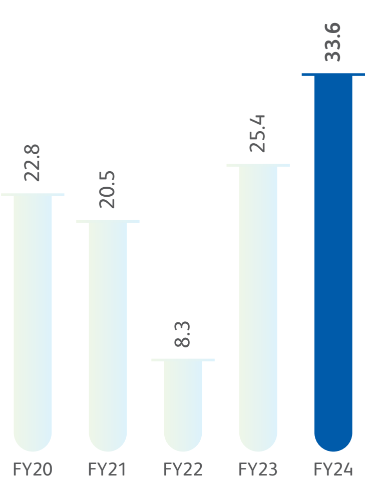
EBITDA Margin**
(%)



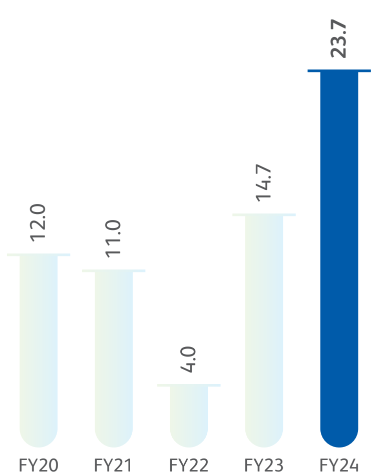
Reported Earnings per share (EPS) (₹ - Basic)



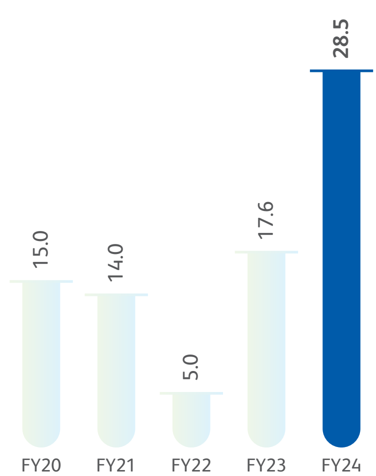
PAT Margin
(%)



Return on Equity
(%)



Return on Capital Employed
(%)



**includes other income
ROCE = Earnings Before Interest and Tax (EBIT) / Capital Employed (Total Assets – Current Liabilities); ROE= Net Income/Shareholder's Equity (networth)

Business Segments

Export Formulations/ Subsidiaries

Our focus on Para IV and first-to-file molecules has been a growth driver for this business segment in FY24. We are amongst the top 10 generic companies by sales in Canada, one of our key international markets. We also have capitalised on the niche opportunities in the US, Canada, Brazil and other emerging markets. In the next financial year, our strategies are aligned to strengthen our presence in Southeast Asia, MENA and LATAM among other Rest of World (RoW) markets.

32,369

Sales
(₹ Million)

78.4

Sales mix %

Domestic Formulations

Our strong brand presence in the domestic markets including 9 brands with more than ₹ 100 million sales and 25 brands in leading market position, helped us grow year-on-year. Our reach to 60,000 doctors and 1,000+ distributors supported by a team of 850+ sales persons helped in strengthening our presence. Moving forward, our ongoing patient education and screening camps will be continued in FY25 for enhanced brand visibility.

3,867

Sales
(₹ Million)

9.4

Sales mix %

Active Pharmaceutical Ingredient (API)

In FY 2023-24, we focused on developing our complex oncology molecules, CNS and CVS. Our export strategy focused on the US, EU, Latin America, and RoW markets helped us grow further. We have a strong product portfolio of 45 active US DMFs with niche products under development process, contributing to a sustainable growth in the future.

2,492

Sales
(₹ Million)

6.0

Sales mix %

Crop Health Sciences

We successfully launched broad-spectrum insecticide Chlorantraniliprole (CTPR) based products across major agricultural states in India. Our focus is to develop product portfolio in bioproducts and pesticides while strengthening our presence in the market with the help of our 300+ sales and marketing team.

1,083

Sales
(₹ Million)

2.6

Sales mix %

Note: Excluding other operating and non-operating income

Journey

Crossing milestones with agility

Inspired by our rich legacy, we continue to bring innovative and affordable therapies to patients.

1981
Incorporated NATCO Pharma Limited in Hyderabad, Telengana with 20 employees

1983
Commenced operations at manufacuturing facility at Kothur, Telangana

1986
Commenced operations at manufacturing facility at Nagarjunasagar, Telangana

2012
Granted a compulsory license for the patent-protected anti-cancer drug Nexavar of Bayer by the Government of India

2012
Established NATCO Pharma Asia Pte Ltd in Singapore

2013
NATCO Pharma Canada Inc. was established to facilitate sales and distribution in Canada

2015
Launched generic Sofosbuvir for Hepatitis C in India and Nepal

2015
Commenced operations at manufacturing facility at Guwahati, Assam

2016
The first generic version of Oseltamivir Phosphate capsules was launched in US

2022
NATCO launched the first generic version of Revlimid in the USA market

2023
NATCO set up its subsidiaries in Indonesia, United Kingdom and Colombia to boost international business

2023
Established 'NATCO Reach' to expand the coverage of Cardiology and Diabetology products in India

1993
Commenced Chemical division at Mekaguda, Telangana

1997
Established NATCO Research Center (NRC) at Sanathnagar, Hyderabad

2003
The oncology division was launched with the flagship brand VEENAT (generic Imatinib Mesylate) for treating chronic myelogenous leukemia

2006
The first finished dosage facility was set up at Dehradun, Uttarakhand

2008
The first Paragraph IV filing was filed in the USA market

2010
Commenced the Organics facility for Cytotoxic APIS's at Chennai

2011
Established its subsidiary NATCOfarma do Brazil LTDA in Brazil

2017
Started the Cardiology and Diabetology division with the launch of Dabigatran in India

2017
Launched Glatiramer Acetate injection and complex drug product Liposomal Doxorubicin in the USA

2019
NATCO Crop Health Sciences division was launched

2021
NATCO acquired Dash Pharmaceuticals, now renamed as NATCO Pharma USA LLC

2022
Crop Health Sciences division launched Chlorantraniliprole (CTPR) agro products in India

Achieving one milestone after another with agility, we have established a strong presence in both domestic and international pharmaceutical markets.

Business Overview

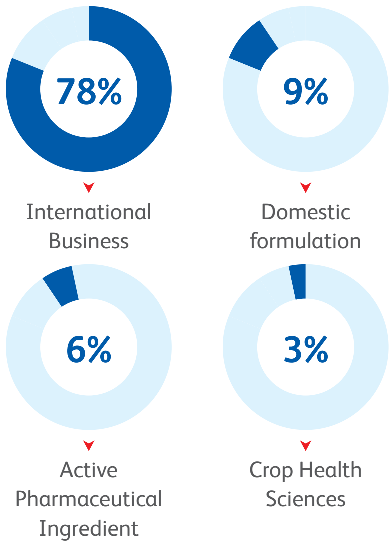
Expanding canvas of operations

We have established a strong presence in both domestic and international pharmaceutical markets by leveraging our vertically integrated business model and global filing strategy.

We have opened up new growth markets, along with continued growth in existing geographies through our ability to select high-barrier-to-entry products and global filing approach. We continue to pick and develop niche molecules to position ourselves as First-to-File (FTF) player in the US market thereby ensuring continued growth well into next decade.

With a focus on expanding our domestic business we are strategically expanding our product portfolio and also adding more sales force to widen our reach in the markets.

Revenue from our different segments (%)



Note: Excluding other operating and non-operating income

Pharma

In a competitive and ever evolving global pharmaceutical industry we have created a niche portfolio and pipeline of products having presence in more than 50 countries operating through partners or through subsidiaries.

FDFs

International – Our international business was focused on Para IV and first-to-file molecules and contributed the highest revenue share. Our strategic outlook is to secure growth in the future years by expanding into new geographies and emerging markets such as MENA, LATAM and Southeast Asia. Our international subsidiaries have performed well in key markets such as Canada and Brazil.

15+
New products launched

Domestic – Our domestic business has been resilient and performed consistently with a strong brand presence in oncology. We invested in expanding our sales team to bolster our market penetration and develop a robust pipeline targeting over 5 new launches annually per division across four divisions. There will be sharper focus on gaining market share in critical care cardiology and diabetology categories in the coming years.

~1,000
Distributors

850+ personnel
Specialised sales force

APIs

Our competency lies in developing APIs with difficult-to-make chemistry and long synthesis processes with expertise in oncology APIs and specialty products. We focus on creating oligonucleotide capabilities and optimising the current API manufacturing processes.

58
Cumulative DMFs filed

49
Active DMFs

Agrochemicals

In it's first full year of commercial operations since launch of Chloranthroniliprole (CTPR) products, NATCO has made good presence in the Indian market as a quality conscious player. NATCO has successfully begun its journey in the agrochemical market through its product portfolio and high quality perception among customers.

Prioritizing farmers' benefits, NATCO will focus on crop phenology and continue to develop its pipeline. The segment now has a R&D facility and a dedicated sales team to boost growth. There are sufficient manufacturing capacities in place to meet anticipated demand.

R&D

Research and development (R&D) is a critical strength of NATCO and we are committed to innovate and increase our capabilities every year. The research division has focused on expanding the oligonucleotide peptide portfolio and developing products for new therapeutic areas like muscle atrophy, atherosclerotic cardiovascular disease, cholesterol and antibody-drug conjugates (ADCs).

Manufacturing and Research Infrastructure

Targeted manufacturing and evolving research

Our state-of-the-art manufacturing and research infrastructure has played a pivotal role in delivering value to our customers. The advanced technologies in operations, in-house R&D expertise and efficient manufacturing have helped us launch niche and complex products.

2
API Manufacturing Facilities

5
FDF Manufacturing Facilities

2
Crop Health Sciences Units

Pharmaceuticals

APIs

Mekaguda, Telangana

Certifications ➤
- USFDA
- PDMA (Japan)
- COFEPRIS (Mexico)
- EDQM (Europe)
- Korean FDA
- WHO GMP (CDSCO) WHO
- EU GMP (Germany)
- AIFA
- ISO 14001-2015
- ISO 45001-2018

Manali, Tamilnadu

Certifications ➤
- WHO GMP (CDSCO)
- USFDA
- ISO 14001-2015
- ISO 45001-2018
- ISO14001-2015

FDFs

Kothur, Telangana

Certifications ➤
- WHO GMP (DCA)
- USFDA
- German Health Authority
- Australia TGA
- ANVISA (Brazil)
- MOH Belarus
- Health Canada
- ISO 14001-2015
- ISO 45001-2018

Nagarjuna Sagar, Telangana

Certifications ➤
- WHO GMP
- ANVISA
- Kenya MOH
- NDA Uganda
- FMHACA Ethiopia
- TMDA Tanzania
- Health Canada

Dehradun, Uttarakhand

Certifications ➤
- WHO GMP
- MOH Netherlands
- FMHACA Ethiopia
- ISO14001-2015
- ISO45001-2018

Guwahati, Assam

Certifications ➤
- GMP
- ISO14001-2015
- ISO45001-2018

Visakhapatnam, Andhra Pradesh

Certifications ➤
- USFDA
- ANVISA Brazil
- Health Canada
- ISO14001-2015
- ISO45001-2018

Agrochemicals

CHS

Attivaram, Andhra Pradesh

Technical Unit and Formulation Unit

Certifications ➤
- Central Insecticide Board, Faridabad

Research Centres

Research Centre (NRC) Hyderabad, Research Centre Kothur, Telangana

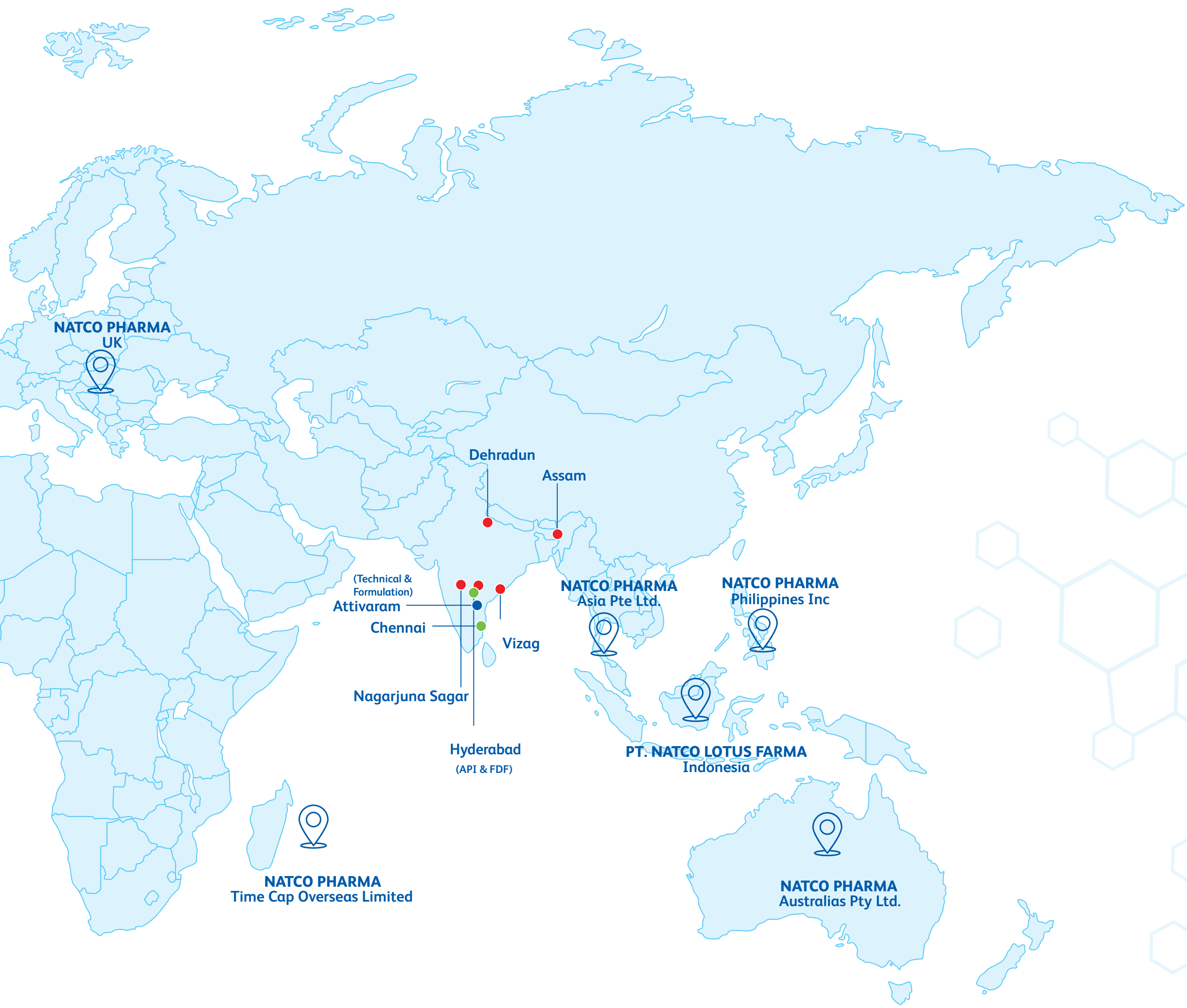
Intellectual Property ➤
- 288 International Patents Filed
- 204 International Patents Granted
- 282 Indian Patents Filed
- 111 Indian Patents Granted

Geographical Presence

Growing footprint

Corporate Headquarters - and 1 R & D Centre of Excellence, Hyderabad | ● APIs ● FDFs ● CHS (2)

Susbsidiaries


NATCO PHARMA
UK
Dehradun
Assam
(Technical & Formulation)
Attivaram
Chennai
Vizag
Nagarjuna Sagar
Hyderabad
(API & FDF)
NATCO PHARMA
Asia Pte Ltd.
NATCO PHARMA
Philippines Inc
PT. NATCO LOTUS FARMA
Indonesia
NATCO PHARMA
Time Cap Overseas Limited
NATCO PHARMA
Australias Pty Ltd.

Driven by focus on niche molecules and strategic registrations, our engines of growth are led by domestic, US, other international markets and agri business.

We are also seeking strategic inorganic opportunities, harnessing our strengths and expanding our presence in new and untapped markets.

CMD and VC & CEO message

Scaling higher peaks through confidence

As a responsible corporate, we believe in nurturing holistic development of our people. 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.

V.C. Nannapaneni
Chairman and Managing Director

Dear Shareholders,

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

Our strong R&D focus, a vertically integrated business model and the thrust on developing niche highly potential molecules have enabled us to become one of the leading players in the pharmaceutical industry and accomplish numerous milestones with agility. Our strengths empowered us to deliver strong performances, during the year under review.

Our persistent efforts over the past decade have enabled us to deliver a consolidated total revenue of ₹ 41,269 million in FY24, against ₹ 28,117 million in the previous year, marking a 47 % growth in topline. Simultaneously, net profit on a consolidated basis was ₹ 13,883 million, as compared to ₹ 7,153 million last year. We also improved our EBITDA margin from 37 % last year to 45.5 %. Our business strategy of focusing on niche and complex molecules with limited competition has synergised well with our R&D expertise and first-to-market approach.

Through R&D investments, the creation of robust Para IV and Solo First to File (FTFs) pipelines, expansion of our geographic footprint, foray into new therapeutic areas and the diversification into the Crop Health Sciences segment, we are capitalising on our strengths to secure the path for a sustainable future for all our stakeholders.

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.

We always believed in creating value for the shareholders and on the quest of doing so, during the financial year, we issued three dividends totalling to ₹ 9.5 per share. The total dividend payout was of ₹ 1,702 million, which constituted 13 % of the total standalone profit after tax. We remain committed in rewarding our shareholders.

A year of resilience, agility and milestones

Pharma Business

Domestic

Despite pricing pressures on some of our products, our performance in the domestic market has been stable in FY24 with formulation sales achieving ₹ 3,867 million. Growth in the oncology segment was primarily driven by new product launches and increase in market share of some of the key products. During the financial year, moving ahead, we launched 8 products in the domestic business, and 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

The year under review has seen robust growth in the international pharmaceutical business with revenue from formulations reaching ₹ 32,369 million. 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. We believe that we are the sole FTF for the generic drug of blockbuster weight loss product Wegovy. Our endeavour is to file 8-10 niche molecules every year and attempt to be the first-to-market in some of them.

Our formulations Rest of World (RoW) business excluding US and India has performed well with a total revenue of ₹ 6,064 million on the back of increased market share and launch of new products. Our subsidiaries in Canada and Brazil continue to deliver strong growth. We are also aiming to expand our footprint in Colombia and Indonesia, through subsidiaries, while actively pursuing inorganic opportunities in the RoW business. We are also participating in tenders in major RoW markets, which will add value to the business.

Diversifying into Crop Health Sciences

Extending our chemistry capabilities, we have reported revenue of ₹ 1,083 million in FY24 from ₹ 409 million in FY23. We are beginning to establish as a quality conscious player in the market.

Through R&D investments, the Para IV and Sole First-to-File (FTFs) pipelines, expansion of our geographic footprint, foray into new therapeutic areas and diversification into Crop Health Sciences segment, we are capitalising on our strengths to secure the path for a sustainable future for all our stakeholders.

Rajeev Nannapaneni
Vice Chairman and
Chief Executive Officer

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. Your company is strategising a growth path in the export market as well to maximise sales of current niche molecules in the Crop Health Sciences division.

Emphasis on Research and niche backward integration

At NATCO, we realise 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 organisation. With expenditure of ₹ 2,694 million (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 continue to be of top priority for both pharma and agro business.

For us, achieving the consistent quality remains a foremost priority, we are pledged to being cGMP complaint and we have always worked towards having a de-risking strategy in place for business continuation to supply our customers across the world.

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 policies to fulfill our obligations towards people and the planet. As a responsible corporate, we believe in nurturing the holistic development of our people. 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 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. Alongside, we aspire to increase gender diversity in the workplace and have achieved 10.9 % gender diversity in FY24, a step that brings us closer to designing an inclusive workforce.

Our sustainable practices have created a positive impact in the regions where we operate. Besides, our efforts to make healthcare services easily accessible through NATCO Trust initiatives, at hospitals in Guntur and Niloufer, have made a difference to numerous lives. We are building a new secondary eye care centre in collaboration with LVPEI in Andhra Pradesh.

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. Therefore, we are proactively shaping our business strategies to capitalise on emerging opportunities and expand our presence in new geographies.

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

Regards,

V.C. Nannapaneni
Chairman and Managing Director

And

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer

Business Model

Inputs

Financial Capital

We maintain a healthy cash flow to strategically invest in our business verticals and R&D endeavours.

Regulatory Compliance

We strictly adhere to stringent quality, safety and regulatory norms and undergo regular audits to ensure quality is not compromised. Our pharmaceutical industry-specific legal expertise helps us leverage the true commercial potential of our innovative products.

Intellectual Capital

Our competitive advantage is anchored in our technological prowess, effective operational capabilities and a strong connection to our heritage. We leverage these strengths to develop innovative solutions, secure patents and continuously expand our knowledge base. Our R&D expenditure stands at ₹ 2,694 million.

People

Our scientists, skilled workforce for manufacturing and diverse management team contribute to the effective functioning of our processes. We train our employees and ensure their overall well-being to prepare our human resources for future requirements.

Manufacturing Capabilities

Strategic investments in production and the integration of cutting-edge technology ensure operational agility and supply chain resilience. By expanding our capital investments, we can produce quality goods while sustaining operational stability.

Natural Capital

We preserve our natural resources and use them judiciously while implementing initiatives to minimise the harmful impact of our processes and replenish the resources for future use.

Business Segments

APIs

- North America
- South America
- EU
- India

Formulations

- India
- USA
- Canada
- South America
- South East Asia

Crop Health Sciences

- India

Drug discovery

Laboratory development

Pharmaceutical manufacturing (FDF)

Clinical Trials

Launch

Domestic supply chain and marketing

Drug substance development (API)

Analytical chemistry and microbiology development

Preclinical Trials

Registration

Manufacturing

International partnerships for supply chain and marketing

Outputs

Financial Capital

Strategic focus towards sustainable business growth leads to steady cash flow, a healthy balance sheet and scope for future expansions.

Regulatory Compliance

Provides quality products to patients while protecting the environment from any damage and ensuring safety for employees. We follow approvals from USFDA, Health Canada , WHO, GMP (CDSCO), COFEPRIS(Mexico), EU GMP(Germany), EDQM(Europe) , ANVISA(Brazil) and the Central Insecticide Board(Faridabad).

Intellectual Capital

We have 288 International Patents filed and 204 International Patents granted. Additionally, we have filed 282 Indian Patents and 111 were granted.

People

Our gender diversity is 10.9 % and moving forward, we aim to increase diversity where-ever possible. Diversity has improved at our Corporate Office and Kothur manufacturing facility to 23 % and 22 % respectively.

Manufacturing Capabilities

We have 2 API Manufacturing, 5 FDF manufacturing facilities across india. We also have 1 technical and 1 formulation unit for Crop Health Sciences.

Natural Capital

We reduced our operational carbon footprint, and also extended our Zero Liquid Discharge system (ZLD) to Kothur and Attivaram manufacturing facilities, taking the number of manufacturing facilities, equipped with ZLD facilities to 4.

Outcomes

Our strategic planning, optimal resource utilisation, innovation capabilities, and efficient operations have helped us achieve the following outcomes:

- Profitability and healthy financial resources to support further expansion for sustainable business growth
- Ensuring that the interests of all stakeholders are protected and growth is inclusive
- Developing a culture of sustainable practices, ensuring environmental and social well-being

Strategic Overview

Core competitive advantages to stay ahead of the curve

We carefully analyse the global operating environment to plan our strategies and align our resources to achieve our business goals, while incorporating our core organisational values in our operational fabric.

Key Strengths

Our business model encourages innovation through a collaborative approach and our strategies ensure integrity and agility in our business processes. Our visionary and strategic Board of Directors channelise their strengths to ensure sustainable growth for the company.

R&D

R&D expertise in developing complex molecules

Business model

Identifying the correct niche areas

Techno-legal strength

Advanced technologies for synthesis and legal expertise help in product filings

Finance

Financial stability and surplus for investments in the business

Product Pipeline

Strong product pipeline for sustained growth

Product portfolio

Diverse product portfolio catering to multiple therapeutic areas

Diverse business segments

Leveraging our existing strengths and sustaining growth through new therapeutic segments and also Crop Health Sciences

Geographical presence

Global presence in different geographical regions

People

Expert R&D team, highly qualified management and experienced Board of Directors

Strategic Priorities

Our strategic priorities leverage our core strengths to ensure sustainable growth of our company. We identify the major growth drivers and build our strategies to maximise our returns.

India

In the domestic market, growth was driven by the addition of new products, while strengthening brand presence through the existing product portfolio. Planning ahead, we aim to add new products and more people.

We are fast-tracking innovation in the oncology area. We believe that the development of personalised therapy in oncology based on cell and gene therapy will help the segment grow in the future. We have strategically invested in Cellogen Therapeutics Private Ltd this year for their expertise in CAR-T research and development.

To ensure the growth of other segments such as specialty pharma, cardiology and diabetology we are making strategic investments in sales and marketing activities to boost product reach.

USA

We are proactively exploring ways to drive our business growth in the US, focusing on niche filings and strategic positioning for enhanced profitability. This year, we successfully filed Semaglutide for the weight loss indication and also filed 3 other Para IVs. Moving forward, we will continue to file complex and limited competition ANDAs while leveraging our front-end presence to market these drugs directly to distributors, thereby improving profitability.

RoW

Our growth in the international markets was led by our product filings in existing markets and our entry into new geographies through our new subsidiaries. Our global filing strategy has been beneficial in entering into new countries that have a demand for our existing products. Our robust and diverse oncology product portfolio helps us in entering new geographies. While our immediate strategic priority in the international business segment is to expand into emerging markets like the Middle East & North Africa (MENA) and some Asian countries, we are also actively looking for inorganic expansion opportunities in the international markets. Our focus on increasing the filings in our existing markets like Brazil, Australia, China and the MENA region will help us diversify our revenue streams, thus derisking our business.

Crop Health Sciences

The growth of the CHS division is driven by our products based on CTPR and its combinations. The market in agrochemicals is characterised by low margins due to intense competition. Our strategic focus in the next financial year will be to build a strong brand presence in the market by investing heavily in our sales and marketing team and infrastructure. While keeping the farmers' benefits in mind, we will focus on developing green products based on niche chemistry. Our growth strategy includes expansion through export, which will be executed in the coming years.

Operating Environment

Domestic Business

We have seen a steady business in the domestic market in FY24. Our strong product portfolio in Oncology has served as the backbone of our domestic business. Further, we focused our initiatives to expand our product reach through our existing salesforce.

40+
Branded generics pipeline

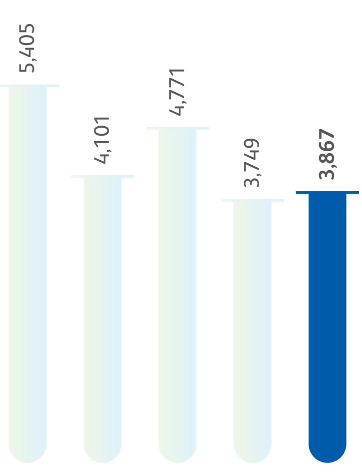
8
New product launches

9 brands
More than ₹ 100 million in sales

850+
Salesforce strength

Domestic formulations sales

(₹ Million)



Oncology

We have maintained our strong brand presence in the oncology segment over the past few years through our diverse product portfolio. Our products cater to different cancers including Leukemia/ Lymphoma, Multiple Myeloma, Lung, Liver, Colorectal and others. We have always aimed to provide affordable treatment for all and will continue to do so in the future by further diversifying our product portfolio. We plan to launch 10 new products under the oncology segment in the coming financial year.

₹ 2,166 million
Oncology revenue

48
Products

Pharma Specialty

We have expanded our product portfolio to critical care and various infectious diseases. As a result, we have witnessed a healthy expansion both in the revenue and market share. We have enhanced our sales workforce to bolster our product reach and we plan to double the sales team in the coming financial year.

25+

Specialities

Cardiology

We strengthened our product portfolio by introducing innovative products in anticoagulant and anti-hypertensive therapy areas. Apigat helped us expand our market penetration and increase customer acquisition by becoming a highly prescribed brand. Our focus in this segment is to boost sales by adding more people and products. We are also planning to conduct awareness activities, active consumer engagements, patient education activities and peer group engagements to push sales further.

275+

People in Salesforce

Diabetology

We successfully diversified our fortified anti-diabetic portfolio by offering a choice of new-age gliptins to suit different patient subset like Linagliptin, Sitagliptin and Vildagliptin in FY24. Also, the most recommended class of drug the SGLT2 inhibitor - Dapaglifozin was launhced.

In FY25, our strategies for the diabetology segment will be focused on market penetration through our sales and marketing team. We also plan to offer a complete basket of drugs for Diabetologists and Endocrinologists.

Complete range of

Gliptins

170+

Awareness programs initiated

₹ 1,701 million

Non-oncology revenue

Operating Environment

International Business

25
Para IV pipeline

49
Active DMFs

5+
New geographies explored

3
New subsidiaries opened

7
New FDFs launched

Our international business segment contributes to the majority of our revenues and is currently driving the Company's growth. We have built a strong pipeline of sole First-to-File (FTF) and Para IV products, which are aimed at securing growth of NATCO in the coming years.

57%
Revenue growth (YoY)

28%
CAGR in 5 years

US

Our focus is on developing niche products with high barriers to entry, characterised by complex chemistry and intricate manufacturing processes.

We currently have 25 Para IV applications in the pipeline, with 13 already approved, either tentatively or final. Our key sole First-to-File (FTF) applications include Semaglutide pen 8mg/3ml for diabetes, Semaglutide for weight loss, Olaparib for ovarian and breast cancer. Other notable sole FTF filings are Carfilzomib 10mg vials for multiple myeloma and other cancers and Ibrutinib tablets for leukaemia.

Our key Para IV filings feature Apixaban for blood clots and Pomalidomide for cancer and multiple myeloma. Additionally, we have Trifluridine/Tipracil for metastatic colorectal cancer, Trabectedin for advanced soft-tissue sarcoma and ovarian cancer and Rimegepant for migraine treatment.

We employ a collaborative strategy to expand into new geographies and strengthen our presence in existing markets. By partnering with local firms and securing exclusive deals with our current partners, we boost our filings in specific international markets. We are also in the process of in-licensing some products in order to expand our product portfolio.

Key Product Pipeline - USA

25 Para IVs in the pipeline

13 Approved (either tentative or final)

Key Solo FTFs (Para IV) in the pipeline

Brand	Molecule	Therapeutic Segment/ Primary Indication
Trocleer	Bosentan (32mg)	Anti-hypertensive
Kyprolis	Carfilzomib (10mg)	Cancer/Multiple Myeloma
Imbruvica	Ibrutinib (tablet)	Cancer/Leukaemia
Zydelig	Idelalisib	Cancer
Lynparza	Olaparib	Ovarian/Breast Cancer
Ozempic	Semaglutide pen (8mg/3ml)	Diabetes
Balversa	Erdafitinib	Bladder Concer
Wegovy	Semaglutide (all strengths)	Weight Loss

Key Para IV products in the pipeline

Brand	Molecule	Therapeutic Segment/ Primary Indication
Eliquis	Apixaban	Anticoagulant
Ozempic	Semaglutide pen	Diabetes
Pomalyst	Pomalidomide	Cancer/Multiple Myeloma
Lonsurf	Trifluridine/Tipracil	Metastatic colorectal cancer
Yondelis	Trabectedin	Advanced soft-tissue sarcoma/ ovarian cancer
Calquence	Acalabrutinib	Cancer/Blood
Nurtec	Rimegepant	Migraine

Note: Data as of March 31, 2024

Pharmerging markets and Rest of the World (RoW)

We are expanding our footprint in Asia and other RoW markets. We have marked our entry in China by launching Oseltamivir Capsules which is our first product in the territory. Subsequently we have also launched Abiraterone and Gefitinib tablets in the Oncology therapy segment. Currently, we have three products under review for approval. On the other hand, in Philippines, we are gaining market share in branded oncology generics by making a basket of products available at an affordable price. With over 10 products in Singapore, we are servicing government and private tenders. We have also won tenders in Saudi Arabia, Hong Kong, Thailand, Malaysia and some other countries as well. We have acquired significant market share in some of our products which were launched in Indonesia and Vietnam. All of the aforesaid are a result of our proactive approach in adopting a global filing strategy. Moving ahead, we will continue to strengthen our portfolio and pipeline with first-to-market and low competition molecules in the RoW markets.

In the upcoming financial year, we plan to expand our international presence by leveraging our strong product portfolio. We are looking for opportunities to expand into emerging markets specifically in the Middle East and North Africa (MENA) region. We will also focus on developing product portfolios and product reach in our existing markets including Australia and the European Union by increasing our filing rate.

Canada

Our Canada subsidiary has delivered the best results among all subsidiaries. We have a strong portfolio of 40+ products in Oncology, Anti-viral, Cardiology and CNS therapy segments. Our growth strategy included focusing on holding and maintaining our current market share in Canada with our strong product portfolio spanning oncology, anti-viral, cardiovascular and CNS therapeutic areas. We also have the highest market share of Lenalidomide in the market, which played an instrumental role in strengthening our presence. Some of the other key products in the portfolio are Eribulin, Pomalidomide, Apixaban and Teriflunomide in Canada. Going forward, we aim to expand our portfolio in newer and specialised therapeutics.

2,349

Revenue (₹ in million)

Brazil

In FY24, NATCO continues to demonstrate resilient performance in Brazil, one of our key markets. We were the first to launch generic version of Vildagliptin indicated for diabetes. Under the financial year under review, we continued to hold our foot with a strong major market share of Apixaban, primarily due to our dedicated sales team and out-licensing to major players. Furthermore, being the first to launch the generic of Gefitinib and wide distribution of Azactidine through both generic and branded products proved to be instrumental for our growth. Additionally, our robust presence in the market and expertise in complex molecule development ensured NATCO's flagship and only generic of Oseltamivir to gain majority of the market. We continue to invest and focus on key therapeutic areas, backed by our strength in potentially being the First-to-file in several key products and building a robust portfolio in conjunction with executing in tenders throughout the country.

1,749

Revenue (₹ in million)

Operating Environment

Crop Health Sciences

1,083
Revenue
(₹ in million)

165%
Revenue YoY growth

210+
Direct employees

During the year under review, our focus was to expand capacities by strategically investing in facilities and diversifying our reach to the markets by adding direct and in-direct employees for the crop health sciences division. As a result of our initiatives, the revenue has seen healthy growth.

We launched Chlorantraniliprole (CTPR) based products in FY24 which performed well in major agrarian regions in the country. Our focus has been to build internal business processes as we remained steadfast in delivering high quality prodcuts to farmers.

Product portfolio

Our product portfolio consists of two categories of agrochemicals - pesticides and bioproducts. The key focus area is to fill the gaps in the portfolio through crop phenology analysis.

Core strengths

Research and Development

Our R&D strategy aligns closely with NATCO Pharma's approach, concentrating on identifying niche products with limited competition and executing a targeted filing strategy. Our R&D center has capabilities of technical and formulation labs as well as pilot farms for testing and product development.

Brand building

Brand image and brand recall play a huge role in the agrochemical industry. To strengthen our market presence, we have implemented various initiatives including wide area demonstrations for new products, village adoption programmes, awareness initiatives and technical training for farmers to familiarise them with the new technologies.

Manufacturing, sales, and distribution

We have invested in expanding our sales and marketing team, built solely for this division. We also have a dedicated technical plant to manufacture active ingredients and a formulations plant in Andhra Pradesh. In addition to this, we have built a robust network that comprises distributors and dealers in all key agricultural regions that helps in delivering our products to the customers efficiently.

Future outlook

In the coming financial year, we will be focusing on new product developments while carefully evaluating our existing portfolio based on crop phenology. We will align our resources towards building our brand and expanding our reach within the farming community. We also plan to launch our agrochemical products in international markets to optimally capitalise on the export opportunities.

R&D endeavours

Strategic investments to drive a wide spectrum of innovation

We have continuously developed, diversified and upgraded our research and development segment over decades through strategic investments and technology integration.

494
No. of Scientists

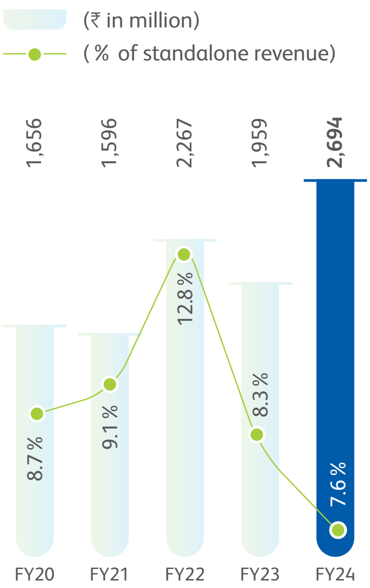
25
Para IV filing in the pipeline

13
Approved Para IV
(either tentative or final)

58
Cumulative DMFs filed

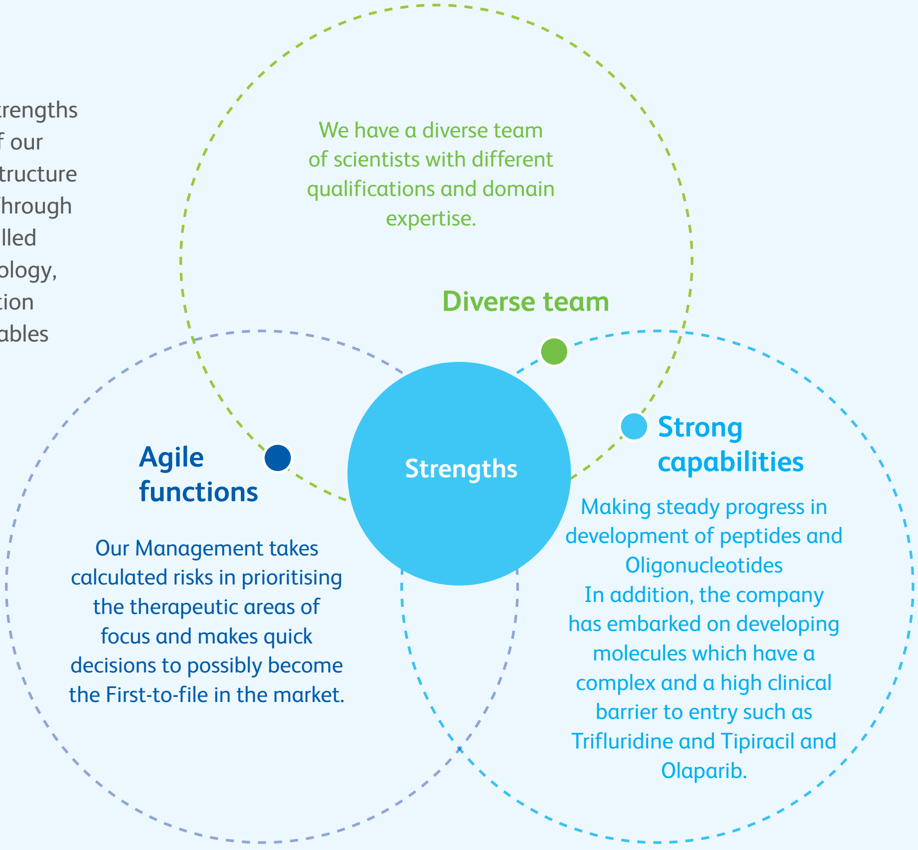
49
No. of DMFs active

R&D Expense



Key strengths

We have developed our core strengths by harnessing the efficiency of our team and the advanced infrastructure technologies at our disposal. Through the seamless integration of skilled talent and cutting-edge technology, we have built a robust foundation that drives our success and enables us to consistently deliver high-quality outcomes.



Key focus areas

Our strategic focus on continuous innovation is crucial for maintaining a healthy pipeline and consistent product filings. We ensure that our cash inflow is directed towards R&D and sustainable projects. During FY24, we focused on expanding our complex portfolio and exploring upcoming therapeutic areas of research.

Expanding Oligonucleotides area

Oligonucleotides are a new and upcoming area that falls under a challenging research domain and are expected to provide safer treatment procedures for patients. We have made significant investments in technology and instruments to boost our research in this area and strengthen our product portfolio.

Process and cost optimisation

R&D team constantly works on bringing new technology and science to fore which facilitates to supply drugs at lower price to patients and reduces the environmental impact.

New Drug Discovery

NATCO's discovery team develop innovative therapeutics for different types of cancers by utilising in-house expertise of molecular modelling, medicinal chemistry, in vitro biology, pharmacology, formulations and clinical research. Our therapeutic areas of interest are Oncogenic kinases and immuno-oncology. Additionally, our immuno-oncology segment is strengthened by the addition of Fluorescence activated cell sorting (FACS) instrument.

Expanding the team

Our expansion to new therapeutic areas and increased focus on innovation under Oligonucleotides research demand a bigger team of scientists and researchers. We have simultaneously recruited experts from different domains to facilitate our R&D expansions.

Challenges

Our team of R&D experts navigates through the hurdles of the research process and legal requirements to bring affordable medicines to patients. With a portfolio based on complex molecules, one of the major challenges that our scientists face is to demonstrate that our new molecules are similar to the ones present in the market in terms of their structure, quality, efficiency and safety. We overcame this challenge by incorporating novel infrastructure with high-end mass spectrometry technology.

Advancement in Technology

With the commitment to remain at the forefront of innovation, the R&D team is developing cutting-edge technologies and investing in advanced technologies to revolutionise medical treatments.

Risk Management

Managing uncertainties with nimble strategies

The global pharmaceutical industry is prone to stringent government regulations, high competition, cost pressure and manufacturing complexities. We understand the importance of risk mitigation and take proactive measures to minimise the damage from all possible risks. Our risk management initiatives are based on a systematic process to mitigate all unique and significant risks.


Risk Management Process
Identifying all potential risks
Defining the risk appetite
Assessing the identified risks
Taking the initiative to mitigate the identified risk
Complying with the regulatory norms
Quality control and monitoring via Risk Management Frameworks

Mapping risks, formulating mitigation measures

Risks	Nature of risks	Control and action
Price control risk	Government policies directed at cost control and the adoption of tender systems hinder the process of optimal capitalisation of each product.	Our prices are set at competitive rates. In the case of stringent government policies for cost control, the impact is equally felt by all our competitors, negating the risk of loss of market share.
Geographic risk	Excessive revenue dependence on one particular geography can pose a risk to the sustainable growth of the business.	We have expanded our business to multiple countries in different regions around the globe to reduce our dependency on any particular country or region.
Regulatory risk	Unfavourable inspection reports from the USFDA or other regulatory bodies may impact the operations of the company.	We have stringent quality control systems that help us comply with the required regulatory norms.
Health, safety and environment	Non-compliance to any regulations regarding quality, safety or environmental sustainability may adversely impact the business.	Our policies ensure a well-balanced working environment for our employees focusing on their safety and minimising our environmental impact.
Patent risk	Adverse patent litigations could effect the timelines of product launches.	Our extensive R&D capabilities and deep understanding of patent landscape litigation are applied with diligence.

Risks	Nature of risks	Control and action
Business portfolio risk	Revenue dependency on limited products or therapeutic segments can be a risk for the sustainable growth of the business.	We have successfully diversified our product portfolio to reduce revenue dependence on one single product or therapeutic area. We also actively explore opportunities to expand to new and upcoming therapeutic areas.
Human capital risk	Our ability to attract and retain talented and well-qualified employees is important for developing our business. The inability to do so might hinder business growth.	We have people-centric policies and provide them with good working environment. We encourage work-life balance and take care of our employees' well-being across all departments, locations and levels. We also provide them with comparable compensation packages to manage employee retention.
Currency volatility risk	Fluctuations in foreign currency can pose a risk to the financial stability of the company.	We have a natural hedge for our imports as the company is a net exporter.
Supply chain risks	The geopolitical tensions and climatic conditions may disrupt the supply chain posing a risk to the operations.	We maintain sufficient inventory and monitor our entire supply chain to mitigate any potential risks. We optimise our logistics operations through prior scheduling.
Climate-related risk	The company's operations are at risk in regions prone to climatic disasters, posing potential challenges.	We have a robust incident response measure in place to ensure early mitigation of the risk.

People

Delivering on our commitments with proactive teams

We instil our core values of integrity, respect, openness, creativity and collaboration in our employees to bring about a sense of belonging. We provide our teams with a safe and encouraging work environment where they can learn, develop and grow with the company.

The pharmaceutical industry is currently facing several challenges, including talent crunch, low gender diversity and high attrition rates. However, we at NATCO have carefully designed our human resource strategies and initiatives to mitigate these risks.

Our strategic initiatives have been aligned to strengthen our human resources further, helping us to achieve our strategic business goals.

4,800+
Global employee headcount

31 Hours
Spent on training and development

10.9%
Women in workforce

88%
Employee Retention Rate

Zero
Man Days Lost

Talent Management

We have strategically created our own talent pool to counter the talent crunch in the industry. We provide a three-month classroom training programme for technical pharmaceutical graduates with a stipend to facilitate our recruitment process. We also collaborate with multiple educational institutions to recruit fresh talent.

Our talent management initiatives have assisted in improving our employee retention rate over the years. Furthermore, our performance management system helps in identifying the top performers in our organisation. We provide training and consultation programmes for our senior management employees to prepare them for future roles and challenges at leadership levels. We also accommodate the opportunities within the organisation by providing cross-functional experience at the middle management level. Our policies ensure the inclusive development of employees at all levels.

Learning & Development

Our learning and development policies are designed to provide development opportunities to employees through all stages of their tenure with us. We give extensive onboarding training to our new recruits to familiarise them with the company. We identify the specific learning and development needs of employees by categorizing them and designing a training calendar for every employee to focus on bridging the skill gaps for personal development alongside the company's growth.

Employee segment **Initiatives**

01

- **New recruits**
- Induction program with technical, safety, job-specific and behavioral training with orientation sessions.

02

- **Fresher**
- Skill set enhancement with technical training, project work and factory visits.

03

- **Non-performers**
- Performance improvement plans along with personal coaching and guidance under team leaders.

04

- **Key performers**
- Skill development initiatives and opportunities for development in-order to undertake next level assignments

05

- **Fluid workforce**
- Safety training and technical training

06

- **Employees at manufacturing units**
- Special technical training by OEM

07

- **Senior and middle management**
- Management development programs, executive development programs, skill development programmes, team building activities and soft skill workshops

Employee Engagement

We understand the importance of employee engagement for maintaining healthy employee retention rates and nurturing a sense of belonging. Our employee engagement includes rewards and recognition initiatives to boost employee productivity. We are currently focusing on developing a retention bonus system for the next financial year. We also encourage employee interaction with senior employees through our open-door policies.

Initiatives implemented in FY24

- 5 S implementation
- Recognizing talent and engagement in the right projects
- Driving CSR engagement
- Systematic bonus for top performers of the R&D team
- Attendance bonus
- Long service awards
- Women's Day celebration
- Safety Week celebrations
- Festival celebrations at each plant
- Blood donation and CSR activities

Employee Wellbeing

At NATCO, we nurture a sense of belonging and trust among our employees by prioritising their well-being through our policies and initiatives. These are carefully designed and strictly monitored by our various committees for work, safety, POSH, grievance redressal, culture, among others.

Initiatives

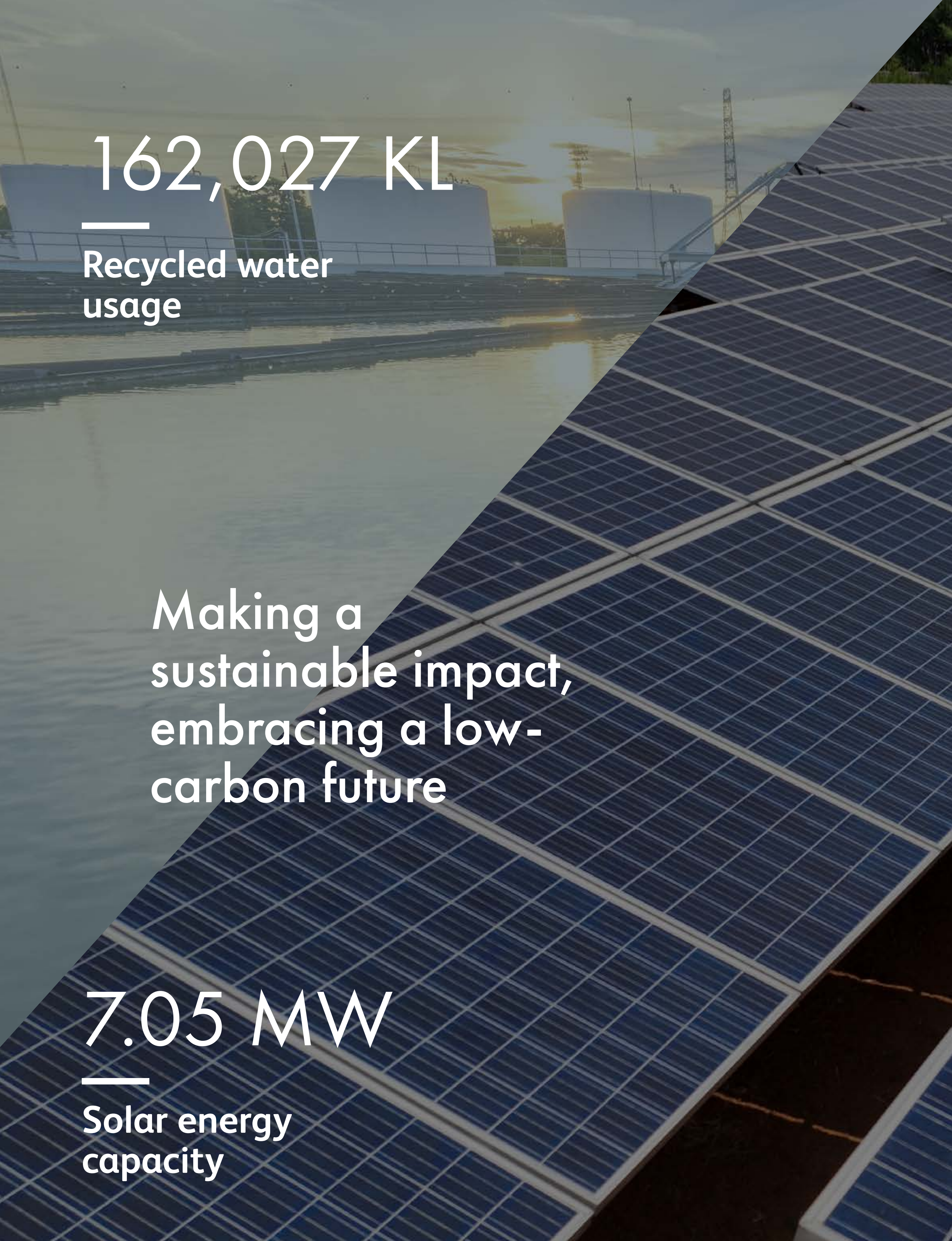
- Parental leaves
- Health sessions with full-time doctors at plants
- Continuous health monitoring for factory workers
- Facilitating children education and counseling for higher education
- Medical insurance for employees and their families
- Annual medical checkups for employees
- Subsidised canteen and transport facilities
- Relocation reimbursement
- Term insurance

Diversity and Inclusion

Our recruitment policies and talent management initiatives are focused on improving gender diversity in the company. We have introduced multiple initiatives encouraging our existing women employees to progress in their careers and simultaneously enabling us to minimise women attrition. We have also improved gender diversity in the corporate office and we are further in the process of formulating initiatives to improve the diversity at factory levels as well.

23%
Women employees at the corporate office

22%
Women employees at the Kothur plant and NRC (NATCO Research Centre)



162,027 KL

Recycled water usage

Making a sustainable impact, embracing a low-carbon future

7.05 MW

Solar energy capacity

17,934

Tons CO_2e

Equivalent GHG emissions avoided due to use of renewable energy and implementation of energy-efficient projects.

4.20 MW

Wind energy capacity

Environment

Prioritising sustainable practices

At NATCO , we plan and implement environment-friendly policies and initiatives to foster well-balanced business operations. We encourage our employees to follow sustainable practices and ensure that our partners and suppliers across the supply chain meet basic sustainability requirements.

Our EHS committee is responsible for governing and monitoring the implementation of the sustainability policies at each plant, while our plant heads are responsible for monitoring it at each location.

Water Conservation and Wastewater treatment

We have water conservation systems implemented at all our manufacturing facilities, R&D centres and corporate offices to reduce our freshwater demand and maximise reuse. Our digital flow meters at each source and consumption sites constantly record our water consumption levels, helping us analyse and monitor it simultaneously. We have also installed wastewater recycling plants, which implement multi-stage processes to make the water safe for reuse and discharge.

To reduce our water footprint, we have implemented a rooftop rainwater harvesting and reuse system at our Mekaguda unit, covering a roof area of 1,11,658 square feet. The collected rainwater is pre-treated with simple filtration and a softener, then reused for boiler operations and greenbelt watering.

Water conservation at different facilities

5 large facilities — **Zero liquid discharge**

3 plants — **Onsite treatment and reuse for campus utilities**

2 plants — **All effluents are sent to a third-party Common Effluent Treatment Plant (CETP)**

3,377 KL

Rainwater harvesting water used in boilers

Comprehensive Rainwater Harvesting Process

Rooftop rainwater harvesting

Used for utilities and boilers

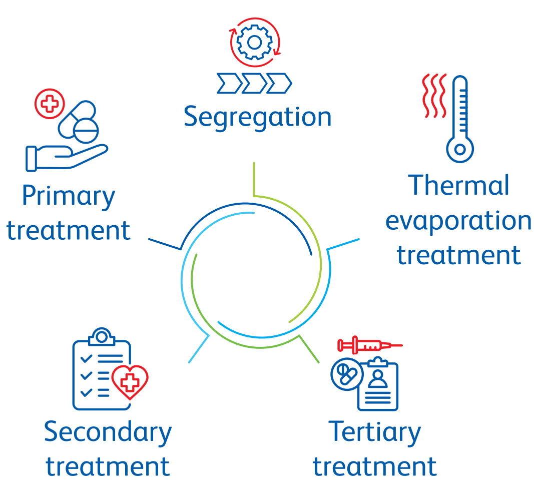
Surface runoff water reuse

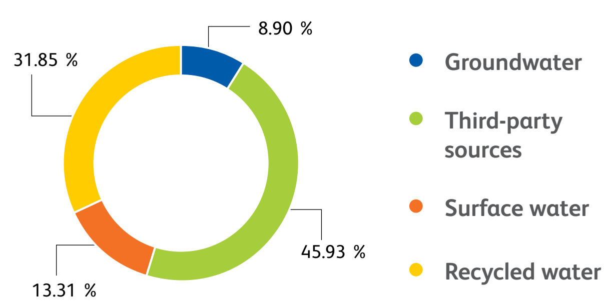
Collection, storage and reuse of green belts

Surface runoff water infiltration

Replenishment of groundwater levels by infiltration into aquifers

Wastewater treatment process





Waste Management

We emphasise proper waste management practices in our organisation, ensuring that organic waste, inorganic waste, hazardous waste and e-waste are treated and disposed of appropriately. We deploy multiple strategic initiatives to reduce our waste output and disposal strategies while complying with all regulatory norms.

70%

Post consumer plastic packing material is EPR certified

100%

Organic waste reused by the cement industry

90.87%

Total waste collected is recycled

100%

Zero Waste to Landfill

For Mekaguda Facility

Highlights of FY24

Zero waste to landfill

We achieved 100 % zero waste to landfill for one of our facilities and are planning to expand it to all other facilities in the upcoming years.

Post-consumer plastic waste

We are complying with the Plastic waste management rules under "Brand Owner" Category and obtained the EPR certificates for 70 % of the post consumer plastic packing materials consumed for the year 2023-24.

Alternate fuel

We are in the process of developing a mechanism in partnership with a third-party agency, to leverage the energy potential of our hazardous and nonhazardous waste by converting it into syngas and later into steam.

Waste management

Organic waste

Sent to the cement industry as a utility good.

Biomedical waste management

Biomedical waste from our outpatient health centres is sent for incineration to ensure proper disposal.

Inorganic waste

It is pre-processed and subsequently sent for co-processing or to the cement manufacturing industry.

E-waste management

We send all our e-waste to the dismantling and recycling units.

General nonhazardous waste

Sent to ITC for recycling.

Emission Control

We have efficient emission control systems at our API and formulation manufacturing units. We ensure that we maintain our standards well below the maximum permissible values given by the regulatory authorities.

Formulation manufacturing facilities

Our formulations manufacturing units do not produce any process-related emissions as our equipment-specific bag filters efficiently collect all powder emissions that are generated in these facilities.

API manufacturing facilities

For our API manufacturing facilities, we have installed scrubbers that inhibit dust and volatile organic compounds (VOC) from entering the environment. We have fully automatic neutralisation systems and data recording mechanisms at each of our facilities for strict monitoring of the processes. We have online VOC monitoring systems, stack emission systems and ambient air quality monitoring systems which are connected to the emissions control board server, State pollution Board and Central pollution control board servers.

Energy Management

We aim to reduce our dependency on fossil fuels for our energy requirements by increasing the energy efficiency of our operations and increasing the share of renewable energy in our energy consumption mix. We have implemented various initiatives for energy conservation at our plants including efficient lighting systems, skylights, energy-efficient chillers and motors for continuous running motors and high-energy motors.

We are proactively aligning with national renewable energy policies and increasing our investments in clean energy. In FY2023-24, we added 1.05MW to our onsite solar power plants at Kothur and Chennai, bringing our total installed capacity to 7.05MW, alongside 4.2MW from windmills.

35%

Target renewable energy share by 2035

72,976 GJ

Renewable energy utilised

Solvent Management

Our expertise in R&D helps us to innovate new processes that incorporate reusable and green solvents. We have undertaken a sustainability workshop initiative for our employees, implementing some of the learnings into our solvent selection, reuse and minimising processes.

Biodiversity

We are committed to replenishing the regional biodiversity of the areas near our plants. We have introduced the eco-forest initiative inside the plant campus and developed lush green belts both inside and outside the campus boundaries.

10,000KL

Total rainwater reused for greenbelt during the year 2023-24.

25.80%

Total renewable energy contribution

Social

Ensuring wellbeing for all

We acknowledge our responsibility towards our employees, communities, customers and partners. We are committed to ensuring their wellbeing. Our initiatives are strategically aligned with our CSR goals and are monitored by the CSR committee for effective implementation and impactful positive change in society.

Our CSR activities are carried out through NATCO Trust, the social development arm of our organisation. Established in 1995, NATCO Trust works for the educational, health and livelihood development of underprivileged communities and the rural population.

Key focus areas

- NATCO ZPHS Kothur was built with 3.2 cr+ spanning 16,968 Sqft, harbouring 550+ students.
- 15 students from NATCO ZPHS Indiranagar, are in IIIT Basara.
- Built 3 state-of-the-art Anganwadi centres in Kothur project area.
- 2 New RO plants set up at DhansinghTanda, TG and Selakui, UT.
- We have conducted several cancer and eye screening camps as well as blood donation camps across AP and Telangana.
- Pregnant and lactating women were provided with nutrition support across all our project area’s.
- NATCO cancer centre at Guntur is at 100 % occupancy at any point in the year.
- More than 60 % of our beneficiaries are women.

Education

We believe that education is the key to eradicating poverty. Our initiatives are focused on providing education to the rural segments of society and providing them with an opportunity for development. Under the NATCO Trust, we have 2 CBSE schools, one in Rangapur and the other in Guntur district.

We partnered with Hippocampus Learning Centres for efficient management of our schools. We also have volunteers teaching in Anganwadis in Kothur, Nagarjunsagar, Hyderabad and Guntur. In addition to this, we collaborate with government schools to conduct post-school tuition and have established a partnership with Teach for India for teaching in primary schools in Hyderabad.

We also provide coaching for Gurukuls, the government residential institutions in Telangana. These Gurukuls are fully government-funded institutions, providing education to students from the 5^{th} to 12^{th} standard. NATCO also provides financial support and teaching assistance to the NATCO Government High School in Hyderabad for the past 15 years.

Addressing learning gaps in FLN through collaboration with CSF

In FY24, we partnered with Central Square Foundation (CSF), which works closely with the Telangana District Education Departments to work on the Foundational Literacy and Numeracy (FLN) in the Bhadradri- Kothagudem district and Medchal-Malkajgiri district. This initiative impacts 1300+primary schools and 84,000+ students .

Enhancing holistic students education through collaboration with Teach for India(TFI)

As part of our initiatives to improve primary learning outcomes, NATCO Trust has partnered with TFI. Till date, we have assigned 5 TFI fellows to 3 government schools near Borabanda. This intervention has ensured 50 % growth in students passing math as 50 % reduction in students at risk overall- the children who are at risk of dropping out of school.

₹ 37.6 million

Total investment in Education

1,500+

Student strength in NATCO School of Learning and Hippocampus

125

Total no. of seats secured in Gurukul institutions

950

No. of children beneficiaries from the Anganwadis that we work across AP and TG

30+

Teaching volunteers

4,500+

Students in NATCO supported Govt schools

Health and nutrition

Providing affordable treatments for patients is the core value of NATCO. We strive to provide quality healthcare for the underprivileged and people living in rural areas through our CSR initiatives.

Healthcare Facilities

Guntur General Hospital

NATCO Cancer Centre is the only 100 % Level-1 comprehensive cancer care centre in AP. It has 100 % occupancy rate at any point of time in a year. NATCO Trust signed an MoU with the government of AP to build an additional new block with 100 beds.

15,300+
No. of beneficiaries

4,900+
Chemo cycles

800+
Surgeries

8,000+
Radiation cycles

NATCO Eye Centre

LVPEI collaboration with NATCO Trust resulted in the building of NATCO Eye Centre , a secondary level centre providing services ranging from consultations to cataract surgeries.

25,350+
No. of OPD consultations

3,700+
No. of cataracts

NMHC

We provide mobile health clinic facilities, equipped with a doctor, nurse and pharmacist, that deliver quality healthcare in the remote regions.

NATCO Trust operates 2 mobile health clinics with a doctor and essential staff in Nagarjunsagar and Kothur project areas, providing essential medicines at free of cost.

28
Villages covered

6,000+
No. of beneficiaries

23,900+
Consultations

NATCO Counsellors

NATCO has deployed patient Counsellors in four Government hospitals namely Niloufer, MNJ, Gandhi and Osmania Hospitals. These counsellors support and guide the patients and the attendees post registration as many of the beneficiaries visit these state level hospitals from different districts and rural areas of Telangana.

3,64,000+
No. of beneficiaries

4
No. of hospitals covered

NATCO Eye Centre - LVPEI Ponnur

NATCO is building Secondary Eye Care Centre in collaboration with LVPEI, similar to NEC Kothur, in Ponnur, Andhra Pradesh

17,500 sft
Total built up area

2.60 acres
Total Land Area

Veterinary

NATCO Trust runs free veterinary clinic in Mekaguda with a full time veterinary doctor and staff. We also provide additional nutritional supplements to the cattle across Kothur project areas.

1500
Cattle benefitted

6,700+
Diary cases treated

100+
Farmers benefitted

₹46,00,000+
Worth medicines donated

NDPHC

NATCO digital primary health care, based out of Mekaguda , provides free medical treatment with teleconsultations and full time doctor, pharmacy and free diagnostics.

3,600+
No. of lab Investigations

₹16,00,000+
Medicines supplied

12,400+
Consultations

Donation of medicine to MNJ, Guntur hospital

₹8.45 cr
Worth medicines donated

Livelihood

We believe in uplifting society through skill development and employment. We run our full-fledged Vocational Training Centres in Kothur and Nagarjunasagar, providing tailoring training to the rural women so that they can earn their livelihood. NATCO supports them by identifying employment opportunities for the trained women.

Sustainability Promotion

One small step at a time can make big difference, hence we promote sustainability initiatives even at individual and family levels. We started a kitchen garden initiative where we gave seeds to rural households to develop kitchen gardens. This initiative promoted healthy organic farming and helped rural families reduce their food expenditures.

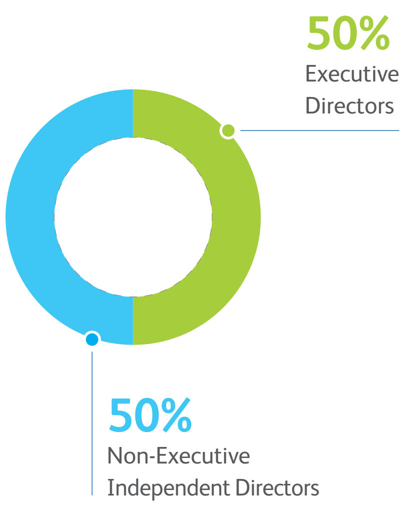
Governance

Focusing on decentralisation, empowerment and meritocracy

We strongly believe that a decentralised, empowered and meritocratic culture can deliver value to all stakeholders for the long term. It is an inclusive approach where every voice is heard with respect and every opinion has its own place in the organisation. Our governance approach reflects this belief in letter and spirit.

10%

Board diversity Ratio



Governance Policies

Our corporate governance policies promote transparency and accountability and ensure that our stakeholders' trust is maintained.

01 Risk Management Policy

02 Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

03 Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons

04 Composition of Committees

05 Whistle-blower policy

06 RPT Policy

07 Materiality Policy

08 Policy on Preservation of Documents and Archival

09 Determination of Material Subsidiaries Policy

10 Code of Conduct for the Board, Senior Management Personnel and Employee

11 Nomination and Remuneration Policy

12 Dividend Distribution Policy

13 Stakeholder Grievance Redressal Policy

Code of conduct

We are committed to upholding the fiduciary duty towards our stakeholders. Our 'Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons' ensures that the individual securities transactions are conducted with utmost integrity and transparency while avoiding any potential conflicts of interest that might affect the interests of the company or stakeholders. Our policy also emphasises the importance of accurate and timely disclosures of all financial information which helps our investors to make informed decisions. This approach helps in fostering trust and promoting a fair market environment.

Whistleblower policy

At NATCO, we provide a safe working environment for all our employees; they are free to raise any concerns without facing any discrimination or misconduct. Our policy is designed to address all issues that could significantly affect the company's operations and performance. It provides our employees and directors with a safe channel to report any unethical behavior, suspected or caught fraud or any violation of the code of conduct. Our policy also protects the whistle-blowers from any retaliation.

Composition of Committees

- Audit Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee
- Compensation Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Buyback Committee
- Committee dealing with Land Property
- Internal Complaints Committee

Board of Directors

Sri V. C. Nannapaneni
Chairman and
Managing Director

Sri G. S. Murthy**
Independent Director

Dr. T. V. Rao**
Independent Director

Sri Rajeev Nannapaneni
Vice Chairman and CEO

Sri D. G. Prasad**
Independent Director

Dr. Leela Digumarti***
Independent Director

Sri P.S.R.K Prasad
Director and
Executive Vice President
(Corporate Engineering Services)

Late Dr. M.U.R. Naidu*
Independent Director

Dr. D. Linga Rao
Director and President
(Technical Affairs)

Dr Pavan Ganapati Bhat
Director and Executive
Vice President
(Technical Operations)

Sri D. Vijaya Bhaskar^
Independent Director

Sri A.D.M. Chavali^
Independent Director

Sri Lakshminarayana Bolisetty^^
Additional
Director (Independent)

Dr. Kantipudi Suma^^
Additional
Director (Independent)

Sri Nitin Jain ^^
Additional
Director (Independent)

*Dr. M.U.R.Naidu vacated the office upon his demise on 30th July, 2024.

**Sri G.S. Murthy and Sri D.G. Prasad vacated the office upon completion of their 2nd term of 5 (five) years as Independent Directors of the Company w.e.f. 1st April, 2024. Dr.T.V.Rao, vacated the office upon completion of his 2nd term of 5 (five) years as Independent Director of the Company w.e.f. 24th August, 2024.

*** Dr. Leela Digumarti wiil be vacating the office w.e.f. 21st September, 2024, upon her completion of 2nd term of 5 (five) years as Independent Director of the Company.

^ The members of the Company appointed Sri A.D.M. Chavali, Sri D. Vijaya Bhaskar as Independent Directors w.e.f. 1st April, 2024.

^^ The Board of Director of the Company appointed Sri B. Lakshminarayana, Dr. Kantipudi Suma and Sri Nitin Jain as Additional Directors (Non-Executive Independent Directors) w.e.f. 12th August, 2024.

Management Team

Appa Rao S V V N
Chief Financial Officer

Dr. Pulla Reddy M
Executive Vice President - R&D

Dr. Ramesh Dandala
Executive Vice President – Technology Transfer, Intellectual Property Rights and Regulatory Affairs (API)

Sadasiva Rao N
Executive Vice President - Corporate Affairs, Legal & Secretarial, Estate Management

Rajesh Chebiyam
Executive Vice President, Crop Health Sciences

Dr. Gopalakrishnan Vaidyanathan
Senior Vice President - Analytical R&D

Lakshminarayana A
Senior Vice President - HR & OD

Ramakrishna Sridhar Reddy
Senior Vice President - Corporate Q.A

Srinivas Ch
Senior Vice President – Demand and Supply Planning

Sunil Kotaru
Senior Vice President – Supply Chain Management

Suryanarayana Reddy Malti
Senior Vice President - Quality Assurance

Venkat Rao Tummala
Vice President - Production

Gnanadeva Chalapathy Gudipati
Vice President - Analytical Research & Development

James Rajakumar
Vice President - Marketing & Sales, Domestic

Nadella Malleswara Rao
Vice President – Head Operations

Kurra Venkata Sreenivasa Babu
Vice President - Operations

Dr. Rampalli Sriram
Vice President - CRD

Sandeep Kumar
Vice President -QA

Dr. Praveen Chowdary Myneni
Vice President - Medical Affairs & CR

Dr. Gogula Venkata Ramana
Vice President - Drug Development & CR

Dr. Pratima Jain
Vice President - IPR

Barur Praveen Kumar
Vice President - IBD

K.M.V. Narayana Rao
Vice President – ARD

M.Prabhakar Rao
Associate Vice President - IT & IS

Amresh Kumar Trivedi
Deputy General Manager - Legal

Venkat Ramesh Ch
Company Secretary & Compliance Officer

Management Discussion and Analysis

Global economy

Overview[1]

The global economy remained resilient during the course of CY2023 , amid several headwinds such as central bank interest rate hikes and volatile commodity prices triggering runaway inflation in both advanced and emerging economies. The circumstances further exacerbated with persistent geopolitical conflicts between Ukraine and Russia and more recently in the Middle East between Israel and Palestine, which resulted in supply chain constraints. To curb inflation, central banks in major economies resorted to calibrated interest rate hikes, leading to dampened economic activity.

Consequently, global growth has declined from 3.4% in 2022 to 3.2% in 2023. On the contrary, emerging markets and developing economies (EMDEs) such as India, Vietnam and Mexico, witnessed stronger-than-anticipated growth and attracted substantial foreign capex inflows. However, the economy of China showed signs of stress, which may have negative ramifications for the entire global economy.

Tightening global financial conditions deteriorated the fiscal and debt vulnerabilities in developing countries. Over 85% of central banks worldwide tightened their monetary policies and raised interest rates in quick succession since late 2021, to lower inflationary pressures.

Outlook

Global growth is anticipated to sustain its growth momentum at 3.2% in both CY2024 and CY2025[2]. Amid unwinding supply chains and tightened monetary policies, inflation is expected to ease faster than expected across most regions.

For advanced economies, growth is projected to rise from 1.6% in CY23 to 1.7% in CY24 before rising to 1.8% in CY25, reflecting the impact of restrictive monetary policies and withdrawal of fiscal support. Global trade is also estimated to report a growth of 3.0% in CY24 and 3.3% in CY25[3]. Global headline inflation is expected to fall from an estimated 6.8% in 2023 (annual average) to 5.9% in 2024 and 4.5% in 2025. The drivers of declining inflation differ by country but generally

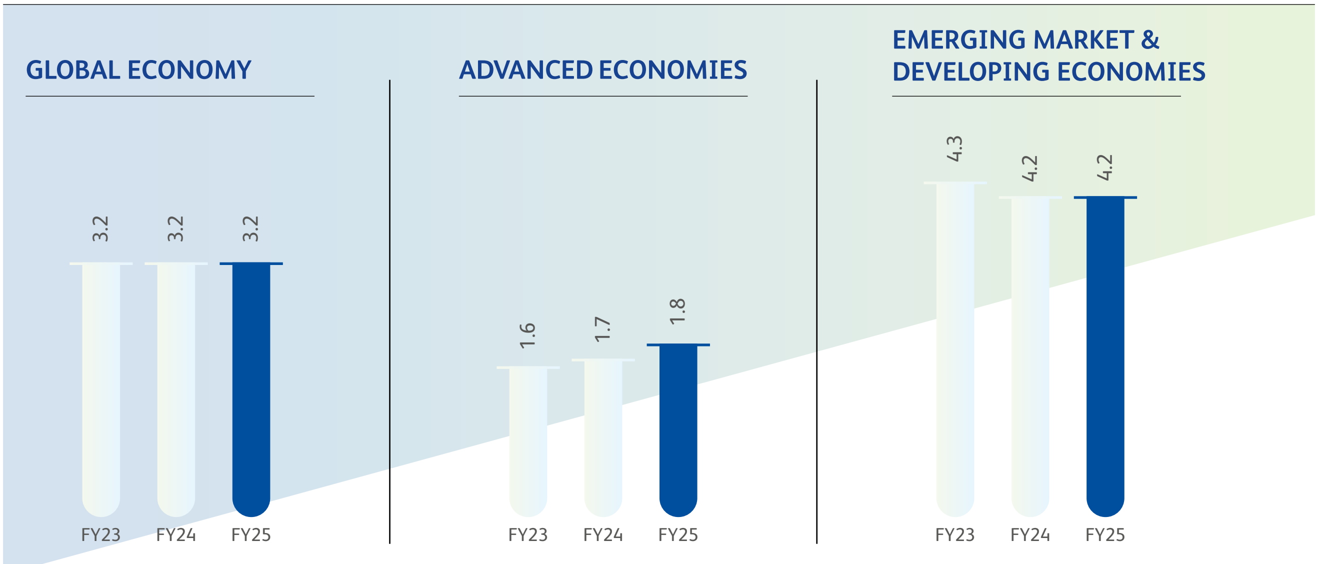
[1] https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024
[2] https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024
[3] https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024

reflect lower core inflation as a result of still-tight monetary policies, a related softening in labour markets, and pass-through effects from earlier and ongoing declines in relative energy prices.

Geopolitical risks are likely to prevail, particularly in light of the prolonged conflicts in the Middle East and Europe. However, high frequency economic indicators suggest a positive momentum for most major economies. Going forward, declining inflation and greater government spending in advanced and emerging economies are anticipated to mitigate fiscal pressures and attract investments for future growth.

GROWTH PROJECTIONS

(in %)



(Source: IMF World Economic Outlook April,2024)

Indian economy

Overview

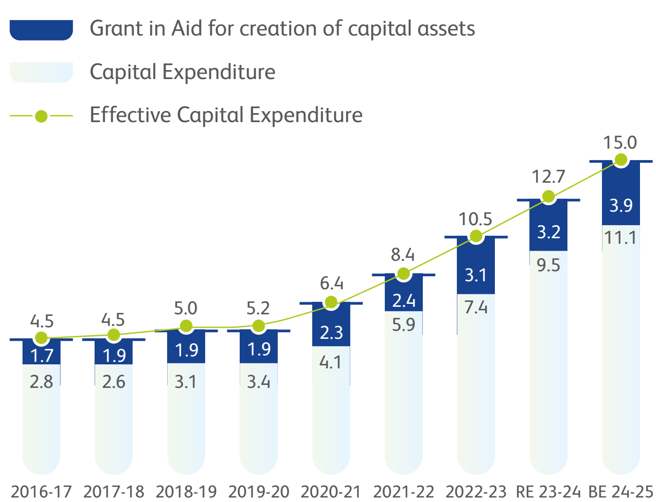
The Indian economy has remained relatively shielded in the face of global headwinds and continues to move on a promising trajectory. In FY24, India's GDP touched 8.15%, and it is expected to grow between 7.0% - 7.2% in FY25. Strong domestic demand coupled with continuous government spending have acted as primary drivers of GDP growth in the fiscal year. Increasing exports, a substantial increase in private consumption, a greater push on infrastructure development and a conducive environment for attracting investors have augured well for the Indian economy.

At the core of this strategy was a significant increase in capital expenditure, rising to ₹ 15.95 lakh crore in FY24 from ₹ 14.39 lakh crore in FY23[5]. This sustained emphasis on substantial public capital spending has had a multiplier effect. It attracted private investment and boosted overall demand. Also, the strong domestic demand has further benefited the economy, driven by resilient private consumption. Additionally, the services and industrial sectors made significant contributions, enhancing economic activity.

This strategic prioritisation of increasing public capital expenditure while upholding fiscal discipline has put India on a path of sustainable long-term growth.

Trend in Capital Expenditure

(₹ in lakh crore)



Source: Ministry of Finance: Budget at a Glance: February 2024

4 https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html
5 https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html
6 https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/topics/tax/india-economic-pulse/2024/03/ey-india-economic-pulse-march-2024.pdf

Outlook

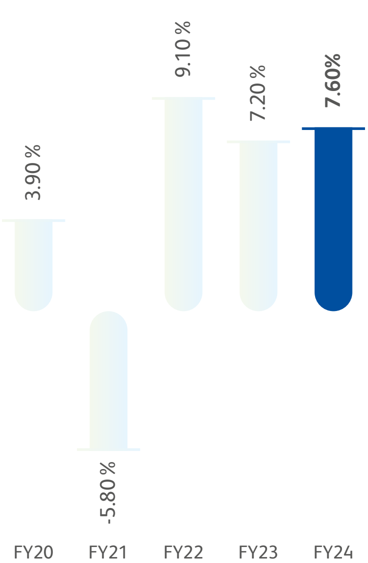
Several high-performance indicators point towards robust growth in the Indian economy. Along with increased capex deployment by the government, strong tax revenue collections, burgeoning domestic demand and increasing capacity utilisation across sectors as well as the booming healthcare industry have helped bolster economic activity. Besides, stable repo rates, government bond yields and healthy foreign exchange reserves indicate towards macroeconomic stability in the near-term.

Indian government has been successful in keeping a favourable domestic policy climate and giving structural changes the top priority, which has strengthened the nation's economy in the face of international difficulties. The catalyst of India's growth has been the simultaneous focus of developing niche and complex manufacturing sectors and building the supporting physical infrastructure.

About 1.35% of India's GDP is accounted by the healthcare industry,[6] which comprises of hospitals and other medical services provided. The industry is growing at a tremendous pace owing to its strengthening coverage, services and increasing expenditure by public as well as private players.

Graph on changes in Indian GDP

(₹ Million)



(Source NSO)

There are many factors driving the growth of healthcare market in India. Some of these are, growing incidence of lifestyle diseases, rising demand for affordable healthcare delivery systems due to the increasing healthcare costs, technological advancements, the emergence of telemedicine, rapid health insurance penetration and government initiatives like e-health together with tax benefits and incentives are driving the healthcare market in India.

The Indian economy is anticipated to witness considerable expansion in the future. This is backed by increased capital investment, a surge in export trade post pandemic and reduction in global uncertainties. The strong recovery of the MSME sector, enhanced by government schemes suites well for economic growth. The Indian economy is expected to benefit from increasing foreign investment and exports. However, challenges such as inflation and rising oil prices may also impact the economy's performance in the long run.

Industry Overview

Global Pharmaceutical Industry[7]

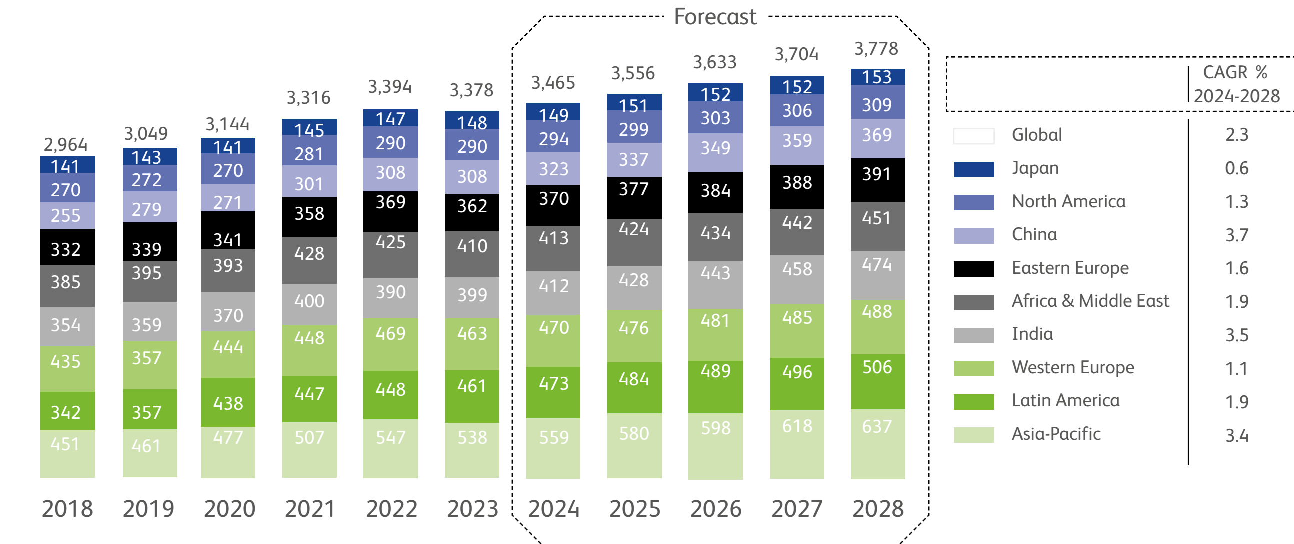
Despite facing the challenges of the pandemic, global inflation, and regional conflicts, global health systems have shown remarkable resilience and have embraced new therapies while increasing overall usage. There has been a significant surge in global spending on medicines, surpassing pre-pandemic growth rates and expected to continue at a rate of 5-8% annually until 2028. This acceleration in spending is fuelled by notable shifts in usage and spending across different regions since 2023. Despite the shift of COVID-19 from pandemic to endemic, spending on vaccinations and therapeutics has been revised downward by nearly $200 billion due to decreased usage, although this has been counteracted by rising prices. As a result, global spending on medicines at list prices is projected to reach $2.3 trillion.

Usage and expenditure on medications globally are surpassing pre-pandemic growth rates and are anticipated to remain notably higher than those trends until 2028.

[6] https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/govt-health-expenditure-share-in-gdp-increases-to-1-35-from-1-15/articleshow/87979753.cms?from=mdr

[7] https://www.iqvia.com/-/media/iqvia/pdfs/institute-reports/the-global-use-of-medicines-2024-outlook-to-2028/iqvia-institute-global-use-of-medicines-2024-forweb.pdf

Exhibit 1: Historical and projected use of medicines by region, 2018-2028, Defined Daily Doses (DDD) in billions



Source: IQVIA- Global use of Medicines 2024.

Outlook

The next five years are expected to witness significant growth in the biotech sector, despite a slight slowdown, with an anticipated increase of 9.5% to 12.5%. This growth is forecasted to result in biotech accounting for $890 billion in spending by 2028, representing 39% of the global market and encompassing various areas of innovative medicine development. Specialty medicines, targeting chronic, complex, or rare conditions and often associated with high costs and special distribution, are projected to constitute 43% of global spending by 2028, with over 55% share in leading developed markets. Oncology and immunology, the two leading therapy areas globally, are expected to grow by 14–17% and 2–5% annually, respectively, until 2028.

Over the past five years, there has been a 14% increase in patient utilization of medications, propelled by enhanced access to medicines across various global regions and is projected to continue, with an additional 12% rise expected by 2028, equivalent to 400 billion defined daily doses.

The outlook for next-generation biotherapeutics, including cell, gene and RNA therapies, is characterized by significant clinical and commercial uncertainty. By 2028, spending on these therapies is anticipated to reach $33 billion, up from $10 billion in 2023, with the introduction of approximately 50 novel therapies within this period. Global spending on medicines is projected to increase by over $600 billion, reaching $2.3 trillion. This growth will primarily be driven by existing branded medicines in the top ten developed markets, contributing $385 billion, while new products will add $193 billion. However, this growth will be partially offset by patent expiries, resulting in a reduction of $192 billion. Other developed markets and fast-growing Pharmerging markets are expected to collectively add another $184 billion to global spending. These growth projections signal a rebound from the disrupted period of 2019-2023, reflecting an acceleration in growth drivers over the past five years.

US Pharmaceutical Industry[8]

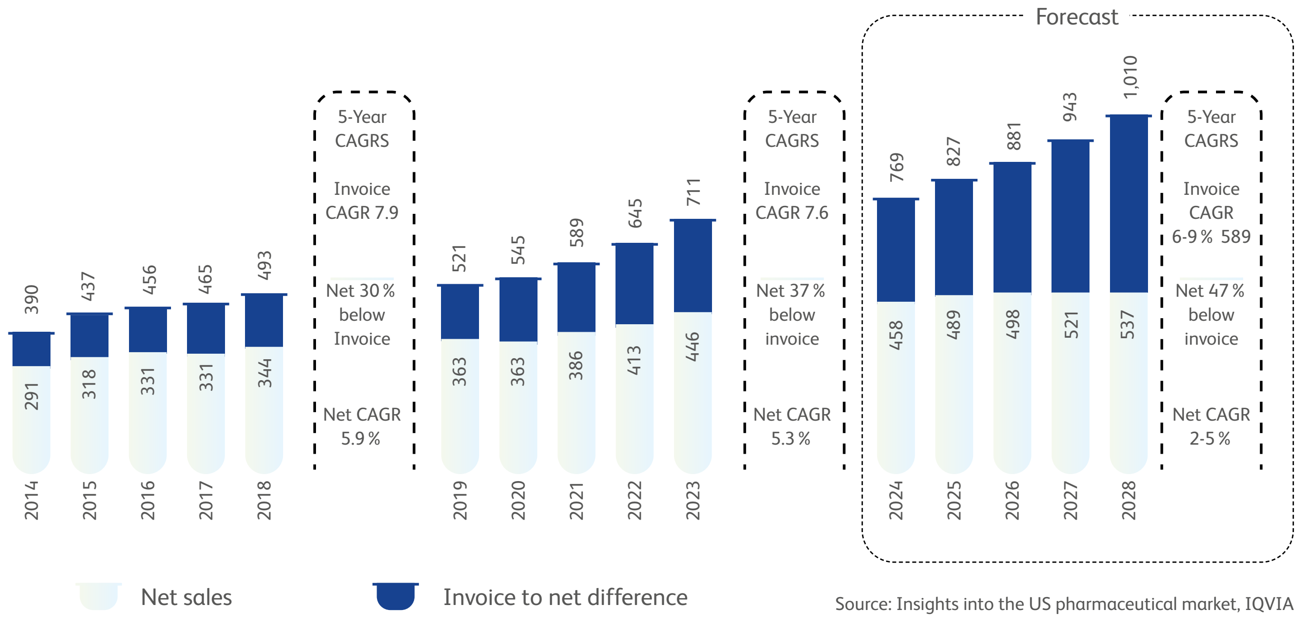
In the U.S., five-year growth forecast is around 2-5%, down from the initial projection of 6-9%. Despite this decrease, there is a significant upward revision from previous forecasts, which estimated growth between 1 to 2% through 2027. These adjustments reflect various factors contributing to higher growth rates, as well as potential limitations related to pricing reforms. While the U.S. has historically been a major driver of growth, manufacturing constraints experienced in 2023 resulted in reduced volume available for countries outside the

[8] https://www.iqvia.com/-/media/iqvia/pdfs/institute-reports/the-global-use-of-medicines-2024-outlook-to-2028/iqvia-institute-global-use-of-medicines-2024-forweb.pdf

U.S., particularly impacting obesity formulations, which are also approved for diabetes. The forecast for the U.S. market on a net price basis indicates a 2-5 % compound annual growth rate (CAGR) over the next five years, compared to the 5.3 % CAGR observed in the previous five years, taking into account the anticipated effects of the Inflation Reduction Act.

The number of New Active Substances (NAS) launches in the U.S. in 2023 rebounded and is expected to reach 58 (55–60)

Exhibit 24: U.S. medicine spending and growth at invoice-level and estimated net 2014-2028 excluding COVID-19 vaccines and therapeutics



Source: Insights into the US pharmaceutical market, IQVIA

Spending at net levels in the U.S. is expected to increase by 2-5 %, driven by continued growth in brand spending on an invoice basis, alongside heightened discounts and rebates as stipulated by the Inflation Reduction Act (IRA). Additionally, spending on medicines in the U.S. at invoice prices is projected to rise by $299 billion through 2028, marking an $81 billion increase compared to the past five years.

Outlook

The US pharmaceutical market size is estimated to grow from $846.72 billion in FY23 to $1285.79 billion by FY31[9]. The US pharma industry holds immense power to shape the healthcare outcomes. However, emerging discoveries to ensure accessibility and the affordability of the medications for all the citizens still remains a challenge.

The pharmaceutical industry in the United States wields significant influence over healthcare outcomes. However, ensuring that medications are accessible and affordable for all citizens remains a challenging task despite ongoing discoveries in this area. The demand for generic drugs, which serve as an alternative to branded drugs, has massively increased owing to their low costs. Many branded drug patents are on the verge of expiry, thus being the major reason for the increased production of generics. However, upcoming pricing policies will add further challenges to net growth in the coming years. The outlook is influenced by several factors including structural market dynamics, intricate usage patterns, and competitive pressures. Moreover, the impact of new policies and legislation will shape the overall landscape of the pharmaceutical market.

Pharma-emerging markets

The global pharma emerging market size was valued at USD 1.73 trillion in 2023 and it is expected to surpass around USD 3.99 trillion by 2033, growing at a registered CAGR of 8.72 % from 2024 to 2033.[10]

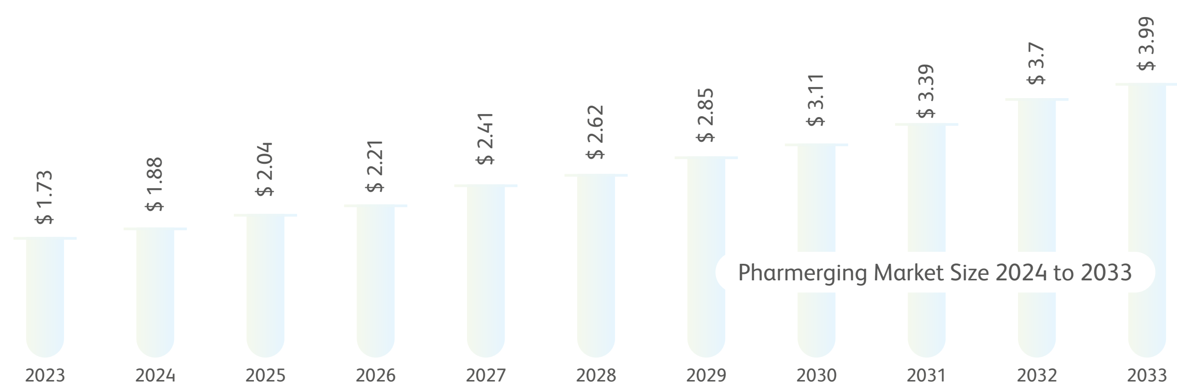
The future of the pharmaceutical industry is increasingly focused on the developing world and emerging markets. The COVID-19 pandemic hastened this trend, but it's not the sole

[9] https://www.theinsightpartners.com/reports/us-pharmaceutical-market

[10] https://www.precedenceresearch.com/pharmerging-market#:~:text=The % 20global % 20pharmerging % 20market % 20size,8.72 % 25 % 20from % 202024 % 20to % 233.

reason for the growing importance of developing economies in the global pharmaceutical landscape. One major factor is the evolving demographics, leading to transformations in the healthcare systems of countries. Emerging and developing markets in Asia, Africa and Latin America are witnessing swift population growth and urbanisation. These regions currently house around 6.75 billion people as of 2023, comprising the majority of the global population[11].

PHARMERGING MARKET SIZE 2023 TO 2033 [USD TRILLION)



Source: Precedence Research

As these regions undergo further population growth, urbanisation and boost in employment opportunities, the middle class is also expanding. Globally, the middle class currently comprises 4 billion individuals, a number projected to reach 5 billion by 2031[12]. With the expansion of the global middle class, more people will have the means to afford healthcare services, treatments, and medications, presenting lucrative markets for pharmaceutical companies looking to engage with a broader customer base.

An insight into key therapeutic segments

Oncology

The global oncology market continues to see significant growth and innovation in 2024. Cancer medicine spending rose to $218billion globally in 2023 and is projected to reach $375 billion by 2027, driven by increasing cancer incidence, better accessibility to care and the introduction of novel therapies. Research and development activities remain robust, with a focus on targeted therapies, cell and gene therapies and immunotherapies.[13]

The India oncology market is projected to grow by USD 947.84 million, with a compound annual growth rate (CAGR) of 13.45% between FY23 and FY28[14]. This growth is driven by several factors, including the rising incidence of cancer, the need for cost reduction in drug research and development, and the growing demand for precision medicine. These factors collectively influence the market's direction, leading to advancements in oncology diagnostics and treatments. With a focus on precision medicine, there is a corresponding need for novel approaches targeting specific molecular characteristics. This shift reflects the changing landscape of healthcare and emphasises the importance of streamlining drug discovery processes. As the number of tumor cases increases, the market responds by developing cost-effective solutions while meeting the rising demand for personalised therapeutic interventions. The rising adoption of immunotherapy is a key trend influencing the market growth, immunotherapy is a promising new cancer treatment that stimulates the immune system. CAR-T cell therapy is a new age treatment that is changing the way cancer is treated. It is a new kind of immunotherapy that reprograms the patient's own immune cells to find and kill cancer cells. In the past few years, India has made a lot of progress in adopting this cutting-edge treatment, giving patients with different kinds of cancer new reasons to hope. CAR T-cell therapy has shown remarkable success in treating certain types of cancer, particularly blood cancers.

Diabetology

The Indian diabetes market has a current market size of $4.2 billion in FY24. It is expected to reach $14 billion by FY33, thus exhibiting a growth rate of 13.8%[15]. At present, increasing incidences of diabetes due to the rising consumption of

11 https://www.imf.org/external/datamapper/LP@WEO/OEMDC/ADVEC/WEOWORLD/ARG
12 https://www.visualcapitalist.com/113-million-people-middle-class-2024/
13 https://www.iqvia.com/-/media/iqvia/pdfs/institute-reports/global-oncology-trends-2024/iqvia-institute-global-oncology-trends-2024.pdf
14 https://www.technavio.com/report/oncology-market-industry-in-india-analysis
15 https://www.imarcgroup.com/india-diabetes

unhealthy diets and the adoption of sedentary lifestyle habits represents one of the primary factors propelling the growth of the market in India. Increasing awareness about diabetes symptoms and adverse effects is driving individuals to take prompt action in managing or curing the condition. Early detection and appropriate treatment are recognised as crucial in delaying complications associated with diabetes. The Government of India is implementing cost-effective measures to ensure affordable diabetes treatment for all income groups and enhance accessibility to anti-diabetic medications, particularly in rural areas. Organised programmes focused on patient education and updating healthcare professionals on diabetes management are boosting diagnosis and treatment rates, thereby fueling market growth.

The oral antidiabetic drugs market is fragmented, while the insulin market is dominated by top players. New entrants in the patented oral antidiabetics and insulin market are limited, with higher entry rates observed in the generic oral antidiabetics market. Product differentiation is high in the patented oral antidiabetics and insulin market but low in the generic oral antidiabetics market.

Cardiology

The global cardiology market in 2024 is driven by the increasing prevalence of cardiovascular diseases, technological advancements and an ageing population. The market is projected to reach $75.04 billion by 2029, growing at a compound annual growth rate (CAGR) of 4.97 % from 2024 to 2029. North America currently holds the largest market share, benefiting from advanced healthcare infrastructure and high healthcare expenditure.

The Indian cardiology market is also witnessing significant expansion with the diagnostic and monitoring devices segment currently holding the largest market share in India, reflecting the country's focus on early detection and management of cardiovascular conditions. As India continues to invest in its healthcare system and raise awareness about heart health, the cardiology market is poised for continued growth, presenting opportunities for both domestic and international players in the coming years.

Indian pharmaceutical market

India is renowned as the leading provider of generic drugs worldwide, offering affordable vaccines and medications. Indian pharmaceutical industry ranks third globally in production volume and 14th by value. There has been a growing consensus over providing new innovative therapies to patients, the market is estimated to touch $130 billion by 2030[16] and $450 billion by 2047. Major segments include generic drugs, over-the-counter medications, bulk drugs, vaccines, contract research, manufacturing, biosimilars, and biologics. India boasts the largest number of pharmaceutical manufacturing facilities compliant with the US Food and Drug Administration (USFDA), along with 500 API producers accounting for 8 % of the global API market[17].

India's drugs and pharmaceutical exports stood at $22.51 billion in FY24. About 20 % of the global exports in generic drugs are met by India, 40 % of generic demand in the US and 25 % of medicine in the UK. It comprises approximately 3,000 drug companies and 10,500 manufacturing units[18]. India's abundant pool of scientists and engineers positions it as a key player in the global pharmaceutical industry. Notably, Indian firms supply over 80 % of antiretroviral drugs globally for combating AIDS, earning the country the title of the "pharmacy of the world" due to its medicines' high quality and affordability.

16 https://www.investindia.gov.in/sector/pharmaceuticals
17 https://www.investindia.gov.in/sector/pharmaceuticals
18 https://www.ibef.org/industry/pharmaceutical-india

Growth drivers

The Indian pharmaceutical industry is a major force at the global stage, and its growth is being fueled by a number of key factors. Some of them are:

Strong domestic market

- A large growing population with rising disposable incomes creates a significant demand for affordable medicines.
- Increasing prevalence of chronic diseases like diabetes and heart conditions further fuels domestic consumption.
- Government initiatives like expanding health insurance coverage and focus on improving healthcare infrastructure also contribute to market growth.

Cost competitiveness

- India demonstrates a cost advantage due to factors like lower labour costs and efficient manufacturing processes.
- This allows Indian companies to offer competitively priced generics, thus making them attractive for domestic and international buyers.

Government support

- Initiatives like the Production Linked Incentive (PLI) scheme offer financial incentives to boost domestic production of critical drugs and Active Pharmaceutical ingredients (API).
- The government wants to make India a global leader in affordable and innovative pharmaceuticals through its "Vision Pharma 2047" program.

Shifting global landscape

- Rising demand for affordable medicines in emerging markets presents a major growth opportunity for Indian generics.
- Geopolitical tensions are highlighting the need for supply chain diversification, potentially benefitting Indian manufacturers.

Focus on innovation

- There is a growing emphasis on R&D to drive innovations in areas like new drug discovery and biosimilars.
- A large scientific base and increasing government support are fueling advancements in this area.

Outlook

The Indian pharmaceutical industry has experienced remarkable growth. Not only does it cater to domestic demand, but it also controls over 20% of the global pharmaceutical supply chain and fulfills around 60% of the global vaccine demand. This industry has undergone a significant transformation, emerging as a vital force in driving healthcare advancements globally. Notably, India is the largest contributor to UNESCO, providing more than 50-60% of its funding. Additionally, it boasts the highest number of USFDA-approved manufacturing plants outside the U.S.

100%

FDI is allowed in the pharmaceutical sector.

It is allowed through automatic route for Greenfield pharmaceutical projects. For brownfield pharmaceutical projects, FDI is allowed up to 74% through automatic route and beyond that through government approval. The cumulative FDI equity inflow in the Drugs and Pharmaceutical industry is $22.4 billion during the period April 2000-December 2023.

The pharmaceutical supply chain in India has undergone substantial changes driven by various factors such as globalisation, technological advancements, regulatory changes, and increasing demand for healthcare products. This evolution has seen a shift from manual and transactional processes to more automated and strategically innovative approaches. The importance of resilience and diversification in the supply chain has been underscored by geopolitical tensions and the COVID-19 pandemic. Consequently, there's a growing interest in the China+1 strategy, aimed at diversifying supply chains by investing in alternative manufacturing locations like India.

These changes have made pharmaceutical supply chains more agile, transparent and resilient, leveraging technologies such as machine learning and artificial intelligence. Significant investments are being made in automating manufacturing and packaging processes to boost productivity, cost efficiency, and labeling accuracy. This transformation has facilitated the adoption of on-demand delivery models, including direct-to-patient approaches and B2B eCommerce platforms.

Crop health sciences

India's agriculture sector is the backbone of the economy, with the record for second largest agricultural land in the world. It is the primary source of livelihood for ~58% of the population. The sector faced significant tailwinds with irregularities in the monsoon/El-nino, higher sales returns and high-cost inventory liquidations. India is one of the largest agricultural product exporters in the world.

Indian agriculture sector has been underperforming due to low crop yields, uncontrolled pests significantly reduce the crop yields. The size of the global crop protection chemicals market reached USD 68.3 Billion in FY24 and is projected to reach USD 98.5 Billion by 2032, with a compound annual growth rate (CAGR) of 4.3% between FY24 and FY33[19].

Crop protection chemicals, are utilised in agriculture to shield crops from pests, diseases and weeds, encompassing insecticides, herbicides, fungicides and bactericides. Their purpose is to manage or eradicate threats to crop health, thereby ensuring improved yields and quality. Insecticides dominate the Indian crop protection market with ~53% share, herbicides are however, emerging as the fastest-growing segment. Paddy accounts for the maximum share of pesticide consumption, followed by cotton. The eight states including Andhra Pradesh, Maharashtra, Punjab, Madhya Pradesh, Chhattisgarh, Gujarat, Tamil Nadu and Haryana account for usage of >70% of the agrochemicals used in India. Furthermore, Andhra Pradesh has the highest market share of 24%.

Recent shifts in the crop protection chemicals market include an increasing focus on sustainable and environmentally friendly formulations, propelled by heightened environmental consciousness. Integrated pest management (IPM) strategies, integrating biological control and precision agriculture technologies, are gaining momentum. There's a noticeable transition towards the development of biopesticides and bio-controls as substitutes for traditional chemical pesticides.

The forecast for the India Agrochemicals Market predicts a growth of USD 12.90 billion, with a compound annual growth rate (CAGR) of 10.17% from FY24 to FY29. The market's expansion depends on various factors such as the rising utilisation of herbicides, increasing demand within India, and technological advancements facilitating more efficient agricultural practices. The analysis also encompasses a detailed examination of drivers, trends, and challenges influencing market dynamics.

Outlook

The integration of digital technologies such as data analytics, drones, and artificial intelligence (AI) is augmenting precision farming and optimizing the utilization of crop protection inputs. Regulatory scrutiny and evolving consumer preferences are shaping the creation of safer and more precise formulations.

Collaborations and partnerships between agrochemical companies and technology enterprises are burgeoning, fostering innovation within the sector. Overall, these trends indicate a broader industry shift towards sustainable, efficient, and technology-driven approaches in crop protection.

Company overview

NATCO Pharma is a science-led, R&D focused and vertically integrated pharmaceutical manufacturing company based out of India. An unwavering commitment of nearly four decades towards providing accessible healthcare solutions has enabled the Company to establish itself as a global leading pharmaceutical player and as a reputed player in providing high-quality generic medicines.

With an endeavor to provide generic medicines at affordable costs NATCO has been successful in targeting niche molecules and launching them not only in the US but also in India. The company provides finished dosages in capsule, injection, and tablet forms, targeting various medical conditions such as multiple sclerosis, influenza infection, leukemia, and hypertension etc. Additionally, the company offers active pharmaceutical ingredients (APIs) in both domestic and international markets. Its operations include API and finished dosage formulation facilities (FDF), as well as a research center based in India.

The focus is primarily on niche therapeutic areas and complex products. The company markets and distributes its products in over 50 countries. The key markets are United States, India, Canada, Brazil and it operates in some of markets such as Indonesia, Thailand, Australia, Singapore and China etc. The Company has 11 subsidiaries including two step-down subsidiaries.

The company manufactures API products which are primarily used for captive consumption. In the API segment, it has capabilities to develop and manufacture products with multi-step synthesis, semi synthetic fusion technologies, high-

19 https://www.custommarketinsights.com/press-releases/crop-protection-chemicals-market-size/

potency APIs and peptides. The business is backed by strong manufacturing capabilities in FDF and API. NATCO operates five pharmaceutical formulation facilities, with one located in Dehradun (Uttarakhand,) one in Kothur (Telangana), one in Nagarjuna Sagar (Telangana), one in Vishakapatnam (Andhra Pradesh) and one in Guwahati (Assam). It has two API and Intermediates manufacturing units in Mekaguda (Telangana) and Manali (Tamilnadu). These manufacturing facilities are backed by strong dedicated in-house R&D centres namely, NATCO Research Centre (NRC) situated in Sanathnagar, Hyderabad and Kothur (Telangana). The agrochemical business segment is supported by the two manufacturing facilities, for formulation and technical situated in Attivaram, Andhra Pradesh. The facilities have the required approvals from global regulatory authorities, such as USFDA, ANVISA, Health Canada, WHO and Central Insecticides Board Faridabad and others.

In today's rapidly changing economic landscape, NATCO remains focused on its core strategy of developing complicated and low competition niche molecules. It continues to create value by entering newer markets and expanding the product portfolio through organic and inorganic route. It remains committed to adhering to cGMP norms and upholding highest quality standards across manufacturing facilities. The Company understands the importance the need for innovation, it is on the path of adding newer technologies & capabilities either organically or via partnerships.

Business segments

The company operates in two business segments, namely pharmaceuticals and agrochemicals. The pharmaceutical business has two key components, FDFs and APIs, where FDFs drive the revenues and is a significant contributor to the business.

The company leverages its expertise to develop and manufacture formulations for international and domestic markets. NATCO's success in launching a generic version of Glatiramer Acetate in the US highlights company's capabilities in developing complex drugs. The company also manufacturers bulk drugs used by other pharma companies to manufacture FDFs. Their expertise in organic chemistry has recently led them to diversification into the crop sciences business.

The company's Crop Health Science's (CHS) product portfolio consists of a range of innovative chemicals and biological pest management solutions for safe and efficient management of insects, diseases and weeds across a broad range of crops. The plant growth stimulants are used in a wide range of crops for vigorous crop development and better yield.

Pharmaceuticals

Domestic formulations

NATCO's domestic formulations business is one of the strong pillars for the company with 4 divisions namely, Oncology, Pharma Specialty, Cardiology and Diabetology. It is one of the leader and pioneers in the branded oncology targeted therapy segments.

₹ 3,867 Mn

Revenue in FY24

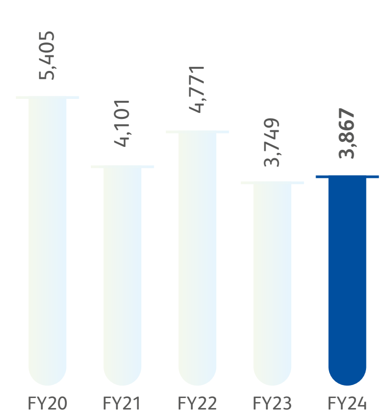
9.4 %

Contributed to the total revenue generated in FY24

The Company offers therapy options for various cancers and are strategically entering new areas, such as ovarian cancer drugs. While the Company was initially strong in hepato-gastroenterology (Hep-C), it has steadily expanded into other areas like Heb-B, Ortho-rheumatology and critical care. This diversification has helped in reducing dependence on any single segment. Their latest segment includes cardiology and diabetology, launched in 2017 and it offers innovative products for these high-volume markets.

Domestic formulation sales

(₹ in million)



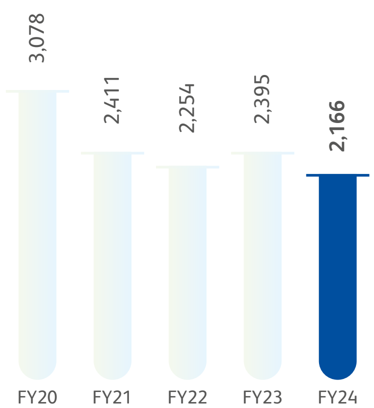
Oncology

NATCO's domestic oncology division specialises in both haemato-oncology and solid tumor products. These portfolios encompass molecules crucial for treating cancers affecting various organs such as the blood, liver, kidney, lung, brain, breast and ovary.

The products and marketing strategies have effectively bridged the gap between pharmaceutical research and clinical practice. Manufactured in state-of-the-art facilities certified by top regulatory bodies worldwide, the products have earned the trust of oncologists, esteemed institutes, patients, NGOs and the broader healthcare industry.

Oncology sales

(₹ in million)



Pharma specialty

The Pharma specialities division focuses on products related to Virology, Rheumatology, Hepatology, Critical Care and Gastroenterology. In the Gastroenterology range, the company provides innovative drugs for Chronic Hepatitis-B, revolutionizing treatment approaches and improving clinical outcomes. The products undergo manufacturing in cutting-edge facilities certified by top regulatory authorities worldwide. NATCO has garnered trust and confidence from doctors, esteemed institutes, patients, NGOs, and the broader healthcare industry.

Cardiology

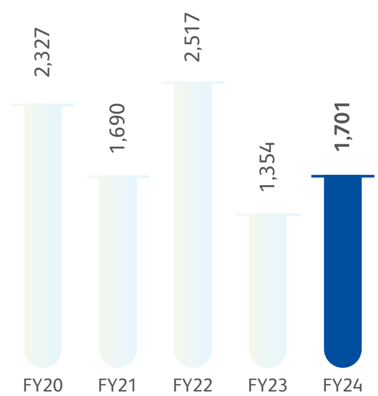
In the cardiovascular range, the company offers a comprehensive selection of anti-hypertensives, featuring leading brands such as Cilnidipine and its combinations (NATCOCIL & range), recognised as first-line treatments for hypertension. Additionally, it provides Ivabradine (IVABRATCO) for stable angina and congestive heart failure (CHF). The company's cardiovascular range also includes a full array of Novel oral anti-coagulant (NOAC) brands, encompassing DABIGAT® (Dabigatran), APIGAT®(Apixaban), and RPIGAT® (Rivaroxaban). Furthermore, the Company offers anti-platelet agents like TICAGAT® (Ticagrelor).

Diabetology

In the anti-diabetics range, it offers highly prescribed DPP4 inhibitors, including Vildagliptin, Vildagliptin+Metformin, Teneligliptin, and Teneligliptin+Metformin, catering to the prevalence of type 2 diabetes mellitus, particularly in regions with high diabetes rates. The company is actively pursuing a pipeline of products aimed at providing unique differentiators from other players in the segment.

Non-Oncology revenue

(₹ in million)

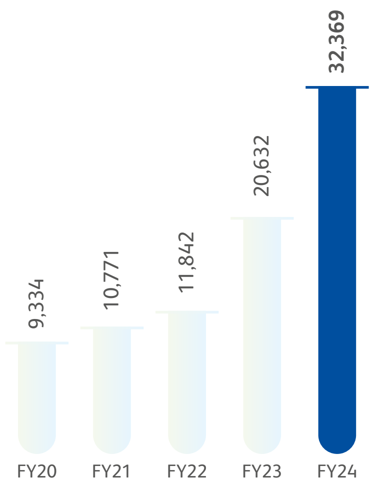


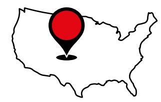
Export formulations

With over 30 years of experience in formulating innovative dosage forms, NATCO is now expanding its global presence by exporting finished dosage products to various markets worldwide. One of the key export markets for the company is the US where it has established a niche for itself. In the US market, one of the business models is where the company adopt partnership-driven model that capitalises on its strengths in product development and manufacturing, while its partners excel in marketing and litigation of these products. Other than being a formidable player in the US, the Company has garnered strong market share in markets such as Canada and Brazil among majority of the products that are marketed. Additionally, it operates in LATAM, Singapore, Australia, Indonesia and Philippines through its subsidiaries and step-down subsidiaries.

Export formulation sales

(₹ in million)





US market

The company focuses on intricate and niche generic products in the US market, either independently or through collaborations with established pharmaceutical companies. These drugs are often complex to formulate and manufacture with high entry barriers thus limiting the competition.

In the fiscal year FY24, revenue from the US business amounted to ₹ 28,048 million, compared to ₹ 16,060 million in FY23. Throughout the year, the company submitted 3 ANDAs. It continues to develop and submit robust Para IV products with the potential for First-to-file (FTF) launches in the US. These products have non infringing APIs and formulations as their core competencies. Out of 29 filings under review in the US, company believes that 19 filings are FTFs, which reflects the success of their strategy.

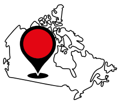
NATCO Pharma USA LLC (earlier known as Dash Pharma) is a fully-owned step-down subsidiary of NATCO Pharma Limited. NATCO Pharma USA LLC is the sales and marketing front end of NATCO in the US market.

Key solo FTFs (Para IV) in the pipeline (as at 31st March 2024)

Key brand	Molecule	Therapeutic segment/Primary Indication
Tracleer	Bosentan (32mg)	Anti-hypertensive
Kyprolls	Carfilzomib (10mg)	Cancer/ Multiple Myelama
Imbruvica	Ibrutinib (tablet)	Cancer/ Leukaemia
Zydelig	Idelalisib	Cancer
Lynparza	Olaparib	Ovarian/Breast cancer
Ozempic	Semaglutide pen (8mg/3ml)	Diabetes
Balversa	Erdafitinib	Bladder cancer
Wegovy	Semaglutide pen (all strengths)	Weight loss

Key Para IV products in the pipeline

Key brand	Molecule	Therapeutic segment/Primary Indication
Eliquis	Apixaban	Anticoagulant
Ozempic	Semaglutide pen	Diabetes
Pamalyst	Pomalidomide	Cancer/ multiple myeloma
Lansurf	Trifluridine/ Tipracil	Metastatic colorectal cancer
Yandelis	Trabectedin	Advanced soft tissue sarcoma/ ovarian cancer
Calquence	Acalabrutinib	Cancer/ blood



Canada

NATCO Pharma Canada Inc., a wholly owned subsidiary was incorporated in the year 2012. Headquartered in Toronto supported by a strong local team comprising of Quality Assurance, Regulatory Affairs and Sales force. Driven by a pipeline of new products it expects to file several specialty products in the coming years.

The company's first generic products has been met with relative success, bolstering their portfolio. Furthermore, the launch of 2 distinct first generics has added to their offerings. With a focus on achieving 6-8 filings annually, we have consistently met and even exceeded their targets. With 20+ active products and 10 filings pending for approval, Canada is poised for robust growth in the coming years.

40+ filings

Total filings as on 31st March, 2024

Brazil market

NATCO farma do Brasil, step-down subsidiary of NATCO India, began operations in FY12. With a robust portfolio of Oncology products, we pursue niche products and prioritise a value-driven specialty product pipeline.

This division has observed a growth of 10-15%, on the back of higher market penetration. The Company continues to pursue a greater number of filings. In FY 2023-24, revenue in Brazil reached ₹ 1,749 million, reflecting a growth of 31% over last year.

8

Active products

15

Fillings

Asia and other emerging markets

The company is actively implementing a strategy to broaden its global footprint and bolster its position in various countries, including Singapore, Taiwan, Philippines, Thailand, Vietnam, China, and Australia. The company's objective is to achieve sustained profitability and growth by entering these new markets. Notably, NATCO has made significant strides in Singapore, establishing a presence in both tender and private segments through branded generics and obtaining product approvals. A significant milestone was achieved with the successful launch of Oseltamivir capsules in the Chinese market, marking NATCO's debut in this region. The Company participated and won tenders in Saudi Arabia, which is a noteworthy achievement as it marks its entry into the region. Additionally, as part of its strategy to boost growth and profitability, NATCO has decided to establish a subsidiary in Indonesia, underlining its commitment to exploring new markets and expanding its reach.

Expanding into the Western Asia market, the company plans to introduce 20 products across markets. Their primary strategy involves forming direct partnerships or establishing new subsidiaries to drive business growth in previously uncharted territories.

API division

With over two decades of proven technical and operational expertise, the company specialises in developing and commercialising niche APIs. The company's steadfast commitment to quality, adherence to cGMP standards, and focus on delivering affordable drug substances with innovation are central to our mission of improving global patient access.

The company has established itself as a high-quality and dependable niche API manufacturer, with a portfolio encompassing more than 45 DMFs. While Oncology remains the primary therapeutic area, API product range is expanding to include Central Nervous System (CNS), pain management, and cardiovascular care. Leveraging the intellectual property, operational proficiency, and regulatory support, the company creates opportunities for their customers to be first-to-market.

The company's two state-of-the-art API manufacturing facilities prioritize environmental, health, and safety concerns, with over 50% of their premises designated as Green Belt. This underscores the core corporate value of sustainability. The company has a proven track record of regulatory inspections by leading authorities such as the USFDA, TGA, Hamburg Health Agency, PMDA, KFDA, Cofepris/Mexico, and EDQM.

Segment breakdown

(₹ in million)

Revenue division	FY20	FY21	FY22	FY23	FY24
API revenues (Total)	3,552	5,120	2,481	2,103	2,492
Domestic Formulations	5,405	4,101	4,771	3,749	3,867
International (including subsidiaries)	9,334	10,771	11,842	20,632	32,369
Crop health sciences	-	21	51	409	1,083
Other operating and non-operating incomes	1,933	1,544	1,293	1,224	1,458
Total Revenues	**20,224**	**21,557**	**20,438**	**28,117**	**41,269**

Crop Health Sciences division

NATCO's Crop Health Sciences (CHS) division emerged from the company's foundational strength in pharmaceutical chemistry and patent knowledge. Leveraging its techno-legal capability and these core competencies, NATCO CHS has achieved significant milestones, notably through the successful introduction of Chlorantraniliprole (CTPR)-based products, renowned for their broad-spectrum insecticidal properties, in key agricultural regions across India. Additionally, the company pioneered the launch of the first pheromone-based mating disruption product, aimed at effectively managing the pink bollworm pest infestation in cotton crops. In the near future, the company will focus on the development of specialized molecules to cater to both domestic and international markets. This will help the company to offer tailored solutions and address a broader spectrum of agricultural needs while capitalizing on our expertise and expanding our footprint in the crop protection chemical industry.

Financial overview

NATCO's consolidated revenue from operations for the year stood at ₹ 41,269 million for FY24 as compared to ₹ 28,117 million for FY23. EBITDA for FY24 stood at ₹ 18,795 million at 45.5 % of revenue. PAT amounts to ₹ 13,883 million for FY24 at 33.6 % of revenue against ₹ 7,153 for FY23. The Company's market capitalization stood at $2.06 billion as on 31st March FY24.

(₹ in million)

	FY24	FY23
Total Revenue	41,269	28,117
EBITDA*	18,795	10,402
EBITDA Margin* (%)	45.5 %	37.0 %
Profit before tax (PBT)	16,735	8,619
Profit after tax (PAT)	13,883	7,153
PAT Margin (%)	33.6 %	25.4 %
Reported Earnings per share (EPS) ₹ – Basic and Diluted	77.34	39.18
Networth	58,531	48,738
Return on Equity (%)	23.7 %	14.7 %
Return on Capital Employed (%)	28.5 %	17.6 %

ROCE = Earnings Before Interest and Tax (EBIT) / Capital Employed (Total Assets – Current Liabilities); ROE= Net Income/Shareholder's Equity (networth)

*includes other income

Threats, risks, and concerns

The company has a robust risk management system with a structured framework.

For a detailed report, refer to page number 40.

SWOT analysis

Strengths

- Strong market position in oncology: NATCO has a significant market share in the oncology segment in India.
- Robust R&D capabilities: The company has created a pipeline of innovative molecules for future growth.
- Manufacturing excellence: NATCO has state-of-the-art manufacturing facilities that meet stringent regulatory standards.
- Diversified business segments: The company operates in pharma domestic, international formulations, APIs and crop health sciences.
- Global presence: NATCO has subsidiaries in Canada and Brazil contributing to revenue growth.

Weaknesses

- Dependence on few key markets: A significant portion of revenue comes from the US market, making NATCO vulnerable to regulatory and market changes there.
- Exposure to currency fluctuations: As an export-oriented company, NATCO faces risks from exchange rate volatility.

Opportunities

- Expansion into new markets: NATCO is entering new geographies to diversify its revenue streams.
- Growth in Crop Health Division: This segment shows strong growth potential for coming years.
- Pipeline of complex generics: NATCO's focus on developing complex generics can drive future growth.
- Increasing healthcare spending: Rising healthcare expenditure globally can boost demand for NATCO 's products.

Threats

- Intense competition: The generic pharmaceutical industry is highly competitive, putting pressure on prices and margins.
- Regulatory challenges: Stringent and evolving regulations in key markets could impact NATCO 's operations.
- Pricing pressures: Government policies aimed at reducing drug prices could affect profitability.

Board's Report

The Board takes pleasure in presenting the 41st Annual Report of the Company along with the Audited Financial Statements and other reports for the year ended 31st March, 2024.

COMPANY OVERVIEW

NATCO has two business segments, Pharmaceuticals and Agrochemicals. Pharmaceuticals constitute a major portion of the revenue, where export formulations contribute a major portion of the pharmaceutical's revenue followed by API. Export formulations business focuses on high entry barrier and complex products and comprises of customers in US, Canada, Brazil, Asia-Pacific and other countries. API business is backward integrated making the business strategic in nature by serving its captive requirements. Capabilities in APIs include complex multi-step synthesis & scale-up, advanced synthetic/ separation technologies, containment facility for handling high potency APIs, synthesis of peptide (solid phase pharmaceuticals, oligo nucleotide pharmaceuticals etc., and a well-established process safety engineering lab. Our R&D capabilities are demonstrated by complex and niche product filings in formulations and API segments. Agrochemicals business segment is carried under Crop Health Sciences division of the Company. It has successfully launched broad-spectrum insecticide Chlorantraniliprole (CTPR) and its combination products in India across key agrarian states. It is focused on establishing a product portfolio through crop phenology analysis and also explore export opportunities.

FINANCIAL SUMMARY

(₹ in million)

Particulars	STANDALONE		CONSOLIDATED	
	Year ended 31st March 2024	Year ended 31st March 2023	Year ended 31st March 2024	Year ended 31st March 2023
Net Revenue /Income	36,736	24,365	41,269	28,117
Gross profit before interest and depreciation	17,417	9,302	18,795	10,402
Finance Cost	145	86	192	145
Profit before depreciation and amortisation - (Cash Profit)	17,272	9,216	18,603	10,257
Depreciation and amortisation	1,719	1,509	1,868	1,638
PBT before exceptional items	15,553	7,707	16,735	8,619
Exceptional items	-	-	-	-
Profit before Tax (PBT)	15,553	7,707	16,735	8,619
Provision for Tax –Current	2,848	1,331	3,165	1,627
Provision for Tax –Deferred	(361)	5	(313)	(161)
Profit after Tax	13,066	6,371	13,883	7,153
Other comprehensive income (OCI)	76	(194)	149	27
Total Comprehensive income for the year	13,142	6,177	14,032	7,180

The details of the Company's operations have been further discussed in detail in the Management Discussion and Analysis Report.

DIVIDEND

The Company declared three interim dividends for the FY 2023-24, the details of which are as follows:

S. NO.	DATE OF BOARD MEETING	DATE OF PAYMENT	INTERIM DIVIDEND DECLARED ON PER EQUITY SHARE OF FACE VALUE ₹ 2/- EACH (Amount in ₹)
1.	9th August, 2023	30th August, 2023	7.00
2.	14th November, 2023	1st December, 2023	1.25
3.	14th February, 2024	4th March, 2024	1.25
	TOTAL		**9.50**

The total dividend pay-out amounted to ₹ 1,702 million resulting in a pay-out of 13.03 % of the standalone profit after tax of the Company. The three Interim Dividends have been paid to all eligible shareholders. Accordingly, your Directors recommend that the above three interim dividends be treated as the final dividend of the Company for the Financial Year 2023-24. The Dividend Distribution Policy is available on the website of the Company at https://www.natcopharma.co.in/wp-content/uploads/2019/08/Dividend-Distribution-Policy.pdf

TRANSFER TO RESERVES

The Company has not transferred any amount to the general reserve for the financial year ended 31st March, 2024.

SHARE CAPITAL

During the year under review, the Company has bought back 33,60,245 shares and the same were extinguished as on 31st March, 2024.

Accordingly, the issued and subscribed share capital of the Company as on 31st March, 2024, stood at ₹ 358 million divided into 17,91,09,870 equity shares of ₹ 2/- each as against ₹ 365 million divided into 18,24,70,115 equity shares of ₹ 2/- each as on 31st March, 2023.

BUYBACK OF EQUITY SHARES

The Board of Directors at their meeting held on 8th March, 2023, authorised the Company to buyback its fully paid-up equity shares of face value of ₹ 2/- (Rupees Two only) each at a price not exceeding ₹ 700/- (Rupees Seven Hundred only) per Equity Share (the Maximum Buyback Price) payable in cash for an aggregate amount not exceeding ₹ 210,00,00,000/- (Rupees Two Hundred and Ten Crores only) (the Maximum Buy-back Size), from the shareholders of the Company excluding promoters, promoter group and persons who are in control of the Company, via the "Open Market" route through the stock exchanges mechanism, i.e., using the electronic trading facilities of the stock exchanges where the Equity Shares of the Company are listed (i.e., BSE Limited and National Stock Exchange of India Limited), in accordance with the provisions of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended ("Buyback Regulations") and the Companies Act, 2013 (including the rules and regulations framed thereunder), as amended, and other applicable provisions (the process hereinafter referred toas the "Buyback").

The Buyback commenced on 21st March, 2023 in accordance with the provisions of Buyback regulations. In this regard, as on 12th May, 2023, the Company has bought back 34,47,295 (Thirty Four Lakhs Forty Seven Thousand Two Hundred and Ninety Five) Equity Shares at an average price of ₹ 609.1712 (Rupees Six Hundred Nine and paisa One Seven One Two only) per Equity Share for an aggregate consideration of ₹ 209,99,92,885.33 (Rupees Two Hundred and Nine Crores Ninety Nine Lakhs Ninety Two Thousand Eight Hundred Eighty Five and paisa Thirty Three only) which represents 100.00 % of the Maximum Buyback Size. Accordingly, the Buyback Committee has approved the closure of Buyback pursuant to the terms of the Public Announcement, with effect from the closing of trading hours of 12th May, 2023, prior to the six months from the date of commencement of the Buyback.

Accordingly, the Company has made payment to the shareholders and extinguished all the shares bought back within stipulated time period and complied with all the regulatory filings.

DEPOSITS

During Financial Year 2023-24, the Company did not accept any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014 and therefore no amount of principal or interest was outstanding, as on the date of balance sheet.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review, there was no change in the nature of business of the Company or any of its Subsidiaries.

SUBSIDIARIES

The Company has eleven (11) international subsidiaries including (2) step-down subsidiaries as on 31st March, 2024. The consolidated financial statement of the Company and all its subsidiaries prepared under Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 form part of the annual report. During the year under review, the Company has incorporated the following subsidiaries, namely:

1. **PT. NATCO Lotus Farma** in Indonesia, which was approved by the Board of Directors at their meeting held on 20th April, 2023.
2. **NATCO PHARMA COLOMBIA SAS** in Columbia which was approved by the Board of Directors at their meeting held on 29th May, 2023.
3. **NATCO PHARMA UK LIMITED** in United Kingdom, which was approved by the Board of Directors at their meeting held on 9th August, 2023.

The Company has not acquired any other Subsidiary Company nor any of the existing Subsidiary Company(s) are ceased to become Subsidiary of the Company during the Financial Year 2023-24 except the above-mentioned subsidiaries.

Further, a Statement containing the salient features of the Financial Statements of the Subsidiaries in the prescribed Form AOC-1, is attached as "**Annexure - I**" to the Board's Report.

This Statement also provides the details of the performance and financial position of each Subsidiary.

In accordance with Section 136 of the Companies Act, 2013, the Audited Financial Statements and related information of the Subsidiaries, where applicable, will be available for inspection during regular business hours i.e., from 9:00 a.m. to 5:30 p.m. at the Company's registered office in Hyderabad, Telangana, India.

MATERIAL SUBSIDIARIES

As per Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. None of the Subsidiary Companies are material subsidiary to the Company based on the income or net worth as on March 31, 2024.

However, NATCO Pharma (Canada) Inc., Canada is the material subsidiary of the Company based on the income or net worth of the Company for Financial Year 2020-21 and will continue as material subsidiary as per Regulation 3 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In addition to the above, Regulation 24 of the Listing Regulations requires that at least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. For the purpose of this Regulation, material subsidiary means a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. Accordingly, the said provision of the appointment of an Independent Director of the Company in the Board of the material subsidiary Company is not applicable, since, the prescribed limits are not exceeded by the Company.

The other requirements of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for Subsidiary Companies have been complied with.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company provides investments, loans and guarantees to its subsidiaries /other Companies for its business purpose. Details of investments, loans and guarantees covered under Section 186 of the Companies Act, 2013, form part of the notes to the financial statements provided in this Annual Report.

CORPORATE GOVERNANCE AND ADDITIONAL SHAREHOLDERS INFORMATION

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), a detailed report on the Corporate Governance systems and practices of the Company is given under Corporate Governance Report which is part of this Annual Report.

A certificate from CS D. Renuka, Company Secretary in Practice (C.P. No. 3460) on the compliance with the conditions of Corporate Governance is part of the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed report on the Management Discussion and Analysis is provided as a separate chapter in this Annual Report.

BOARD OF DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Dr. D. Linga Rao (DIN: 07088404) and Dr. Pavan Ganapati Bhat (DIN: 09691260), Directors are liable to retire by rotation and being eligible offers themselves for reappointment at the ensuing Annual General Meeting of the Company.

During the year under review, there has been no change in the Board of Directors of the Company, however the Board of Directors of the Company at their meeting held on 14th February, 2024, based on the recommendations of the Nomination and Remuneration Committee, approved the appointment of Sri. A.D.M. Chavali (DIN:00374673) and Sri D. Vijaya Bhaskar (DIN: 07158951) as Independent Director(s) of the Company for a period of 5 (five) years i.e., from 1st April, 2024 to 31st March, 2029 and the same was approved by the members of the Company through postal ballot on 26th March, 2024.

Further, upon the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 14th February, 2024 approved the appointment/re-appointment of the following Directors of the Company for a period of 2 (two) years w.e.f. 1st April, 2024 to 31st March, 2026 and the same was approved by the members of the Company through postal ballot on 26th March, 2024:

1. **Sri V.C. Nannapaneni (DIN: 00183315)** as Chairman & Managing Director of the Company.

2. **Sri Rajeev Nannapaneni (DIN: 00183872)** as Vice Chairman & Chief Executive Officer of the Company.

3. **Sri P.S.R.K. Prasad (DIN: 07011140)** as Director and Executive Vice President (Corporate Engineering Services) of the Company.

4. **Dr. D. Linga Rao (DIN:07088404)** as Director and President (Tech. Affairs) of the Company.

5. **Dr. Pavan Ganapati Bhat (DIN:09691260)** as Director and Executive Vice President (Technical Operations) of the Company.

Further, Sri G.S. Murthy (DIN:00122454) and Sri D.G. Prasad (DIN: 00160408), Independent Director(s) of the Company completed their 2nd term of 5 (five) years as Independent Directors of the Company w.e.f. 1st April, 2024.

Further, Dr. M.U.R. Naidu, Independent Director of the Company vacated the office upon his demise on July 30, 2024.

Further, the Board of Directors at their meeting held on 12th August, 2024, based on the recommendations of Nomination and Remuneration Committee approved the appointment of Sri Lakshminarayana B. (DIN: 02766709), Dr. Kantipudi Suma (DIN: 02734369) and Sri Nitin Jain (DIN: 00136245) as Additional Directors (Non-Executive Independent Directors) of the Company for a period of 5 (five) years i.e., from 12th August, 2024 till 11th August, 2029 subject to approval of the shareholders of the Company at the ensuing Annual General Meeting of the Company.

BOARD EVALUATION

A formal annual evaluation has been made by the Board of its own performance, Chairman of the Board, its Committee(s) and individual Director(s). The performance evaluation has been done by the entire Board of Directors, excluding the Director being evaluated. Various evaluation techniques are used to assess the performance of the Directors. The Directors have participated in this evaluation process. The Independent Directors in their separate meeting have also evaluated the performance of the Chairman of the Company, Non-Independent Directors and the Board as a whole.

APPOINTMENT OF DIRECTOR(S), KMPS AND REMUNERATION POLICY

The assessment and appointment of members to the Board is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. The Independent Board member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

In accordance with Section 178(3) of the Companies Act, 2013 and on recommendations of Nomination and Remuneration Committee, the Board adopted a remuneration policy for Directors, Key Managerial Personnel (KMPs) and Senior Management which is available on the website of the Company. https://www.natcopharma.co.in/wp-content/uploads/2024/08/Remuneration-Policy.pdf

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Company have submitted requisite declarations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). The Independent Directors have also confirmed that they have complied with the Company’s Code of Conduct.

LEAD INDEPENDENT DIRECTOR

The Board of Directors of the Company has appointed Sri T.V.Rao, Chairperson of Independent Directors meeting as lead Independent director to ensure robust independent leadership of the Board.

The role of lead independent director is to provide leadership to the Independent Directors, liaises on behalf of the Independent Directors and ensures the Board’s effectiveness in maintaining high-quality governance of the organization and effective functioning of the Board.

REGISTRATION OF INDEPENDENT DIRECTORS IN INDEPENDENT DIRECTOR’S DATABANK

All the Independent Directors of the Company have been registered and are members of Independent Directors Databank maintained by Indian Institute of Corporate Affairs.

CONFIRMATION FROM THE BOARD

All the Independent Directors of the Company have given their respective declaration/disclosure(s) under Section 149(7) of the Act and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and have confirmed that they fulfil the independence criteria as specified under Section 149(6) of the Act and Regulation 16 of the Listing Regulations and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. Further, the Board after taking these declaration/ disclosure(s) on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

OPINION OF THE BOARD

The Board opines that all the Independent Directors of the Company strictly adhere to corporate integrity, possesses requisite expertise, experience and qualifications to discharge the assigned duties and responsibilities as mandated by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 diligently.

NUMBER OF MEETINGS OF THE BOARD AND ITS COMMITTEES AND OTHER COMMITTEES

The Board currently has eight (8) Committees, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Compensation Committee, Corporate Social Responsibility Committee, Risk Management Committee, Committee Dealing with Land Property and Buyback Committee.

A detailed update on the Board, its composition, detailed charter including terms of reference of various Board Committees, number of Board and Committee meetings held during the Financial Year 2023-24 and attendance of the Directors is provided in the Corporate Governance Report, which forms part of the Annual report.

All the recommendations made by the Committee(s) of the Board including the Audit Committee were accepted by the Board.

MEETING OF INDEPENDENT DIRECTORS

A separate meeting of the Independent Directors was held on 14th February, 2024, inter-alia, to discuss evaluation of the performance of Non-Independent Directors, the Board as a whole, evaluation of the performance of the Chairman, taking into account the views of the Executive and Non- Executive Directors and the evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors expressed satisfaction with the overall performance of the Directors and the Board as a whole.

BUSINESS RISK MANAGEMENT

The Company has a risk management mechanism in place to manage uncertainties through identification, analysis, assessment, implementing and monitoring to reduce the impact of risks to the business which is discussed in detail in the Management Discussion and Analysis section of this Annual Report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred after the close of the financial year till the date of this report which may affect the financial position of the Company.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The Company has adopted the Business Responsibility and Sustainability Report (BRSR) in the format specified by SEBI for Financial Year 2023-24. The BRSR is forming part of this Annual Report.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate the Internal Financial Controls commensurate with the business operations of the Company which are operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosure.

INSURANCE

The Company's plant, property, equipment and stocks are adequately insured against all major risks. The Company also has appropriate liability insurance covers particularly for product liability and clinical trials. The Company has also taken Director's and Officer's Liability Policy to provide coverage against the liabilities arising on them.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013 in relation to Financial Statements of the Company for the year ended 31st March, 2024, the Board of Directors state that:

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the annual accounts on a going concern basis;

e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

In accordance with Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract(s) or arrangement(s) entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as "**Annexure - II**" to this Board's Report.

The details of related party disclosures form part of the notes to the Financial Statements provided in this Annual Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company believes in upholding professional integrity and ethical behaviour in the conduct of its business. To uphold and promote these standards, the Company has a Vigil Mechanism / Whistle Blower Policy which serves as a mechanism for its Director(s) and employee(s) to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. The policy also provides employee(s) access to the Chairperson of the Audit Committee under certain circumstances. The details of the procedures are also available on the website of the Company https://www.natcopharma.co.in/wp-content/uploads/2024/08/whistle-blower-policy-1.pdf

A brief note on the Whistle Blower Policy is also provided in the Report on Corporate Governance, which forms part of this Annual Report.

INTERNAL COMPLAINTS COMMITTEE

The Company has Internal Complaints Committees in place in all the units in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. A brief note on the same is provided in the Report on Corporate Governance, which forms part of this Annual Report.

AUDITORS

STATUTORY AUDITORS

The members of the Company at their Annual General Meeting held on September 5, 2019 appointed M/s. B S R & Associates LLP (Firm Registration No. 116231W/W-100024) as the Statutory Auditors of the Company to act as such from the conclusion of 36th Annual General Meeting (AGM) held for the Financial year 2018-19 till the conclusion of the 41st AGM to be held for the Financial Year 2023-24.

Pursuant to Section 139 of the Companies Act, 2013 and the rules made thereunder and based on the recommendation of the Audit Committee of the Company, the Board of Directors of the Company have appointed M/s. B S R and Co (ICAI FRN: 128510W) as the Statutory Auditors of the Company to hold office for a period of five (5) years i.e. from the conclusion of the ensuing Annual General Meeting till the conclusion of the 46th Annual General Meeting of the Company to be held for the financial year 2028-2029, subject to the consent of the members of the Company at the ensuing Annual General Meeting.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, CS B. Kiran Kumar with Certificate of Practice (CP) No. 15876, Proprietor, M/s. B K & Associates, a Practicing Company Secretary conducted the Secretarial Audit of the Company for Financial Year 2023-24.

The Secretarial Audit Report in Form No. MR-3 is attached as "**Annexure - III**" to this Board's Report.

Upon recommendation of the Audit Committee, the Board has re-appointed CS B. Kiran Kumar (CP No. 15876) Proprietor, M/s. B K & Associates, a Practicing Company Secretary as Secretarial Auditor of the Company for the financial year 2024-25.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, the

Company maintains the Cost Audit records which are required to be maintained.

The Board on the recommendation of the Audit Committee, re-appointed M/s. S.S. Zanwar & Associates (Firm Registration No.100283) as Cost Auditors of the Company for Financial year 2024-25. The provisions also require that the remuneration of the Cost Auditors be ratified by the shareholders and accordingly the same is put forward to the shareholders for their ratification in the ensuing Annual General Meeting. The Cost Audit report for the Financial Year 2023-24 will be filed with the Central Government within the stipulated timeline and the relevant Cost Audit report for FY 2022-23 was filed within the due date to the Central Government.

INTERNAL AUDITORS

The Board based on the recommendations of the Audit Committee has re-appointed M/s. Grant Thornton Bharat LLP as Internal Auditors of the Company for FY 2024-25 and the Internal Auditors will report to the Audit Committee and the Board of Directors of the Company.

AUDITORS' QUALIFICATIONS/ RESERVATIONS/ ADVERSE REMARKS/ FRAUDS REPORTED

There are no Auditors' Qualifications or reservations or adverse remarks on the Financial Statements of the Company. The Auditors have not reported any frauds to the Audit Committee as prescribed under Section 143(12) of the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE COURTS/REGULATORS

During Financial year 2023-24, there were no significant and/ or material orders, passed by any Court or Regulator or Tribunal, which may impact the going concern status or the Company's operations in future.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Board formulated a Corporate Social Responsibility (CSR) Policy which is in full force and operation and is subject to monitoring by the CSR Committee of Directors from time to time.

The details about the CSR initiatives taken during the Financial Year 2023-24 are discussed in a separate head "Corporate Social Responsibility" which forms a part of this Annual Report.

The Annual Report on CSR activities of the Company is attached as "**Annexure – IV**" and Impact Assessment report issued by M/s. Deloitte Touche Tohmatsu India LLP is available on the website of the Company at https://www.natcopharma.co.in/wp-content/uploads/2024/05/Impact-Assessment-of-Natco-Pharma-Ltds-CSR-Support_24.05.24.pdf.

TRANSFER OF UNPAID AND UNCLAIMED DIVIDEND AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the declared dividends which remained unpaid or unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the said Act the details of which are disclosed in the Corporate Governance Report.

CREDIT RATING

The Company's credit ratings from ICRA on long term borrowings is "AA" and on short term borrowings is "A1+".

PARTICULARS OF EMPLOYEES

The information as required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as "**Annexure-V**" to this Board's Report.

The information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in an Annexure forming part of this Report.

In terms of the second proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. The said annexure is open for inspection at the Registered Office of the Company and any member interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Energy Conservation, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as "**Annexure-VI**" to this Board's Report.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2024 is available on the Company's website on https://www.natcopharma.co.in/investors/annualreturn/

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

GREEN INITIATIVE

To preserve environment, the Company has undertaken number of green initiatives which not only reduce burden on environment but also ensure secured dissemination of information. Such initiatives include energy saving, water conservation and usage of electronic mode in internal processes and control, statutory and other requirement(s).

The Company's unit in Mekaguda has recently received a "GreenCo - Gold Rating" award from Confederation of Indian Industry (CII) for their initiatives taken for the environmental sustainability.

ACKNOWLEDGEMENTS

The Board wish to place on record their appreciation to shareholders, Government Authorities, banks, business partners, medical practitioners and other stakeholders for the assistance, co-operation and encouragement extended to the Company. The Board also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Board look forward to their continued unstinted support in future also.

For and on behalf of the Board of Directors
NATCO Pharma Limited

V.C. Nannapaneni
Chairman & Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman & Chief Executive Officer
DIN: 00183872

Place: Hyderabad
Date: 12th August, 2024

Annexure –I to the Boards' Report

Form AOC – 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries:

(₹ in million)

Subsidiary Company Name	NATCO Pharma Inc.	NATCO Pharma USA LLC*	Time Cap Overseas Limited	NatcoFarma do Brasil Ltda.*	NATCO Pharma (Canada) Inc.	NATCO Pharma Asia Pte. Ltd.	NATCO Pharma Australia Pty Ltd.	NATCO Lifesciences Philippines Inc.	NATCO Pharma UK Limited	PT. NATCO Lotus Farma	NATCO Pharma COLOMBIA S.A.S.
The date of Incorporation/ The date since when subsidiary was acquired	Oct 10, 2006	Jan 01, 2022	Nov 8, 2010	Jan 27, 2011	Nov 7, 2012	Dec 10, 2012	Sep 01, 2014	Mar 22, 2018	Sep 04, 2023	Aug 28, 2023	Aug 15, 2023
Share Capital	2,570.10	2,019.05	1,706.24	2,037.07	231.54	101.88	209.99	63.30	125.73	-	-
Reserves & Surplus	261.85	-753.77	-118.26	-739.00	3,255.44	78.08	-202.35	-5.32	-44.48	-	-
Total Assets	3,061.56	1,690.43	1,943.97	1,361.29	4,158.42	236.91	4.71	81.93	84.73	-	-
Total Liabilities	229.61	425.15	355.99	63.23	3,563.73	56.94	-2.93	23.94	3.48	-	-
Investments	-	-	-	-	2,892.30	-	-	-	-	-	-
Turnover	0.01	1,461.45	-	1,749.01	2,349.46	161.65	-	96.61	-	-	-
Profit before taxation	-1.03	-178.97	-0.63	475.16	807.37	30.96	-4.59	16.31	-44.48	-	-
Provision for taxation	0.09	-	-	-163.79	-214.81	-4.19	-	-6.65	-	-	-
Profit after taxation	-0.95	-178.97	-0.63	311.37	592.56	26.77	-4.59	9.66	-44.48	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
Reporting Currency	USD	USD	USD	BRL	CAD	SGD	AUD	PHP	GBP	IDR	COP
Closing exchange rate	83.38	83.38	83.38	19.94	61.54	61.75	54.35	1.48	105.20	0.01	0.02
Average exchange rate	82.79	82.79	82.79	20.27	61.38	61.54	54.44	1.48	104.03	0.01	0.02
% of Shareholding	100 %	100 %	100 %	100 %	100 %	100 % **	100 %	100 % **	100 %	51 % ^^	100 % ^^

Note: Turnover includes Other revenue and Other Operating Revenue.
Profit/(Loss) figures do not include Other Comprehensive Income.
Total Assets includes investment in subsidiary companies
Investments do not include investment in subsidiary companies

* Stepdown subsidiary companies

** Includes the shares held by the nominee shareholders of the subsidiaries on behalf of the Company

^^ No operations

For and on behalf of the Board of Directors
NATCO Pharma Limited

V.C. Nannapaneni
Chairman & Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice-Chairman & Chief Executive Officer
DIN: 00183872

Place: Hyderabad
Date: 12th August, 2024

Annexure –II to the Boards' Report

Form No. AOC – 2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub- section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. There are no contracts/ arrangements/ transactions entered into by the Company with related parties referred to in sub- section (1) of Section 188 of the Companies Act, 2013 which are not at arm's length basis.

2. The following are the contracts/arrangements/transactions entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are at arm's length basis.

S. No.	Name(s) of the related party And nature of relationship	Nature of Contract / arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (₹ in million)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Sri. V.C. Nannapaneni, Chairman & Managing Director	Renewal of lease agreement	2 years	To locate Mumbai Administrative, Marketing and Distribution office of the Company. ₹ 3.30 million p.a.	9th February, 2023	Nil
2.	Sri. Rajeev Nannapaneni, Vice -Chairman & CEO	Renewal of lease agreement	2 years	To locate Chennai Administrative, Marketing and Distribution Office of the Company. ₹ 3.30 million p.a.	9th February, 2023	Nil
3.	M/s. Time Cap Pharma Labs Private Limited, Shareholding of Sri V.C. Nannapaneni and Sri Rajeev Nannapaneni	Renewal of lease agreement	2 years	To locate Delhi Administrative, Marketing and Distribution Office of the Company ₹ 3.30 million p.a.	9th February, 2023	Nil
4.	M/s. Time Cap Pharma Labs Private Limited, Shareholding of Sri V.C. Nannapaneni and Sri Rajeev Nannapaneni	Renewal of lease agreement	2 years	To locate godown at Kothur Mandal, Rangareddy Dist. ₹ 1.98 million p.a.	9th February, 2023	Nil
5.	M/s. Time Cap Pharma Labs Private Limited, Shareholding of Sri V.C. Nannapaneni and Sri Rajeev Nannapaneni	Renewal of lease agreement	2 years	To locate Company's Solar Panel Production line at Kothur Mandal, Rangareddy Dist. ₹ 1.98 million p.a.	9th February, 2023	Nil
6.	NATCO Pharma (Canada) Inc., Wholly Owned Subsidiary Company	Purchase/ Sales	1 year	To purchase/ sell the raw material/finished goods from/to NATCO Pharma (Canada) Inc. ₹ 448.80 million p.a.	9th February, 2023	Nil

S. No.	Name(s) of the related party And nature of relationship	Nature of Contract / arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (₹ in million)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
7.	NATCO Pharma Asia Pte. Ltd., Subsidiary Company	Purchase/ Sales	1 year	To Purchase/ Sell the raw material/finished goods from/ to NATCO Pharma Asia Pte Ltd. ₹ 63.79 million p.a.	9th February, 2023	Nil
8.	NATCO farma Do Brasil Ltda, Step-down wholly-owned Subsidiary Company	Purchase/ Sales	1 year	To Purchase/ Sell the raw material/ finished goods from/to NATCO farma Do Brasil Ltda. ₹ 364.63 million p.a.	9th February, 2023	Nil
9.	NATCO Lifesciences Philippines Inc, Subsidiary Company	Purchase/ Sales	1 year	To Purchase/ Sell the raw material/finished goods from/to NATCO Lifesciences Philippines Inc. ₹ 10.30 million p.a.	9th February, 2023	Nil
10.	NATCO Pharma USA LLC (Formerly known as Dash Pharmaceuticals LLC), Step-down wholly owned Subsidiary Company	Purchase/ Sales	1 year	To Purchase/ Sell the raw material/finished goods from/to NATCO Pharma USA LLC ₹ 108.25 million p.a.	9th February, 2023 & 14th February, 2024	Nil
11.	NATCO Trust, Sri V.C. Nannapaneni is the Managing Trustee	Lease Agreement	29 years 11 months	To lease out premises to NATCO Trust for running its NATCO High school and Play Ground on a rent ₹ 61,028 received ₹ 0.061 million p.a.	9th February, 2023	Nil

Note: All the above transactions were entered by the Company with Related Parties in the ordinary course of business at prevailing market rates.

For and on behalf of the Board of Directors
NATCO Pharma Limited

V.C. Nannapaneni
Chairman & Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice-Chairman & Chief Executive Officer
DIN: 00183872

Place: Hyderabad
Date: 12th August, 2024

Annexure –III to the Boards' Report

Form MR-3

SECRETARIAL AUDIT REPORT

(For the financial year ended 31st March, 2024)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members
NATCO Pharma Limited
NATCO House, Road No.2
Banjara hills, Hyderabad.
Telangana – 500034.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NATCO Pharma Limited, CIN: L24230TG1981PLC003201 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period from April 01, 2023 to March 31, 2024 ("the audit period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanisms in place to the extent and in the manner reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 ("FEMA") and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (External Commercial Borrowings- not applicable to the Company during the Audit Period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("the SEBI Act"):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;(not applicable to the Company during the audit period)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;(not applicable to the Company during the audit period)

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;(not applicable to the Company during the audit period)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 in relation to the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (not applicable to the Company during the audit period) and

(h) The Securities and Exchange Board of India (Buy-back of securities) Regulations, 2018;

I have also examined compliance with the applicable clauses of the following:

- Secretarial Standards as issued and notified by the Institute of Company Secretaries of India.
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the amendments made thereunder ("the Listing Regulations").

(vi) The other General Laws applicable to the Company

(a) The Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945.

(b) The Narcotic Drugs and Psychotropic Substances Act, 1985 and the Narcotic Drugs and Psychotropic Substances Rules, 1985.

(c) The Drugs (Prices Control) Order, 2013 made under Essential Commodities Act, 1955.

(d) The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954 and the rules made thereunder;

(e) The Insecticides Act, 1968 and The Insecticides Rules, 1971

(f) The Air (Prevention and Control of Pollution) Act, 1981

(g) The Water (Prevention and Control of Pollution) Act, 1974

(h) The Environment Protection Act, 1986.

(i) The Hazardous and other wastes (Management, Handling and Transboundary Movement) Rules, 2016 and amendments thereof.

(j) The Public Liability Insurance Act, 1991.

(k) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

I further report that:

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Independent Woman Director. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act and the Listing Regulations.

b) Adequate notice was given to all the Directors to schedule Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, where ever applicable.

I further report that with reference to the compliance of Industry Specific Acts applicable to the Company, I relied upon Management Representation Letter issued by the Compliance Officer of the Company and with reference to the compliance of the Labor and Financial Laws, I relied upon Management Representation Letter issued by the Compliance Officer, Chief Financial Officer and Head of Human Resources of the Company and also report of Statutory Auditors. My report of compliance would be limited to their reporting and subject to the observations and comments made by them in their report, if any.

Based on the information received and records maintained, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

The Board of Directors at its meeting held on 08th March, 2023 had approved the buy-back of fully paid-up equity shares of face value of ₹ 2/- (Rupees Two Only) each from the eligible equity shareholders of the Company other than the Promoters, the Promoter Group and Persons who are in control of the Company, at a price not exceeding ₹ 700/- (Rupees Seven Hundred Only) per equity share (Maximum Buy-back price), payable in cash for an aggregate amount not exceeding ₹ 210,00,00,000/- (Rupees Two Hundred Ten Crores only) (Maximum Buy-back size, excluding transaction costs and taxes thereon), from the Open Market route through the Stock Exchange mechanism under the Companies Act, 2013 and Securities Exchange Board of India (Buy-back) Regulations, 2018. The Buy-back commenced on 21st March, 2023 and was closed by the Company on 12th May 2023. Till the date of closure of the buy-back, the Company has bought back 34,47,295 (Thirty Four Lakhs Forty Seven Thousand Two Hundred and Ninety Five only) equity shares under the buy-back at a volume weighted average price of ₹ 609.17 (Rupees Six Hundred and Nine Seventeen paise) per equity share (excluding transaction costs and taxes).

For **BK & Associates**
Company Secretaries

CS Kiran Kumar Bodla
Proprietor
FCS No.: 11093
C P No.: 15876
PR No.: 717/2020
UDIN:F011093F000950383

Place: Hyderabad
Date: 12.08.2024

Note:

i) This report has to be read with my letter of even date which is annexed herewith and which forms an integral part of this report.

Annexure to Form MR-3

(For the financial year ended 31st March, 2024)

To,
The Members
NATCO Pharma Limited
NATCO House, Road No.2
Banjara hills, Hyderabad.
Telangana – 500034.

My report of even date is to be read along with this letter.

1. My responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. I have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards require that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

2. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

3. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that accurate facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.

4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, I have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.

6. The compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

7. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.

8. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **BK & Associates**
Company Secretaries

CS Kiran Kumar Bodla
Proprietor
FCS No.: 11093
C P No.: 15876
PR No.; 717/2020
UDIN: F011093F000950383

Place: Hyderabad
Date: 12.08.2024

Annexure –IV to the Boards' Report

Annual Report on CSR Activities

1) Brief outline on CSR Policy of the Company:

Your Company as a responsible corporate entity framed CSR Policy as stipulated by the Companies Act, 2013 to undertake all or any of the objectives contained in Schedule VII of the Companies Act, 2013. Your Company intends to actively contribute to the social and economic development of the communities in which it operate by participating actively in building a better, sustainable way of life for the weaker sections of society.

2) Composition of CSR Committee:

S. No.	Name of Director	Designation/ Nature of Directorship	No. of meetings of CSR Committee held during the year	No. of meetings of CSR Committee attended during the year
1.	Sri G.S. Murthy	Independent Director & Chairman	4	4
2.	Sri V.C. Nannapaneni	Managing Director	4	4
3.	Sri Rajeev Nannapaneni	Director and Chief Executive Officer	4	4
4.	Dr. Mrs. Leela Digumarti	Independent Director	4	2

3) Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: www.natcopharma.co.in

4) Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014:

Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 by M/s. Deloitte Touche Tohmatsu India LLP cover the broad areas of Education and Infrastructure, Health, Nutrition, Water, Sanitation and Hygiene.

The Impact Assessment Report is available on the website of the Company at https://www.natcopharma.co.in/investors/Impactassessmentreport

5) (a) **Average net profit of the Company as per sub section (5) of Section 135:** ₹ 3959.02 million

(b) **Two percent of average net profit of the Company as per sub-section (5) of Section 135:** ₹ 79.18 million

(c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

(d) **Amount required to be set off for the financial year, if any:** NIL

(e) **Total CSR obligation for the financial year (5b+5c-5d):** ₹ 79.18 million

6) (a) **Amount spent on CSR projects (both ongoing and other than ongoing project):** ₹ 78.50 million

(b) **Amount spent in Administrative Overheads:** ₹ 2.10 million

(c) **Amount spent on Impact Assessment, if applicable:** ₹ 1.09 million

(d) **Total amount spent for the Financial Year (6a+6b+6c):** ₹ 81.69 million

(e) **CSR Amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year (₹ in millions)	Amount Unspent (₹ in million)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
81.69	Nil		Nil		

(f) **Excess amount for set-off, if any:**

S. No.	Particulars	Amount (₹ in Million)
(i)	Two percent of average net profit of the Company as per sub-section (5) section 135	₹ 79.18
(ii)	Total amount spent for the Financial Year	₹ 81.69
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	₹ 2.51
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	₹ 0.00
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	₹ 2.51

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:
Not Applicable

Sl. No.	Preceding Financial year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Balance amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount spent in the Financial Year	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any.
					Amount (in ₹)	Date of Transfer		
1.	FY-1	-	-	-	-	-	-	-
2.	FY-2	-	-	-	-	-	-	-
3.	FY-3	-	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: Not Applicable

For and on behalf of the Board of Directors
NATCO Pharma Limited

V.C. Nannapaneni
Chairman &
Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice-Chairman &
Chief Executive Officer
DIN: 00183872

Place: Hyderabad
Date: 12th August, 2024

Annexure – V to the Boards' Report

Information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company, the percentage increase in remuneration of each Director, CEO, CFO and CS, for FY 2023-24 and comparison of the remuneration of each Key Managerial Personnel (KMP) against the performance of the Company:

Name of the KMP	Designation	Remuneration (₹ in Million)*	Ratio of Remuneration of each Director / KMP to the median remuneration of employees	% Increase in remuneration during FY 2023-24
Sri V. C. Nannapaneni	Managing Director	100.77	187	344.2
Sri Rajeev Nannapaneni	Director & Chief Executive Officer	98.67	184	371.7
Sri P.S.R.K Prasad	Director & Executive Vice President (Corporate Engg. Services)	20.16	37	5.0
Dr. D Linga Rao	Director & President (Tech. Affairs)	33.69	63	4.3
Dr. Pavan Ganapati Bhat	Director & Executive Vice President (Technical Operations)	32.12	60	-41.0
Sri S.V.V.N. Appa Rao	Chief Financial Officer	13.36	25	7.1
Sri Venkat Ramesh Chekuri	Company Secretary & Compliance Officer	2.61	5	2.2

Median remuneration of employees for the Financial Year 2023-24 is ₹ 5,37,546/-.

Sri G.S. Murthy, Dr T.V. Rao, Sri D.G. Prasad, Dr. Leela Digumarti and Dr. M.U.R. Naidu, Independent Directors were paid only sitting fees for attending the Board/Committee Meetings.

(ii) The median remuneration of employees increased by 5.4 % in Financial Year 2023-24.

(iii) The number of permanent employees on the rolls of Company as on March 31, 2024 is 4762.

(iv) The average increase in remuneration paid to employees is 11.83 % for Financial Year 2023-24 as compared to Financial Year 2022-23.

(v) It is hereby affirmed that the remuneration paid during the Financial Year 2023-24 is as per the Remuneration Policy of the Company.

* The above remuneration includes perquisites as per Income Tax Act, 1961, excludes gratuity and leave encashment provision created during the year.

For and on behalf of the Board of Directors
NATCO Pharma Limited

V.C. Nannapaneni
Chairman &
Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman &
Chief Executive Officer
DIN: 00183872

Place: Hyderabad
Date: 12th August, 2024

Annexure – VI to the Boards' Report

Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

A) CONSERVATION OF ENERGY:

(a) During the year, the Company has implemented energy conservation projects across its various business units. A few of the key initiatives include:

1. **Installation of Energy efficient equipment & optimization of processes consuming energy:**

   Installed new high efficiency Utility equipment & improvise the operation of existing utility system during the last fiscal and achieved significant saving of ₹ 15 million in various utility areas resulted in reduction of 2902 ton of CO2 emissions

2. **Identifying cheaper power sources both in-house and external and Utilizing the alternate sources of energy:**

   Steps in progress for increasing the utilization of alternate renewable sources of energy.

3. **Steps in progress for increasing the utilization of alternate renewable sources of energy:**

   Propose to install 0.5 MW Solar plant at Mekaguda. Expected saving per annum is approximately ₹ 5 million.

B) TECHNOLOGY ABSORPTION

Efforts made towards technology absorption: As part of the technology absorption, the Company engages in in-house development of bulk drugs & formulations, conducts pilot studies for potential scale-up so as to improve efficiency both in terms of time and productivity of products is positive and can be installed at Chemical plant Mekaguda.

Disclosure of particulars with respect to conservation of energy:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A: Power and Fuel Consumption		
1. Electricity		
a) Purchased Units	67000184	62625604
Total amount (₹ million)	582.34	522.71
Rate / Unit (₹)	8.69	8.35
b) Own Generation:		
i) Through Diesel		
Generator Units	1149881	1677632
Units / ltr. Of Diesel Oil	3.42	3.47
Cost / Unit (₹)	27.63	26.73
ii) Through Windmill		
Generator Units	8818006	12479490
Total Cost Per Year (₹ million)	17.06	17.20
Cost / per Unit (₹)	1.93	1.38
iii) Through Solar		
Generator Units	7904987	7452301
Total Cost Per Year (₹ million)	15.02	14.91
Cost / per Unit (₹)	1.9	2

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
2. Coal D/C grade		
Quantity (Tonnes)	4574	4683
Total amount (₹ million)	60.52	55.08
Average rate per tonne (₹)	13231	11761
3. Furnace Oil		
Quantity (Ltr)	3085833	2750737
Total amount (₹ million)	152.57	144.84
Average rate per Ltr (₹)	49.44	52.65

C) EXPENDITURE OF R&D:

Amount (₹ in Million)

Expenditure on R&D	Year ended March 31, 2024	Year ended March 31, 2023
R&D Expenditure	2,694	1,959
Total R&D Expenditure as percentage of standalone revenue	7.55	8.33

D) Foreign Exchange Earnings and Outgo

The Company realised foreign exchange amounting to ₹ 27,347 million and used foreign exchange amounting to ₹ 3,798 million during the year ended 31st March, 2024.

For and on behalf of the Board of Directors
NATCO Pharma Limited

V.C. Nannapaneni
Chairman &
Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice-Chairman &
& Chief Executive Officer
DIN: 00183872

Place: Hyderabad
Date: 12th August, 2024

Corporate Governance Report

Philosophy on Corporate Governance

NATCO Pharma Limited (NATCO) believes that good and responsible corporate governance is the backbone for sustainable performance, achieving long-term sustainable growth and enhancing stakeholder value. At NATCO, we believe that transparency in the form of disclosures, presence of strong Board with adequate composition of Independent Directors, compliance of law in letter and spirit, responsible corporate conduct and being accountable ensures good Corporate Governance and enhances the reputation of the Company globally without hindering with the shareholder's faith in the Company. We being a global pharmaceutical company, driven by our mission "Making specialty medicines accessible to all" we strive to provide quality and affordable healthcare to patients globally. This purpose guides our organizational decisions and anchors our every action. This is our road path to consistent, competitive, profitable and responsible growth which creates a long-term value to our shareholders/ stakeholders.

Compliance Report on Corporate Governance

Your Company submits compliance report on Corporate Governance to the Stock Exchanges on quarterly, half-yearly and annual basis within the statutory time limits.

BOARD OF DIRECTORS

The Board of your Company is a combination of ten (10) eminent personnel from varied fields having immense knowledge in the relevant subjects which provides strategic guidance to the Company in arriving at judicious decisions by exercising independent judgement.

(a) Board Meetings

Proper decision-making is vital for the success of any Company and we at NATCO believes that the Board Meetings are of high significance to achieve this.

During the financial year 2023-24, five (5) Board Meetings were held through video conference / physically on April 20, 2023, May 29, 2023, August 9, 2023, November 14, 2023, and February 14, 2024 within the time limits stipulated under the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations") as amended from time to time. However, proper care is being taken to see that adequate time is provided for the meetings for thorough discussions to arrive at consensus and better decision making. Prior intimation and outcome of Board Meeting(s) is duly informed to the Board and statutory agencies in compliance with the Act and the Listing Regulations.

(b) Board Composition

The Composition of the Board is made keeping in view the growth of the Company and compliance with the statutory requirement under the Act and the rules made thereunder and the Listing Regulations.

Composition of the Board of Directors of NATCO is as follows:

Sl. No.	Name of the Director and Designation	DIN	Category	Number of Board meetings during FY 2023-24		Attendance at the last AGM Held on September 29, 2023	No. of Directorships in other Companies	Name of other listed entities holding Directorship	Category of Directorship in other listed entities	No. of Committee positions held in other listed entities	
				Held	Attended					Chairman	Member
1.	Sri V.C. Nannapaneni, Managing Director (a)	00183315	Promotor, Executive Director	5	5	Yes	3	NIL	NIL	NIL	NIL
2.	Sri G.S. Murthy Chairman & Independent Director (b)	00122454	Chairman, Independent Non-executive Director	5	5	Yes	NIL	NA	NA	NA	NA
3.	Dr. T.V. Rao Independent Director	05273533	Independent Non-executive Director	5	5	Yes	8	Ladderup Finance Limited	Independent Director	NIL	1
								Cupid Limited	Independent Director	1	1

Sl. No.	Name of the Director and Designation	DIN	Category	Number of Board meetings during FY 2023-24		Attendance at the last AGM Held on September 29, 2023	No. of Directorships in other Companies	Name of other listed entities holding Directorship	Category of Directorship in other listed entities	No. of Committee positions held in other listed entities	
				Held	Attended					Chairman	Member
4.	Sri Rajeev Nannapaneni Director & Chief Executive Officer(a)	00183872	Promotor, Executive Director	5	5	Yes	3	NIL	NIL	NIL	NIL
5.	Sri D.G. Prasad Independent Director (b)	00160408	Independent Non-executive Director	5	5	Yes	2	Gokak Textiles Limited	Independent Director	1	2
								Moschip Technologies Limited	Independent Director	1	1
6.	Dr. Leela Digumarti Independent Director	06980440	Independent Non-executive Director	5	3	Yes	NIL	NA	NA	NA	NA
7.	Sri P.S.R.K. Prasad, Director & Executive Vice President (Corp. Engg. Services)	07011140	Executive Director	5	5	Yes	NIL	NA	NA	NA	NA
8.	Dr. M.U.R. Naidu, Independent Director (g)	05111014	Independent Non-Executive Director	5	3	Yes	NIL	NA	NA	NA	NA
9.	Dr. D. Linga Rao, Director & President (Technical Services)	07088404	Executive Director	5	5	Yes	NIL	NA	NA	NA	NA
10.	Dr. Pavan Ganapati Bhat Director & Executive Vice President (Technical Operations)	09691260	Executive Director	5	5	Yes	NIL	NA	NA	NA	NA

Note:

(a) Sri V.C. Nannapaneni and Sri Rajeev Nannapaneni are related to each other.

(b) Sri G.S. Murthy and Sri D.G. Prasad, Independent Directors of the Company completed their 2nd term of 5 years as Independent Directors of the Company with effect from 1st April, 2024.

(c) The Company doesn't have pecuniary relationship with any of the non-executive Director(s).

(d) Sri V.C. Nannapaneni was appointed as Chairman & Managing Director of the Company and Sri Rajeev Nannapaneni was appointed as Vice Chairman & Chief Executive Directors of the Company with effective from 1st April, 2024

(e) Sri V.C. Nannapaneni, Sri Rajeev Nannapaneni, Sri P.S.R.K. Prasad, Dr. D. Linga Rao and Dr. Pavan Ganapati Bhat were re-appointed as Directors of the Company for a period of 2 years w.e.f. 1st April, 2024.

(f) Sri A.D.M. Chavali and Sri D. Vijaya Bhaskar were appointed as Independent Directors of the Company with effect from 1st April, 2024

(g) Dr. M.U.R. Naidu, Independent Director of the Company vacated the office upon his demise on 30th July, 2024.

(h) Sri Lakshminarayana B. (DIN: 02766709), Dr. Kantipudi Suma (DIN: 02734369) and Sri Nitin Jain (DIN: 00136245) were appointed as Additional Directors (Non-Executive Independent Directors) of the Company for a period of 5 (five) years i.e., from 12th August, 2024 till 11th August, 2029.

(c) Shares held by Non-Executive Director(s)

Dr. M.U.R Naidu, Independent Director is holding 15,000 equity shares of ₹ 2/- each which amounts to 0.008 % of equity shares of the Company as on March 31, 2024. None of the other Non-Executive Directors are holding any shares of the Company.

Familiarisation Programme for Independent Directors

The Senior Management personnel of the Company make presentations to the Board members on the operations of the Company, its plans, strategy, risks involved, new initiatives etc. and seek their views and suggestions on the same.

The Board members have been provided with various policies of the Company including code of conduct for Directors and Senior Management personnel etc. The Company has organised Familiarisation Programmes for the Independent Directors of the Company to familiarise them with the Company vis a vis their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details regarding the programme is available on our website https://www.natcopharma.co.in/wp-content/uploads/2024/04/FAMILIARIZATION-PROGRAM-FOR-INDEPENDENT-DIRECTORS-31-03-2024.pdf

List of core skills/ expertise/ competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board:

Leadership & Management	Leadership experience, strategic decision making, risk management. Skilled and expertise in driving change, planning succession and long-term growth.
Finance/Accounting Knowledge	Knowledge on financial reporting, accounting principles, internal controls, auditing process and related considerations and issues.
Governance	Experience as a board member and aware of corporate governance principles.
Industry knowledge	Knowledge of one or more important business lines of the organisations in the same industry.
Legal/ Regulatory knowledge	Experience in working in legal firms, regulatory organisations and Aware of legal matters relevant to the industry.
Sales, Distribution & Brand Marketing	Experience in developing strategies to grow sales, and market share, create distribution models and build brand awareness to enhance company's reputation.
International / Global Knowledge	Awareness about relevant markets at global level and diversification of Company's business, global trends.
Operations	Expertise in managing the operations of the Company.
Technology	Experience with information technology systems and developments and recent trends in technology.

The above key skills/expertise/competence stated above are adequate to function efficiently and effectively in managing the affairs of the Company.

The Board members possess the following core skills / expertise competencies:

Matrix of Board Expertise

Sl. No.	Name of the Director	Global business	Strategy Planning & Marketing	Governance	Leadership	Technology	Legal, Commercial, Financial
1	Sri V.C. Nannapaneni	✓	✓	✓	✓	✓	✗
2	Sri G.S. Murthy	✗	✗	✓	✓	✗	✓
3	Dr. T.V. Rao	✓	✗	✓	✓	✓	✓
4	Sri Rajeev Nannapaneni	✓	✓	✓	✓	✓	✓
5	Sri D.G. Prasad	✓	✗	✓	✓	✗	✓
6	Dr. Leela Digumarti	✗	✗	✗	✓	✓	✗
7	Sri P.S.R.K. Prasad	✗	✓	✗	✓	✓	✗
8	Dr. M.U.R. Naidu	✗	✗	✗	✓	✓	✗
9	Dr. D. Linga Rao	✓	✓	✗	✓	✓	✗
10	Dr. Pavan Ganapati Bhat	✓	✓	✓	✓	✓	✓

Confirmation about Independent Directors

This is to confirm that in the opinion of the Board, the Independent Directors fulfil the conditions as specified in Listing Regulations and are independent of the management.

(d) Independent Directors

NATCO is always of the belief that an independent eye makes a difference to the way the Board functions. The presence of Independent Directors on the Board ensures that decision making of the Board is unbiased and the interests of the stakeholders are best safeguarded. There is no instance of resignation of Independent Director(s) during the financial year before the expiry of their term. Your Company is in strict compliance of the several conditions in respect of Independent Directors prescribed under the Act and the Listing Regulations.

Separate Meeting for Independent Directors

The Independent Directors of your Company met on February 14, 2024 and considered those items of business as required under Schedule IV to the Act as well as the Listing Regulations. The Company Secretary of your Company facilitated the convening and holding of the meeting of Independent Directors.

(e) Board Evaluation

A formal annual evaluation has been made by the Board of its own performance, Chairman of the Board, its Committee(s) and individual Director(s). The performance evaluation has been done by the entire Board of Directors, excluding the Director being evaluated. Various evaluation techniques are used to assess the performance of the Directors. The Directors have participated in this evaluation process. The Independent Directors in their separate meeting have also evaluated the performance of the Chairman of the Company, Non-Independent Directors and the Board as a whole.

COMMITTEES

(i) Committees of Board

In order to take decisions effectively and for better Corporate Governance the Board of your Company had constituted Eight (8) Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Compensation Committee, Corporate Social Responsibility Committee, Risk Management Committee, Committee Dealing with Land Property and Buyback Committee. The membership in Committees is decided based on the traits of the Directors keeping in view the statutory requirement of composition of Directors in the Committees.

The brief description of terms of reference, composition, meetings and attendance of the Committee(s) during the financial year 2023-24 are provided below:

(a) Audit Committee

The Audit Committee is vested with the responsibility to review, inter alia, the financial reporting, internal control systems, risk management systems and the internal and external audit functions. The qualifications of the Directors, composition, quorum, frequency of meetings and the terms of reference of the Audit Committee are in line with the requirements under the Act and the Listing Regulations. Details of Composition of the Audit Committee and attendance at the meetings held on May 29, 2023, August 9, 2023, November 14, 2023, and February 14, 2024 are given below:

Sl. No.	Name of the Audit Committee Members	Audit Committee Meeting(s) attendance	
		Held	Attended
1.	Sri G.S. Murthy, Chairman	4	4
2.	Dr. T.V. Rao, Member	4	4
3.	Sri D.G. Prasad, Member	4	4
4.	Dr. M.U.R. Naidu, Member	4	2

Note:

The Board of Directors of the Company at their meeting held on 12^{th} August, 2024 re-constituted the Audit Committee with the following members:

Sl. No.	Name of the members	Designation
1.	Sri Lakshminarayana Bolisetty, Chairman	Independent Director
2.	Sri D. Vijaya Bhaskar, Member	Independent Director
3.	Sri A.D.M. Chavali, Member	Independent Director
4.	Sri Nitin Jain, Member	Independent Director

(b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is empowered to oversee the Company's Policies relating to the Nomination and evaluation of every Director's performance and to determine the Company's Policies relating to Remuneration of the Directors, Senior Management of the Company. The qualifications of the Directors, composition, quorum, frequency of meetings and the terms of reference of the Nomination and Remuneration Committee are in line with the requirements under the Act and the Listing Regulations.

During the year two (2) meetings of the Committee were held on August 9, 2023 and February 14, 2024. The details of composition of Nomination and Remuneration Committee and attendance of the meeting are given below:

Sl. No.	Name of the Nomination and Remuneration Committee Members	Nomination and Remuneration Committee Meeting(s) attendance	
		Held	Attended
1.	Dr. T.V. Rao, Chairman	2	2
2.	Sri G.S. Murthy, Member	2	2
3.	Dr. M.U.R. Naidu, Member	2	1

Note:

The Board of Directors of the Company at their meeting held on 12th August, 2024 re-constituted the Nomination and Remuneration Committee with the following members:

Sl. No.	Name of the members	Designation
1.	Sri D. Vijaya Bhaskar, Chairman	Independent Director
2.	Sri A.D.M. Chavali, Member	Independent Director
3.	Sri Lakshminarayana Bolisetty, Member	Independent Director
4.	Dr. Kantipudi Suma, Member	Independent Director

The following is the Criteria for evaluation of performance of Independent Directors:

I. Knowledge and Competency:

a) The Director meets the competencies as identified for effective functioning of the Company and the Board.

b) The Director possesses sufficient understanding and knowledge of the Company and the sector in which it operates.

c) The Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board/Committee.

d) The Director actively and successfully refreshes his/her knowledge and skills up to date with the latest developments in areas such as corporate governance framework, financial reporting and the industry and market conditions.

e) The Director is able to present his/ her views convincingly yet diplomatically in the interest of the Company.

f) The Director keeps himself/ herself well informed about the Company and external environment in which it operates.

II. Fulfilment of Functions:

The Director understands and fulfils the functions assigned to him/her by the Board and the applicable Laws.

III. Ability to function as a Team:

a) The Director is able to function as an effective team member.

b) The Director's performance and behaviour promotes mutual trust and respect within the Board / Committee.

c) The Director is effective and successful in managing relationships with fellow Board members and senior management.

IV. Initiative:

a) The Director actively takes initiative with respect to various areas of his/her functions.

b) The Director while acting within his/ her authority, assists in protecting the legitimate interests of the Company, shareholders, employees, etc.

V. Availability and Attendance:

a) The Director is available for meetings of the Board/Committees and attends the meetings regularly and timely, without delay.

b) The Director demonstrates a willingness to devote time and effort to understand the Company and its business and a readiness to participate in events outside the meeting room, such as site/plant visits.

VI. Commitment:

The Director is adequately committed to the Board and the Company.

VII. Contribution:

a) The Director's contribution to the Company and in the Board/Committee meetings are of high quality and innovative and effective.

b) The Director proactively contributes to the development of strategy and to risk management of the Company.

c) The Director effectively assists the Company in implementing the best corporate governance practices and monitoring the same as per the rules and regulations

VIII. Integrity:

The Director demonstrates high level of integrity and honesty in all matters including conflict of interest disclosures and maintenance of confidentiality.

IX. Independence:

a) The Director is independent from the Company and the other Directors and there is no conflict of interest.

b) The Director adheres to the applicable Code of Conduct for Independent Directors.

X. Independent Views and Judgement:

The Director expresses his/her own independent judgment and voices opinion freely.

XI. Personal Attributes:

The Director has maintained high standard of ethics and integrity.

(c) Stakeholders Relationship Committee

The Stakeholders Relationship Committee is headed under stewardship of Sri G.S. Murthy. It is constituted by the Board to consider and resolve the grievances of security holders of the Company. The qualifications of the Directors, composition, quorum, frequency of meetings and the terms of reference of the Stakeholders Relationship Committee are in line with the requirements under the Act and the Listing Regulations.

Details of composition of the Stakeholders Relationship Committee and attendance at the meetings held on August 9, 2023 and November, 14, 2023 are as given below:

Sl. No.	Name of the Stakeholders Relationship Committee Members	Stakeholders Relationship Committee Meeting(s) attendance	
		Held	Attended
1.	Sri G.S. Murthy, Chairman	2	2
2.	Sri V.C. Nannapaneni, Member	2	2
3.	Sri Rajeev Nannapaneni, Member	2	2
4.	Dr. M.U.R. Naidu, Member	2	1

Note:

The Board of Directors of the Company at their meeting held on 12th August, 2024 re-constituted the Stakeholders Relationship Committee with the following members:

Sl. No.	Name of the members	Designation
1.	Sri V.C. Nannapaneni, Chairman	Chairman & Managing Director
2.	Sri Rajeev Nannapaneni, Member	Vice Chairman & Chief Executive Officer
3.	Sri D. Vijaya Bhaskar, Member	Independent Director
4.	Sri Nitin Jain, Member	Independent Director

During the financial year 2023-24, the Company has received 291 complaints from the shareholders, out of which it has resolved 285 complaints and as on 31st March, 2024 there are 6 pending complaints which were resolved within due time.

Name and designation of the Compliance Officer

Name: CS Venkat Ramesh Chekuri (ACS 41964)

Designation: Company Secretary & Compliance Officer

Email: venkatramesh.ch@natcopharma.co.in

(d) Compensation Committee

The Compensation Committee is constituted, inter alia, to consider recommendation of any share-based employee benefit schemes for the approval of the Board and for grant of options / allotment of shares approved under such schemes.

The qualifications of the Directors, composition, quorum, frequency of meetings and the terms of reference of the Compensation Committee are in line with the requirements under the Act, the Listing Regulations and the SEBI (Share Based Employee Benefits) Regulations, 2014 and consists of Sri G.S. Murthy (Chairman), Sri V.C. Nannapaneni, Sri Rajeev Nannapaneni, Dr. M.U.R. Naidu and Dr. Leela Digumarti as members of the Compensation Committee.

During the financial year 2023-24, there were no meetings of the Compensation Committee.

Note:

The Board of Directors of the Company at their meeting held on 12th August, 2024 re-constituted the Compensation Committee with the following members:

Sl. No.	Name of the Members	Designation
1.	Sri V.C. Nannapaneni	Chairman & Managing Director
2.	Sri Rajeev Nannapaneni	Vice Chairman & Chief Executive Officer
3.	Sri D. Vijaya Bhaskar	Independent Director

(e) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is vested with the responsibility to, inter alia, monitor the compliance of Corporate Social Responsibility Policy of the Company and to recommend any changes to the same.

The qualifications of the Directors, composition, quorum, frequency of meetings and the terms of reference of the Corporate Social Responsibility Committee are in line with the requirements under the Act and the Listing Regulations.

During the year four (4) meetings of the Committee were held on May 29, 2023, August 9, 2023, November 14, 2023 and February 14, 2024.

The details of composition of Corporate Social Responsibility Committee and attendance of the meeting are given below:

Sl. No.	Name of the Corporate Social Responsibility Committee Members	Corporate Social Responsibility Committee Meeting(s) attendance	
		Held	Attended
1.	Sri G.S. Murthy, Chairman	4	4
2.	Sri V.C. Nannapaneni, Member	4	4
3.	Sri Rajeev Nannapaneni, Member	4	4
4.	Dr. Leela Digumarti, Member	4	2

Note:

The Board of Directors of the Company at their meeting held on 12th August, 2024 re-constituted the Corporate Social Responsibility Committee with the following members:

Sl. No.	Name of the Members	Designation
1.	Sri V.C. Nannapaneni, Chairman	Chairman & Managing Director
2.	Sri Rajeev Nannapaneni, Member	Vice Chairman & Chief Executive Officer
3.	Sri D. Vijaya Bhaskar, Member	Independent Director
4.	Dr. Kantipudi Suma, Member	Independent Director

(f) Risk Management Committee

The Risk Management Committee of the Company reviews the Risk management plan of the Company at periodic intervals and takes steps to identify and mitigate the risks involved. The Board has constituted the Risk Management Committee according to the Listing Regulations as amended from time to time. The terms of the reference, quorum, and frequency of the Committee meeting(s) etc., are in line with the requirements of the Listing Regulations. The Risk Management Committee meetings were held on August 3, 2023 and January 29, 2024 during the year.

The details of composition of the Committee and attendance of the meeting are as follows:

Sl. No.	Name of the Risk Management Committee Members	Designation	Risk Management Committee Meeting(s) attendance	
			Held	Attended
1.	Sri V.C. Nannapaneni, Member	Managing Director	2	2
2.	Sri Rajeev Nannapaneni, Member	Director & Chief Executive Officer	2	1
3.	Dr. M.U.R. Naidu, Member	Independent Director	2	1
4.	Sri P.S.R.K. Prasad, Member	Director & Executive Vice President (Corporate Engineering Services)	2	1
5.	Dr. D. Linga Rao, Member	Director & President (Tech. Affairs)	2	2
6.	Dr. Pavan Ganapati Bhat, Member	Director & Executive Vice President (Technical Operations)	2	1
7.	Sri A. Lakshminarayana, Member	Vice President – HR & OD	2	2
8.	Sri S.V.V.N. Appa Rao, Member	Chief Financial Officer	2	2
9.	Dr. M. Pulla Reddy, Member	Executive Vice President – R&D	2	2
10.	Sri S. Ravi Prakash Reddy, Member	Senior Vice President - Operations	2	1

Note:

The Board of Directors of the Company at their meeting held on 12th August, 2024 re-constituted the Risk Management Committee with the following members:

Sl. No.	Name of the Members	Designation
1.	Sri V.C. Nannapaneni, Member	Chairman & Managing Director
2.	Sri Rajeev Nannapaneni, Member	Vice Chairman & Chief Executive Officer
3.	Sri P.S.R.K. Prasad, Member	Director & Executive Vice President (Corporate Engineering Services)
4.	Dr. D. Linga Rao, Member	Director & President (Technical Affairs)
5.	Sri Lakshminarayana Bolisetty, Member	Independent Director
6.	Dr. Pavan Ganapati Bhat, Member	Director & Executive Vice President (Technical Operations)
7.	Dr. M. Pulla Reddy, Member	Executive Vice President (R&D)
8.	Sri S.V.V.N. Appa Rao, Member	Chief Financial Officer
9.	Sri A. Lakshminarayana, Member	Senior Vice President – HR & OD
10.	Sri Nadella Malleswara Rao, Member	Vice President – Head Operations

Senior Management

The particulars of the senior management including the changes therein are provided under the "Management Team" of the Company in Page No.63.

REMUNERATION OF DIRECTORS

Executive Directors

The remuneration of Executive Directors of the Company is fixed based on the Nomination and Remuneration Policy of the Company and as recommended by Nomination and Remuneration Committee and the remuneration paid to them for the financial year 2023-24 is as below and are in line with the applicable provisions of the Act, Rules and Listing Regulations made thereunder as amended from time to time:

Sl. No.	Name	Designation	Total amount (₹ in Million per annum)*
1.	Sri V.C. Nannapaneni, DIN: 00183315	Managing Director	100.77
2.	Sri Rajeev Nannapaneni, DIN: 00183872	Director & Chief Executive Officer	98.67
3.	Sri P.S.R.K. Prasad DIN: 07011140	Director & Executive Vice President (Corporate Engineering Services)	20.16
4.	Dr. D. Linga Rao DIN: 07088404	Director & President (Tech. Affairs)	33.69
5.	Dr. Pavan Ganapati Bhat, DIN: 09691260	Director & Executive Vice President (Technical Operations)	32.12
	Total		**285.41**

* The above remuneration includes perquisites as per Income Tax Act, 1961, excludes gratuity and leave encashment provision created during the year.

Non-Executive Directors

Sitting fees is paid to the Non-Executive Directors for attending the Board Meetings and the Committee Meetings and such amounts are paid within the ceiling limits under Act. There were no pecuniary relationship or transactions entered by the Non-Executive Directors with the Company during the period under review except for sitting fees. The details of the sitting fees paid to Non- Executive Directors of the Company for the Financial Year 2023-24 is given below:

Sl. No.	Name	Designation	Total Amount (₹ in million per annum)
1.	Sri G.S. Murthy	Chairman & Independent Director	0.73
2.	Dr. T.V. Rao	Independent Director	0.53
3.	Sri D.G. Prasad	Independent Director	0.48
4.	Dr. Mrs. Leela Digumarti	Independent Director	0.28
5.	Dr. M.U.R. Naidu	Independent Director	0.33
	Total		**2.35**

There was no service contracts entered by the Company with non-executive Directors. Notice period for Executive Directors is 3 months. The Company is not paying any severance fees to Directors.

(g) Committee Dealing with Land Property

The Committee Dealing with Land Property was constituted by the Board of Directors to deal with purchase / sale of the land property of the Company. The Committee consists of Sri G.S. Murthy, Chairman & Independent Director, Sri V.C. Nannapaneni, Managing Director, Sri Rajeev Nannapaneni, Director and Chief Executive Officer as its members. There were two (2) meetings held during the year on April 11, 2023 and March 21, 2024, all the members of the Committee were present at the meetings.

Note:

The Board of Directors of the Company at their meeting held on 14th February, 2024 re-constituted the Committee Dealing with Land Property with the following members w.e.f. 1st April, 2024:

Sl. No.	Name of the members	Designation
1.	Sri V.C. Nannapaneni	Chairman & Managing Director
2.	Sri Rajeev Nannapaneni	Vice Chairman & Chief Executive Officer
3.	Sri D. Vijaya Bhaskar	Independent Director

(h) Buy-back Committee

The Buyback Committee was re-constituted by the Board of Directors at their meeting held on March 8, 2023 to deal with matters relating to the Buy-back of equity shares of the Company. The Buy-back Committee meetings were held on May 12, 2023 and May 15, 2023, The Composition of committee is as follows:

Sl. No.	Name of the Buyback Committee Member	Buyback Committee Meeting(s) attendance	
		Held	Attended
1.	Sri V.C. Nannapaneni, Member DIN: 00183315	2	2
2.	Sri Rajeev Nannapaneni, Member DIN: 00183872	2	0
3.	Sri P.S.R.K. Prasad, Member DIN:07011140	2	2

The details of the shares bought back during the Financial Year 2023-24 is disclosed in the Board's Report.

(i) Other Committee(s)

- Share Transfer Committee

  The transfer/transmission of equity shares of the Company are approved by the Share Transfer Committee, the power of which has been delegated to the Share Transfer Agents/Registrars of the Company.

  The Company Secretary approves share transfers/ transmissions and related matters. As SEBI has banned the transfer of physical shares, the Company accepts transfer of physical shares lodged for transfer either at Company's Registered Office or at the Company's Registrars in special circumstances are processed within 15 days from the date of lodgment, if the documents are valid in all respects. All requests for dematerialization of shares are processed and the confirmation(s) thereto are given to depositories within 15 days of the receipt of request.

  During the financial year 2023-24, 9 (Nine only) instruments of transmission and Transposition of equity shares for 2900 (Two thousand and Nine Hundred only) equity shares were received and the same were effected.

- Internal Complaints Committee - Committee constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

  Your Company has in place Internal Complaints Committee at each of its offices and units / factories to resolve any issues related to Sexual Harassment of Women at Workplace. The composition of the Committee(s) are strictly as per the statutory requirement in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

  The Committee comprises of one Presiding Officer who is a woman employed at a Senior Level, two members from amongst the employees and one member from a non-governmental organisation at each place of work.

Below are the details of the complaints received/resolved during the financial year 2023-24:

Sl. No.	Particulars	Number
1.	Number of complaints filed during the financial year	NIL
2.	Number of complaints disposed of during the financial year	NA
3.	Number of complaints pending as on end of the financial year	NA

During the year under review the Company has conducted a total of 14 awareness programmes against sexual harassment.

GENERAL BODY MEETINGS

Annual General Meetings

The following are the details of the previous three Annual General Meetings of your Company:

Financial Year	Particulars	Location	Time	Special Resolution(s) passed, if any
2020-21	30th September, 2021	Held through Video Conference at the Registered Office of the Company situated at NATCO House, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana, India	9.00 a.m.	4
2021-22	30th September, 2022	Held through Video Conference at the Registered Office of the Company situated at NATCO House, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana, India	10.30 a.m.	1
2022-23	29th September, 2023	Held through Video Conference at the Registered Office of the Company situated at NATCO House, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana, India	10.30 a.m.	0

Postal ballot

The following Special Resolution(s) were passed during the FY 2023-24 through Postal Ballot:

(i) Person who conducted the Postal ballot exercise

The Company has appointed Sri Kiran Kumar Bodla, Proprietor, BK & Associates, Practising Company Secretary (Membership No. FCS 11093 and CP No. 15876) as Scrutinizer to conduct the Postal Ballot voting process in accordance with the law and in a fair and transparent manner.

(ii) Procedure for Postal Ballot

Pursuant to Section 108, Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, read with General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No.20/2020 dated May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 23, 2021, General Circular No. 20/2021 dated December 8, 2021, General Circular No. 3/2022 dated May 5, 2022, General Circular No.11/2022 dated December 28, 2022 and General Circular No.9/2023 dated September 25, 2023 issued by Ministry of Corporate Affairs (“MCA Circulars”), read with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) including any statutory modification or re-enactment thereof for the time being in force and pursuant to other applicable laws and regulations, that the following Special Resolutions were passed by the Members of the Company through postal ballot by remote e-voting process during the Financial year 2023-24.

The e-voting facility to Members was provided through National Securities Depository Limited (NSDL). The e-voting period commenced at 9:00 Hours (IST) on Monday, February 26, 2024 to 17:00 Hours (IST) on Tuesday, March 26, 2024. A newspaper advertisement as required under the Companies Act, 2013 was published in Financial Express all editions and Nava Telangana (regional newspaper – Telugu Language) newspapers on February 25, 2024.

The Scrutinizer submitted his report on postal ballot by remote e-voting process to the Chairman of the Company on March 27, 2024.

(iii) Special Resolutions passed last year through Postal Ballot and its Voting Results:

1. To appoint Sri A.D.M. Chavali (DIN: 00374673) as Independent Director of the Company.

Promoters / Public	Mode of Voting Type	No of Shares held (1)	No of Votes Polled (2)	% of Votes Polled on shares held (3)=((2)/(1)*100)	No. of Votes in Favour (4)	No of Votes -Against (5)	% of Votes in favour on Votes Polled (6)=((4)/(2)*100)	% of Votes against on Votes Polled (7)=((5)/(2)*100)
Promoter and Promoter Group	Evoting	89030275	88431200	99.33	88431200	0	100.00	0.00
Public- Institutional Holders		45274546	35053967	77.43	34742047	311920	99.11	0.89
Public - Others		44805049	3441504	7.68	3426172	15332	99.55	0.45
Total		**179109870**	**126926671**	**70.87**	**126599419**	**327252**	**99.74**	**0.26**

2. To appoint Sri D. Vijaya Bhaskar (DIN:07158951) as Independent Director of the Company

Promoters / Public	Mode of Voting Type	No of Shares held (1)	No of Votes Polled (2)	% of Votes Polled on shares held (3)=((2)/(1)*100)	No. of Votes in Favour (4)	No of Votes -Against (5)	% of Votes in favour on Votes Polled (6)=((4)/(2)*100)	% of Votes against on Votes Polled (7)= ((5)/(2)*100)
Promoter and Promoter Group	Evoting	89030275	88431200	99.33	88431200	0	100.00	0.00
Public- Institutional Holders		45274546	35053967	77.43	34742047	311920	99.11	0.89
Public - Others		44805049	3440046	7.68	3424968	15078	99.56	0.44
Total		**179109870**	**126925213**	**70.86**	**126598215**	**326998**	**99.74**	**0.26**

3. To appoint Sri V.C. Nannapaneni (DIN: 00183315) as Chairman & Managing Director of the Company

Promoters / Public	Mode of Voting Type	No of Shares held (1)	No of Votes Polled (2)	% of Votes Polled on shares held (3)=((2)/(1)*100)	No. of Votes in Favour (4)	No of Votes -Against (5)	% of Votes in favour on Votes Polled (6)=((4)/(2)*100)	% of Votes against on Votes Polled (7)= ((5)/(2)*100)
Promoter and Promoter Group	Evoting	89030275	88431200	99.33	88431200	0	100.00	0.00
Public- Institutional Holders		45274546	35053967	77.43	22378712	12675255	63.84	36.16
Public - Others		44805049	3439854	7.68	3435238	4616	99.87	0.13
Total		**179109870**	**126925021**	**70.86**	**114245150**	**12679871**	**90.01**	**9.99**

4. To appoint Sri Rajeev Nannapaneni (DIN: 00183872) as Vice Chairman and Chief Executive Officer of the Company

Promoters / Public	Mode of Voting Type	No of Shares held (1)	No of Votes Polled (2)	% of Votes Polled on shares held (3)=((2)/(1)*100)	No. of Votes in Favour (4)	No of Votes -Against (5)	% of Votes in favour on Votes Polled (6)=((4)/(2)*100)	% of Votes against on Votes Polled (7)= ((5)/(2)*100)
Promoter and Promoter Group	Evoting	89030275	88431200	99.33	88431200	0	100.00	0.00
Public- Institutional Holders		45274546	35053967	77.43	24633365	10420602	70.27	29.73
Public - Others		44805049	3439789	7.68	3432564	7225	99.79	0.21
Total		**179109870**	**126924956**	**70.86**	**116497129**	**10427827**	**91.78**	**8.22**

5. To reappoint Sri P.S.R.K Prasad (DIN: 07011140) as Director and Executive Vice President (Corporate Engineering Services) of the Company

Promoters / Public	Mode of Voting Type	No of Shares held (1)	No of Votes Polled (2)	% of Votes Polled on shares held (3)=((2)/(1)*100)	No. of Votes in Favour (4)	No of Votes -Against (5)	% of Votes in favour on Votes Polled (6)=((4)/(2)*100)	% of Votes against on Votes Polled (7)= ((5)/(2)*100)
Promoter and Promoter Group	Evoting	89030275	88431200	99.33	88431200	0	100.00	0.00
Public- Institutional Holders		45274546	35053967	77.43	28139193	6914774	80.27	19.73
Public - Others		44805049	3439769	7.68	3433537	6232	99.82	0.18
Total		**179109870**	**126924936**	**70.86**	**120003930**	**6921006**	**94.55**	**5.45**

6. To reappoint Dr. D. Linga Rao (DIN: 07088404) as Director and President (Tech. Affairs) of the Company

Promoters / Public	Mode of Voting Type	No of Shares held (1)	No of Votes Polled (2)	% of Votes Polled on shares held (3)=((2)/(1)*100)	No. of Votes in Favour (4)	No of Votes -Against (5)	% of Votes in favour on Votes Polled (6)=((4)/(2)*100)	% of Votes against on Votes Polled (7)= ((5)/(2)*100)
Promoter and Promoter Group	Evoting	89030275	88431200	99.33	88431200	0	100.00	0.00
Public- Institutional Holders		45274546	35053967	77.43	28139193	6914774	80.27	19.73
Public - Others		44805049	3439826	7.68	3432611	7215	99.79	0.21
Total		**179109870**	**126924993**	**70.86**	**120003004**	**6921989**	**94.55**	**5.45**

7. To reappoint Dr. Pavan Ganapati Bhat (DIN: 09691260) as Director & Executive Vice President (Technical Operations) of the Company

Promoters / Public	Mode of Voting Type	No of Shares held (1)	No of Votes Polled (2)	% of Votes Polled on shares held (3)=((2)/(1)*100)	No. of Votes in Favour (4)	No of Votes -Against (5)	% of Votes in favour on Votes Polled (6)=((4)/(2)*100)	% of Votes against on Votes Polled (7)= ((5)/(2)*100)
Promoter and Promoter Group	Evoting	89030275	88431200	99.33	88431200	0	100.00	0.00
Public- Institutional Holders		45274546	35053967	77.43	28139193	6914774	80.27	19.73
Public - Others		44805049	3439377	7.68	3430156	9221	99.73	0.27
Total		**179109870**	**126924544**	**70.86**	**120000549**	**6923995**	**94.54**	**5.46**

MEANS OF COMMUNICATION

At NATCO, dissemination of information is considered crucial since many stakeholders are interested in the affairs of the Company. The Company is in strict compliance of the Listing Regulations pertaining to disclosure of Audited/ Unaudited quarterly, half-yearly and annual financial results of the Company both on standalone and consolidated basis within thirty (30) minutes of the conclusion of the Board Meeting to the Stock Exchanges and publication of the same in both Vernacular and National newspapers and disclosure of presentations on Financial Results made to Institutional investors / analysts to the Stock Exchanges. The same disclosures are also published on the website of the Company (www.natcopharma.co.in).

It is ensured that any material information under Regulation 30 of the Listing Regulations is promptly intimated to the Stock Exchanges and updated on the Company's website (www.natcopharma.co.in) as well as made part of press releases. Any price sensitive information is brought to the notice of both the Stock Exchanges (NSE and BSE), Press and Electronic Media in order to avoid any possible insider trading practices with such information.

The following table provides the details regarding the publishing of quarterly results in the newspapers:

For Quarter/ Year ended	Date of Board Meeting	Date of Publication	Name of the English Daily	Name of the Regional Daily
June 30, 2023	August 9, 2023	August 10, 2023	Business Standard	Nava Telangana
September 30, 2023	November 14, 2023	November 15, 2023	Financial Express	Nava Telangana
December 31, 2023	February 14, 2024	February 15, 2024	Financial Express	Nava Telangana
March 31, 2024	May 27, 2024	May 28, 2024	Financial Express	Nava Telangana

GENERAL SHAREHOLDER INFORMATION

a) Details regarding Annual General Meeting

Date	30th September, 2024
Time	11.00 A.M.
Venue	Annual General Meeting through Video conferencing / Other Audit Visual Means facility (Deemed venue for meeting: Registered Office i.e. NATCO House, Road No.2, Banjara Hills, Hyderabad 500 034, Telangana, India)

b) Financial Year

The Company adopted the financial year beginning on April 1 of every year and ending on March 31 of the following year. Accordingly, all the quarterly, half yearly and annual compliance are taken care of in accordance with the Act, Listing Regulations and other applicable Acts, rules and regulations.

c) Dividend Payment Date: NA

d) Listing on Stock Exchanges

The ISIN of the Company is INE987B01026.

Details of the Stock Exchanges in which the equity shares of the Company are listed are as below:

Name of the Stock Exchange	Address	Scrip code
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	524816
National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra(E), Mumbai – 400 051.	NATCOPHARM

The Company confirms that it has duly paid the annual listing fee for the year 2023-24 to the above-mentioned Stock Exchanges and the custodial fee for the year 2023-24 to both the Depositories, namely National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

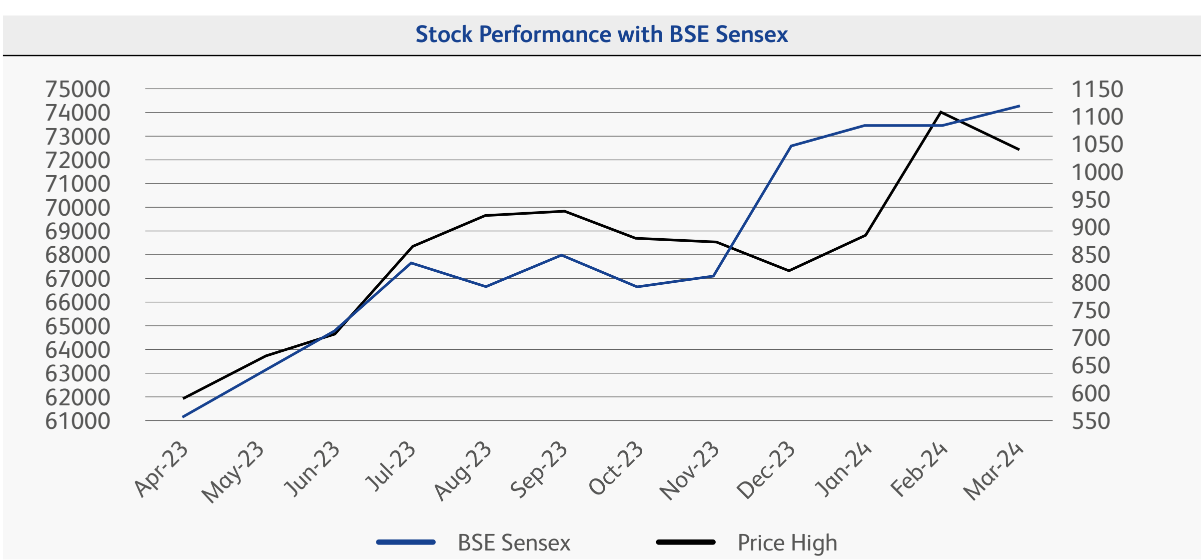
e) Market Price Data

The market price data (high and low closing prices during each month) for the Financial Year 2023-24 is as below:

Month	BSE Limited		National Stock Exchange	
	High	Low	High	Low
Apr-23	589.90	550.45	590.90	551.00
May-23	659.35	572.30	659.70	580.20
Jun-23	705.00	616.05	705.00	618.65
Jul-23	859.75	666.80	859.70	667.80
Aug-23	920.00	785.00	916.60	793.60
Sep-23	928.45	755.05	928.00	805.30
Oct-23	880.45	790.00	881.00	789.55
Nov-23	869.95	725.00	829.90	737.00
Dec-23	819.70	752.55	819.80	754.25
Jan-24	885.10	804.70	885.50	811.00
Feb-24	1107.85	828.50	1108.35	828.00
Mar-24	1044.95	927.00	1042.95	943.00

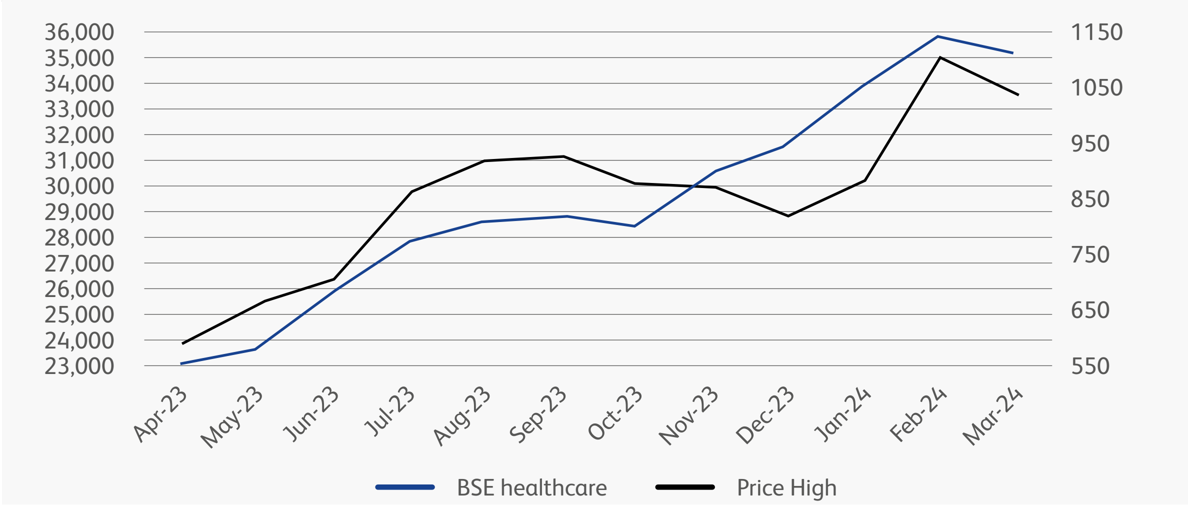
f) Performance in comparison to broad-based indices

- Compared to BSE Sensex



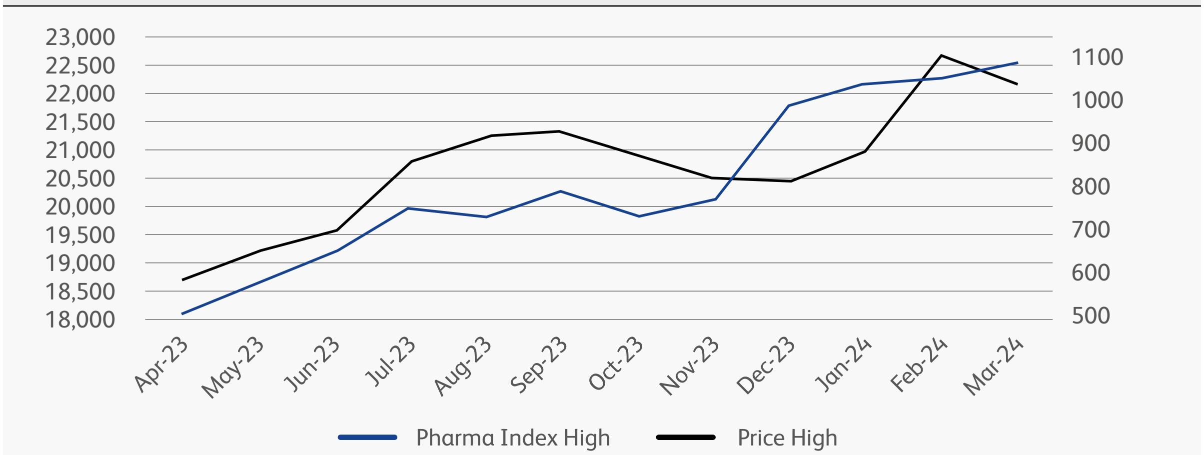
- Compared to S&P BSE HEALTHCARE INDEX

Stock Performance with BSE Healthcare



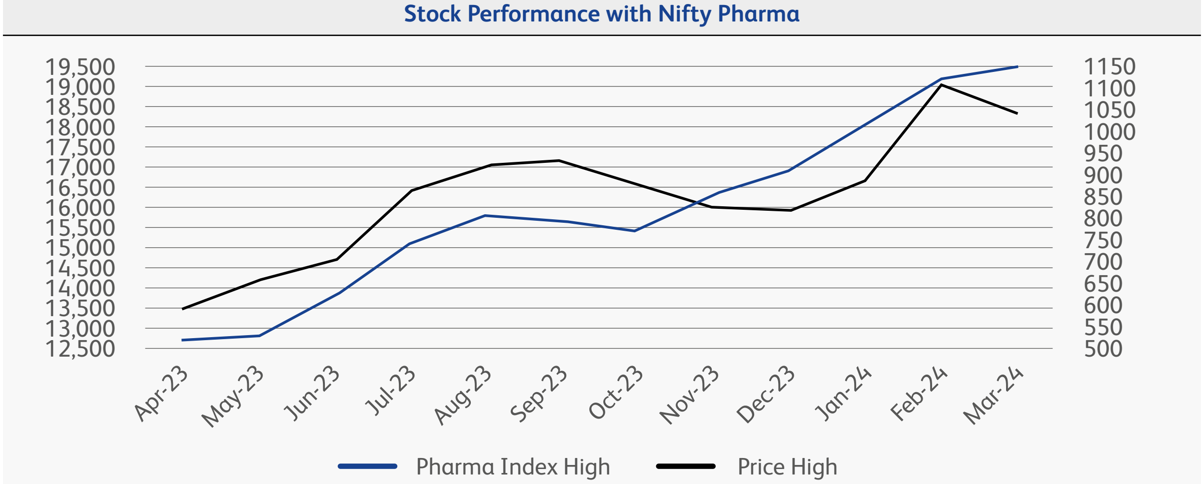
- Compared to Nifty 50

Stock Performance with Nifty 50



- Compared to Nifty Pharma Index

Stock Performance with Nifty Pharma



g) Registrar and Share Transfer Agent

Venture Capital and Corporate Investments Private Ltd. (VCCIPL) is the Registrar and Share Transfer Agent of the Company which undertakes the Share Transfer Work for both physical and electronic forms.

Address:

"Aurum", Door No. 4-50/P-II/57/4F & 5F, Plot No.57, 4th & 5th Floors,
Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500 032,
Telangana, India. Tel Nos.040-23818475/23818476/23868023/35164940
Fax No.040-23868024
Contact Person: Mr. P V Srinivas / Mr. Srirama Murthy
Email: investor.relations@vccipl.com

h) Distribution of shareholding

Nominal Value	Holders		Amount	
	Number	% to Total	In ₹	% to Total
Upto - 5000	226361	99.07	37988090	10.6
5001 - 10000	986	0.43	7378610	2.06
10001 - 20000	491	0.21	7049832	1.97
20001 - 30000	162	0.07	3974228	1.11
30001 - 40000	89	0.04	3056972	0.85
40001 - 50000	61	0.03	2748024	0.77
50001 - 100000	122	0.05	8733880	2.44
100001 and above	207	0.09	287290104	80.2
Total	**228479**	**100**	**358219740**	**100**

i) Dematerialisation of shares and liquidity

As on March 31, 2024, 99.74 % of the shares of the Company is dematerialised. As the trading of your Company's shares is being conducted only in electronic form, all other members holding physical shares are requested to convert their shareholdings to electronic form at the earliest.

j) Reconciliation of Share Capital Audit Report

The Reconciliation of Share Capital Audit Report was prepared on a quarterly basis by Mrs. D. Renuka, Practicing Company Secretary (ACS No. 11963; CP No. 3460) as required under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 and the same were filed with the Stock Exchanges within the statutory time limits.

k) Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any Global Depository Receipts or American Depository Receipts. There are no warrants or any convertible instruments outstanding as on 31st March, 2024.

l) Commodity price risk or foreign exchange risk and hedging activities

The operations of the Company do not envisage any commodity price risk or material foreign exchange risk as the company has natural edge.

m) **Plant locations**

i) **Pharma Division**
Kothur Post & Mandal, Rangareddy District -509228, Telangana, India

ii) **Pharma Division - Parenterals**
Vijayapuri North, Nagarjuna Sagar, Peddavura Mandal, Nalgonda District - 508202, Telangana, India

iii) **Chemical Division**
Mekaguda, Nandigama Mandal Rangareddy District, 509228 Telangana, India

iv) **R & D Division (NATCO Research Centre)**
B-11, B-13 & B-14, Industrial Estate, Sanathnagar, Hyderabad - 500018, Telangana, India

v) **Pharma Division**
Plot No.A3, UPSIDC, Selaqui Industrial Area, Dehradun 248197, Uttarakhand, India

vi) **Chemical Division, Chennai**
No.74/7B, Vaikkadu , TPP Salai, Manali, Chennai - 600 103, Tamilnadu, India

vii) **Pharma Division**
DAG No.749, 750, Kokjhar Village, Revenue Circle, – Mirza, Kamrup (Rural), Guwahati Dist. 781 125, Assam, India

viii) **Pharma Division**
UNIT-10, Parawada, JNPC, Ramky SEZ Visakapatnam-531 019, Andhra Pradesh, India

ix) **Crop Health Sciences (CHS) – Chemical Unit**
Plot No. 29, Sy. Nos.56(P) & 60(P), APIIC Industial Park-Attivaram, Ozili Mandal, SPSR Nellore Dist., Andhra Pradesh -524 421, India

x) **Crop Health Sciences (CHS) – Formulations Unit**
Plot No. 3 &8/1, Sy. No.56, APIIC Industrial Park, Attivaram Village, Ozili, Mandal, SPSR Nellore, Andhra Pradesh – 524421, India

xi) **R&D Division**
Kothur Post & Mandal, Rangareddy District -509 228 Telangana, India

n) **Address for correspondence at Registered Office:**

The Company Secretary, NATCO Pharma Limited,
NATCO House, Road No. 2, Banjara Hills,
Hyderabad – 500 034, Telangana, India
Tel. No.: 040-23547532, Fax No.: 040-23548243
Email: investors@natcopharma.co.in/dasaradhi@natcopharma.co.in
Website: www.natcopharma.co.in

o) **Credit Ratings**

The Company's credit ratings from ICRA on long term borrowings is "AA" and on short term borrowings is "A1+"

OTHER DISCLOSURES

Disclosures on materially significant Related Party Transactions that may have potential conflict with the interests of listed entity at large

All related party transactions with related parties during the financial year 2023-24 were done in accordance with the provisions of the Act and the Listing Regulations. No materially significant transactions with related parties were entered during the financial year which was in conflict with the interest of the Company. None of the Non-Executive Directors have any pecuniary material relationship or material transactions with the Company for the year ended March 31, 2024. The Company had formulated a Related Party Transactions Policy which is available on the Company's Website at the following link: https://www.natcopharma.co.in/wp-content/uploads/2022/03/Related-Party-Transaction-Policy.pdf

Details of non-compliance

No penalty, strictures has been imposed by any stock exchange, SEBI or SEC or any statutory authority nor has there been any instance of non-compliance with matters relating to the capital market over the last three years.

Whistle Blower Policy

The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The policy ensures that strict confidentiality is maintained while dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. Pursuant thereto, anyone can directly approach the Chairman of the Audit Committee or through Company Secretary to report any suspected or confirmed incident of fraud / misconduct. It is affirmed that no personnel has been denied access to the Audit Committee. The Whistle Blower Policy is available on the Company's website at the following link: https://www.natcopharma.co.in/wp-content/uploads/2024/08/whistle-blower-policy-1.pdf

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the mandatory requirements of Corporate Governance as per Listing Regulations and it is in the process of implementing non-mandatory requirements.

Policy for determining material subsidiaries

In terms of Listing Regulations, the Board of Directors of the Company has adopted a policy with regard to determination of material subsidiaries. The policy is placed on the Company's website at https://www.natcopharma.co.in/wp-content/uploads/2021/05/DETERMINATION-OF-MATERIAL-SUBSIDIARIES-POLICY.pdf.

Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A)

The Company has not raised any funds through preferential allotment or qualified institutions placement during the current financial year and hence not applicable.

Certificate of Non-Disqualification of Directors

As required under Listing Regulations, a certificate from CS D. Renuka, Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Companies by the Board/Ministry of Corporate Affairs or any such statutory authority as on 31st March, 2024. The Certificate is given as an annexure to this Report.

Where the Board had not accepted any recommendation of any Committee of the Board

During the Financial year there were no instances where the Board of Directors has not accepted the recommendations made by the Committees of the Board.

Code of Conduct

The Company has laid down a "Code of Conduct" for all Board members and Senior Management Personnel. The members of the Board including Independent Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as on 31st March, 2024. A declaration to this effect signed by Vice Chairman & Chief Executive Officer is given as an annexure to this Report.

Certificate on Corporate Governance

Certificate from CS D Renuka, Company Secretary in Practice confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 read with Schedule V of the Listing Regulations is given as an annexure to this Report.

Details of the fees paid to Statutory Auditors

The details of the total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor for the financial year ended March 31, 2024 as follows:

Particulars	Amount (₹ in millions)
Audit fees	12
Certification fees	2
Reimbursement of expenses	1
Other services	-
Total	**15**

Details of material subsidiary

NATCO Pharma (Canada) Inc., Canada is the material subsidiary of the Company based on the income or net worth of the Company for Financial Year 2020-21 and will continue as material subsidiary as per Regulation 3 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The following are the details of NATCO Pharma (Canada) Inc.:

1. Date of Incorporation: 7th November, 2012
2. Place of Incorporation: Canada
3. Name of Statutory Auditors: KPMG LLP
4. Dates of appointment of Statutory Auditors: 5th October, 2020

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Legal Compliance

The Company follows a formal management policy and system of legal compliance and reporting to facilitate periodical review by the Board of the Compliance of laws applicable to the Company and steps taken to rectify non-compliance, if any. There were no instances of material non-compliance and strictures imposed on the Company either by SEBI, Stock Exchange or any statutory authority, on any matter related to capital markets, tax / excise/ customs matters, and such other related matters during the last three years.

Environmental Policy

Our Company complies with all the applicable environmental legislations and regulations, by incorporating suitable modern techniques for combating the environmental pollutants and to ensure the compliance. We have adopted state of the art technologies for treatment and recycling of effluents, recycling of wastes, converting wastes to by-products and energy, conservation of natural resources, energy efficiency, rain-water harvesting, etc. A number of initiatives and programmes conducted to create awareness among our employees & all our stakeholders. Our well-defined Environment, Health and Safety (EHS) policy over the year built a framework for setting and reviewing of environmental objectives and targets for continual improvement.

PREVENTION OF INSIDER TRADING

Your Company has in place Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information which is in adherence to the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. The disclosures received pursuant to this Code and the regulations are disseminated to the Stock Exchanges within the prescribed time limit. Report of Compliance Officer was duly placed before the Board meetings. The Code is available on the Company's website at the following link: https://www.natcopharma.co.in/wp-content/uploads/2020/10/CODE-OF-CONDUCT-TO-REGULATE-MONITOR-AND-REPORT-TRADING-BY-DESIGNATED-PERSONS.pdf

https://www.natcopharma.co.in/wp-content/uploads/2019/10/CODE-OF-PRACTICES-AND-PROCEDURES-FOR-FAIR-DISCLOSURE-OF-UNPUBLISHED-PRICE-SENSITIVE-INFORMATION.pdf

UNCLAIMED DIVIDEND

Pursuant to Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules"), mandates that Companies transfer dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the Rules mandate that the shares on which dividend has not been paid or claimed for seven consecutive years or more also be transferred to the IEPF.

The following table provides list of years for which unclaimed dividends would become eligible to be transferred to the IEPF on the dates mentioned below:

Year	Type of Dividend	Dividend per share(₹)	Date of declaration	Due date of transfer	Amount (₹) as on March 31, 2024*
2017-18	1st Interim	1.25	August 7, 2017	September 13, 2024	14,06,308.75
	2nd Interim	7.00	February 6, 2018	March 15, 2025	39,84,309.00
2018-19	1st Interim	1.50	August 8, 2018	September 14, 2025	9,62,941.50
	2nd Interim	3.50	February 12, 2019	March 21, 2026	21,09,842.00
	3rd Interim	1.25	May 27, 2019	July 3, 2026	8,37,921.25
2019-20	1st Interim	1.25	August 9, 2019	September 15, 2026	7,79,467.50
	2nd Interim	1.00	November 12, 2019	December 19, 2026	6,43,370.00
	3rd Interim	3.50	February 12, 2020	March 20, 2027	21,74,434.50
	4th Interim	1.00	June 17, 2020	July 24, 2027	6,21,314.65
2020-21	1st Interim	1.25	August 12, 2020	September 18, 2027	6,44,163.41
	2nd Interim	3.00	November 12, 2020	December 19, 2027	13,45,556.90
	3rd Interim	1.00	February 11, 2021	March 20, 2028	6,13,457.81
2021-22	1st Interim	2.00	August 12, 2021	September 18, 2028	11,17,323.58
	2nd Interim	0.50	November 11, 2021	December 18, 2028	3,09,554.27
	3rd Interim	2.00	February 14, 2022	March 23, 2029	11,11,179.66
2022-23	1st Interim	3.50	August 9, 2022	September 15, 2029	13,63,584.53
	2nd Interim	0.75	November, 10, 2022	December 17, 2029	3,66,441.20
	3rd Interim	1.25	February 9, 2023	March 18, 2030	5,39,028.21
2023-24	1st Interim	7.00	August 9, 2023	September15, 2030	24,06,071.03
	2nd Interim	1.25	November 14, 2023	December 21, 2030	5,14,567.09
	3rd Interim	1.25	February 14, 2024	March 22, 2031	-

* The amount does not include the Unclaimed dividend amount of shares held in Unclaimed Suspense Account of the Company.

The Company sends intimation to the shareholder(s) concerned, advising them to lodge their claims with respect to unclaimed dividends. Shareholder(s) may note that both the unclaimed dividend and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed from IEPF by following the procedure prescribed in the Rules which were available in the website, no claim(s) of whatsoever nature shall lie in respect thereof with the Company.

DIVIDEND REMITTED TO IEPF DURING THE LAST FIVE YEARS

Year	Dividend declared on	Amount transferred to IEPF (₹)	Date of Transfer
2012-2013	February 13, 2013	15,71,108.00	March 20, 2020
2013-2014	February 13,2014	12,72,520.00	March 22, 2021
2014-2015	February 11, 2015	10,41,030.00	March 19, 2022
2015-2016	February 11, 2016	14,55,091.00	March 19, 2023
2016-2017 (1st Interim)	August 9, 2016	8,72,873.00	September 13, 2023
2016-2017 (2nd Interim)	February 14, 2017	49,49,964.00	March 16, 2024

The status of unclaimed shares of the Company transferred to a demat account "NATCO Pharma Limited – Unclaimed Suspense Account", in accordance with Listing Regulations, are given below:

Particulars	No. of shareholders	No. of shares
Aggregate number of shareholders and outstanding shares held in the Unclaimed Suspense Account as on April 1, 2023	87	22700
Number of shareholders and shares transferred to IEPF	Nil	Nil
Number of shareholders / legal heirs to whom the shares were transferred from the unclaimed suspense account upon receipt of and verification of necessary documents during the year 2023-24	11	1500
Aggregate number of shareholders and outstanding shares held in the Unclaimed Suspense Account as on March 31, 2024	76	21200

CERTIFICATE ON COMPLIANCE WITH CODE OF CONDUCT

The Members of
NATCO Pharma Limited

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management and the same has been placed on the Company's Website. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect for the Financial Year ended March 31, 2024.

For NATCO Pharma Limited

Rajeev Nannapaneni
Vice Chairman & CEO
DIN: 00183872

Place: Hyderabad
Date: August 12th, 2024

CEO AND CFO CERTIFICATION TO THE BOARD

(as per 17(8) of Listing Regulations)

The Board of Directors,

NATCO Pharma Limited

A. We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2024 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company’s code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad
Date: May 27, 2024

Rajeev Nannapaneni
Vice Chairman & Chief Executive Officer
DIN: 00183872

S.V.V.N. Appa Rao
Chief Financial Officer

CERTIFICATE OF COMPLIANCE

The Members of
NATCO Pharma Limited
NATCO House, Road # 2, Banjara Hills
Hyderabad 500 034,
Telangana, India

I have examined the compliance of conditions of Corporate Governance by **M/s. NATCO Pharma Limited**, for the year ended March 31, 2024 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination has been limited to review of the procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

No Investor grievance(s) are pending for a period exceeding one month against the Company as per the records maintained by the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable.

I further state that such compliance is neither an assurance as to the further viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

D. Renuka
Practicing Company Secretary
ICSI Peer Review UIN: L2000TL172900
UDIN: A011963F000919421

Place: Hyderabad
Date: August 12th, 2024

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
M/s. NATCO Pharma Limited
NATCO House, Road # 2,
Banjara Hills, Hyderabad 500 034,
Telangana, India.

I had examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s.NATCO Pharma Limited having CIN: L24230TG1981PLC003201** and having registered office at NATCO House, Road # 2, Banjara Hills, Hyderabad, 500 034, Telangana, India and (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to me by the Company & its officer,

I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of Appointment in Company
1.	Venkaiah Chowdary Nannapaneni	00183315	September 19, 1981
2.	Sreerama Murthy Gubbala	00122454	January 31, 2000
3.	Rajeev Nannapaneni	00183872	November 30, 2005
4.	Venkateswara RaoThallapaka	05273533	August 25, 2014
5.	Govinda Prasad Dasu	00160408	February 13, 2014
6.	Leela Digumarti	06980440	September 22, 2014
7.	Potluri Prasad Sivaramakrishna	07011140	November 12, 2014
8.	Umamaheshwarrao Naidu Madireddi	05111014	February 11, 2015
9.	Lingarao Donthineni	07088404	February 11, 2015
10.	Ganapati Bhat Pavan	09691260	August 9, 2022

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

D. Renuka
Practicing Company Secretary
ICSI Peer Review UIN: L2000TL172900
UDIN: A011963F000919452

Place: Hyderabad
Date: August 12th, 2024

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

Section A
General disclosures

Section B:
Management and process disclosures

Section C:
Principle- wise performance disclosures

Principle

1. Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable
2. Businesses should provide goods and services in a manner that is sustainable and safe
3. Businesses should respect and promote the well-being of all employees, including those in their value chains
4. Businesses should respect the interests of and be responsive to all its stakeholders
5. Businesses should respect and promote human rights
6. Businesses should respect and make efforts to protect and restore the environment
7. Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
8. Businesses should promote inclusive growth and equitable development
9. Businesses should engage with and provide value to their consumers in a responsible manner

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L24230TG1981PLC003201
2.	Name of the Listed Entity	**NATCO PHARMA LIMITED**
3.	Year of incorporation	1981
4.	Registered office address	Natco House, Road No.2, Banjara hills, Hyderabad - 500034, Telangana, India.
5.	Corporate address	Natco House, Road No.2, Banjara hills, Hyderabad - 500034, Telangana, India.
6.	E-mail	investors@natcopharma.co.in
7.	Telephone	Tel: 040 23547532
8.	Website	https://www.natcopharma.co.in/
9.	Financial year for which reporting is being done	April 1, 2023 to March 31, 2024
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE)
11.	Paid-up Capital	₹ 358 miillion
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. PSRK Prasad, Director and Executive Vice President, Corporate Engineering Services Tel: 8542 226611 psrk@natcopharma.co.in
		Mr. Rajesh Chebiyam, Executive Vice President, Crop Health Sciences, Tel: 040 2354 7532 rajesh.chebiyam@natcopharma.co.in
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosures are made in this report on a Standalone basis
14.	Name of assurance provider	NA
15.	Type of assurance obtained	NA

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of the main activity	Description of business activity	% of the turnover of the entity
1	Manufacturing and sale of pharmaceutical products	NATCO operates in two different business segments: pharmaceuticals and agrochemicals. Within the pharma business segment, the Company drives its sales through Finished Dosage Forms (FDFs) and Active Pharmaceutical Ingredients (APIs).	100 %

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product / Service	NIC Code	% of total Turnover contributed
1	Manufacture of pharmaceuticals, medicinal chemicals including Active Pharmaceutical Ingredients (API) and Finished Dosage Formulations	210	>90 %

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	9 Manufacturing units and 2 R&D centres	1	12

19. Markets served by the entity:

a. **Number of locations**

Locations	Number
National (No. of States)	28 States and 8 Union Territories
International (No. of Countries)	50+

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**

78 % contribution of exports as a percentage of the total turnover of the entity

c. **A brief on types of customers**

Distributors, stockists, Hospitals, government agencies, top 3 generic companies of the world, regional players and national players of respective territories/ countries.

IV. Employees

20. Details as at the end of the Financial Year:

a. **Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		EMPLOYEES				
1.	Permanent (D)	3,493	3,188	91.3 %	305	8.7 %
2.	Other than Permanent (E)	269	184	68.4 %	85	31.6 %
3.	**Total employees (D + E)**	**3,762**	**3,372**	**89.6%**	**390**	**10.4%**
		WORKERS				
4.	Permanent (F)	523	473	90.4 %	50	9.6 %
5.	Other than Permanent (G)	477	400	83.9 %	77	16.1 %
6.	**Total workers (F+G)**	**1,000**	**873**	**87.3%**	**127**	**12.7%**

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	1	1	100 %	0	-
2.	Other than Permanent (E)	0	0	0	0	-
3.	**Total differently abled employees (D + E)**	1	1	100 %	0	-
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	0	0	-	0	-
5.	Other than Permanent (G)	0	0	-	0	-
6.	**Total differently abled workers (F + G)**	0	0	-	0	-

21. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	1	10 %
Key Management Personnel	2	0	0 %

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	13.79 %	1.87 %	15.66 %	14.4 %	1.83 %	16.23 %	16.13 %	1.71 %	17.84 %
Permanent Workers	0.31 %	0.04 %	0.35 %	3.22 %	1.14 %	4.37 %	0.38 %	0.01 %	0.49 %

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated in column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Natco Pharma Inc.	Subsidiary	100 %	No
2	Natco Pharma (Canada) Inc	Subsidiary	100 %	No
3	Time Cap Overseas Limited	Subsidiary	100 %	No
4	Natcofarma Do Brasil Ltd	Stepdown subsidiary	100 %	No
5	Natco Pharma Asia Pte Ltd	Subsidiary	100 %	No

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated in column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
6	Natco Pharma Australia Pty Ltd	Subsidiary	100 %	No
7	Natco Life Sciences Philippines Inc.	Subsidiary	100 %	No
8	Natco Pharma USA LLC (Formerly known as Dash Pharmaceuticals LLC)	Stepdown subsidiary	100 %	No
9	PT. Natco Lotus Farma	Subsidiary	51 %	No
10	Natco Pharma Colombia SAS	Subsidiary	100 %	No
11	Natco Pharma UK Limited	Subsidiary	100 %	No

VI. CSR Details

24. (i) **Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)**

Yes

(ii) **Turnover (in Rs.):** 35,689 million

(iii) **Net worth (in Rs.):** 55,564 million

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (If yes, then provide web link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	291	6	Note 1	180	12	Note 2
Employees and workers	Yes	-	-	-	-	-	-
Customers	Yes	-	-	-	-	-	-
Value Chain Partners	Yes	-	-	-	-	-	-

Web-link for Stakeholder Grievance Redressal policy: Stakeholder Grievance Redressal policy

Note 1 - The pending complaints were received during the last week of the Quarter ended 31st March, 2024 and the same had been resolved within due date.

Note 2 - The pending complaints were received during the last week of the Quarter ended 31st March, 2023 and the same had been resolved within due date.

26 Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Corporate Governance and Business Ethics	Opportunity	A good governance is key to achieving long-term success by embracing transparency, accountability, and integrity, we can mitigate risks and establish a trustworthy brand image. Our commitment to excellence enables us to foster a culture of ethics, earning the respect and loyalty of our stakeholders.	Our Code of Conduct is well established and covers all range of stakeholders. We have robust compliance programs, comprehensive trainings for employees and stakeholders. Additionally, having independent board oversight, whistleblower mechanism, and transparent reporting structure helps identify and address issues early.	Positive : Implementing policies and procedures that promote effective corporate governance aid in promoting long-term business sustainability.
2	Product Quality and Safety	Risk & Opportunity	Exceptional product quality is the cornerstone of building trust with our customers. We are committed to maintaining the highest standards of quality, safety, and efficacy in our products, ensuring that they meet the stringent regulatory requirements and exceed customer expectations. By investing in robust quality control measures, we tend to minimize the risk of product recalls, regulatory penalties.	We adhere to Good Manufacturing Practices (GMP), through testing of raw materials and finished products, validation of manufacturing processes, and regular inspection of manufacturing facilities. Additionally, we implement robust pharmacovigilance processes and quality control standards.	Negative: Product recalls, loss of market share, and financial losses. Positive: Providing highest product quality helps in gaining customer trust and leads to business expansion and revenue growth.
3	Supply chain management	Risk & Opportunity	We have a proactive approach to supply chain management which has enabled us to optimize resource allocation, leading to improved performance and reduced production delays. However, despite these efforts, we remain vulnerable to supply chain disruptions, which can impact business.	Implementing supply chain transparency, diversifying suppliers, conducting risk assessments, and establishing contingency plans.	Negative: Production delays resulting in lost revenue due to unmet demand, decreased cost savings, and expedited shipping charges. Positive: Resilient supply chain aids in avoiding disruptions and hence improving our performance.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Energy and emissions	Opportunity	We have set targets to minimize GHG emissions across all our facilities, and our initiative to source electricity from renewable energy sources, using briquette-fired boilers are key to achieving these reductions.	We aim to enhance RE in our energy mix up to 35 % by end of 2035. Along with that, we aim to achieve Carbon Neutrality by 2050. At Natco Pharma, two API & four Formulations manufacturing facilities are accredited with ISO14001-2015 & ISO 45001-2018 Management System standards.	Positive: Inherent benefits such as reduction in overall energy costs and reduction in emissions.
5	Health and safety	Risk & Opportunity	Employees are the backbone of our operations, and it is our responsibility to prioritise their health, safety, and well-being. Minimizing incidents and accidents help to maintain productivity and performance, which leads to uninterrupted supply of products.	We have developed a detailed EHS policy that governs our approach for health and safety of all our employees in all business operations. At Natco Pharma, two API & four Formulations manufacturing facilities are accredited with ISO 14001-2015 & ISO 45001-2018 Management System standards.	Negative: Costs associated with workplace accidents, medical expenses, legal fees, and fines. It also leads to loss of productivity. Positive: Reduced lost time with efficient systems in place.
6	Employee engagement and development	Opportunity	Trained and developed employees are more productive, innovative, and loyal. Investing in employee development fosters talent retention and enhances organizational performance.	Providing training and development opportunities, fostering open communication, recognizing and rewarding achievements, and promoting work-life balance.	Positive: Higher productivity of employees leads to higher output and efficiency, improved employee retention, increased productivity, enhanced innovation, and a positive workplace culture.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Data privacy	Risk	Incidents of data breach and privacy violations puts company data in risk, can result in legal liabilities.	Implementing robust data protection measures, complying with privacy regulations, encrypting sensitive information, and educating employees about data privacy. Next-generation firewalls, latest anti-virus, anti-malware, and protection measures are used to ensure data protection from internal and external threats. Next-generation firewalls, latest anti-virus, anti-malware, and protection measures are used to ensure data protection from internal and external threats.	Negative: Costs associated with data breaches.
8	Water management	Risk & Opportunity	We are committed to responsible water stewardship throughout our business -. By proactively managing water usage, we're not only mitigating risks associated with scarcity, pollution, and regulatory compliance, but also ensuring a sustainable future for our business and the communities we serve.	We recycled 48 % of water in FY 23-24. Implementing water saving technologies, monitoring of water usage, wastewater treatment & recycling, rainwater harvesting & reuse and complying with water regulations.	Negative: Costs associated with water scarcity, water pollution, and fines for non-compliance. Positive: Yield of positive financial outlook as our initiatives generate cost savings and facilitate optimal water usage.
9	Climate change	Risk & Opportunity	While climate change impacts such as extreme weather events, rising sea levels, and regulatory changes can affect operations, supply chain, and infrastructure, it also offers opportunities through our innovations in controlling air emissions, improving energy efficiency, and increasing the share of renewable energy.	Implementing energy and water audits, setting emission reduction targets, investing in renewable energy, and adapting infrastructure to climate change impacts. We aim to enhance RE in our energy mix up to 35 % by end of 2035 and achieve Carbon Neutrality by 2050.	Negative: Costs associated with climate-related damages, regulatory compliance. Positive: Mitigation of transition and climate-related risks and associated financial losses.
10	Diversity and inclusion	Opportunity	Diverse and inclusive workplaces promote creativity, innovation, and employee satisfaction. Embracing diversity enhances decision-making and fosters a culture of belonging.	Implementing diversity and inclusion initiatives, promoting equal opportunities, providing diversity training, and fostering a culture of respect and acceptance.	Positive: Improved employee morale and retention, increased productivity, and a positive brand image as an inclusive employer.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
11	Waste management	Risk	Improper waste disposal, pollution, and regulatory non-compliance can lead to legal liabilities, fines, and reputational damage.	We follow best practices to maintain our manufacturing plants free of volatile organic compounds, free from dust and odours. Reducing Organic and Inorganic waste generation across all stages of our operations, promoting recycling and reuse, and minimizing the disposal of waste to landfill as practically possible. Optimizing the usage of packaging material by implementing bulk packing, reusing, and recycling packing material wherever possible.	Negative: Costs associated with waste disposal, fines for non-compliance, and remediation expenses.
12	Community engagement and development	Opportunity	Engaging with local communities and investing in community development projects fosters positive relationships, enhances brand reputation, and contributes to social responsibility.	Participating in community outreach programs, supporting local initiatives, listening to community feedback, and addressing community needs and concerns.	Positive: Improved brand reputation, enhanced community relations,, and positive societal impact.
13	Human rights	Risk	Violations of human rights in operations or supply chain can lead to legal liabilities, reputational damage, and loss of customer trust.	Implementing human rights due diligence, defining clear processes for human rights related grievances, addressing human rights issues in the supply chain, and collaborating with stakeholders.	Negative: Costs associated with legal fees, regulatory fines, and loss of market share.
14	Access and affordability	Opportunity	Ensuring access to affordable healthcare products improves patient outcomes, promotes public health, and contributes to social welfare.	Implementing access programs, pricing strategies, and partnerships to increase affordability and accessibility of medicines.	Positive: Increased market share, improved brand reputation, positive societal impact, and enhanced customer loyalty.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes								
b. Has the policy been approved by the Board? (Yes/No)	Yes								
c. Web Link of the Policies, if available	Annexure								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes								
4. Name of the national and international codes/certifications/ labels/ standards adopted by your entity and mapped to each principle.	-	ISO 14001	ISO 45001	-	-	ISO 14001	-	As per the CSR Rules prescribed under the Companies Act, 2013	-
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Note 1								
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	Note 2								

Governance, leadership, and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG -related challenges, targets, and achievements

   At Natco Pharma, we recognize the paramount significance of sustainability in shaping a brighter future for generations to come. Our commitment to this cause extends beyond mere acknowledgement, as it is an integral part of our corporate philosophy and permeates every aspect of our operations. As India experiences rapid growth, we are acutely aware of the pressing need to harmonize development with the preservation of our natural resources and ecosystems. Our dedication to sustainability is a fundamental tenet of our organization, and we are steadfast in our resolve to ensure that our actions contribute to a more equitable and environmentally conscious future. Integrating sustainability throughout our value chain begins at the earliest stages of product development, ensuring that environmentally conscious design and development timelines are met while addressing the unmet needs of patients.

   Our commitment to sustainable practices is evident in our consistent efforts to increase our reliance on renewable energy sources, which currently account for 15% of our total energy requirements, and 26% of our total electricity procured from Renewable sources. We are committed to enhancing the renewable energy component in energy mix to 35% by 2035 and achieving. Carbon neutrality by 2050.

We are dedicated to responsible water management as a part of our broader environmental stewardship initiatives. In addition, we are working towards minimizing the disposal of hazardous waste in landfills and incinerators, and instead, exploring opportunities for waste reuse, recovery, re-processing, recycling, co-processing, and conversion into alternative fuels and raw materials. Looking ahead, we have set ambitious ESG targets wherein, we aim to achieve Carbon Neutrality by 2050 and prepate a road map to achieve water neutrality in our API units located at Mekaguda aby 2024-25 and Manali by 2025-26.

On the social front, we have prioritized the well-being and development of our employees. The company provides equal opportunities for growth and development, ensuring a safe and healthy working environment for its employees. We have provided comprehensive healthcare coverage for all our employees and workers. Furthermore, we recognize the importance of investing in the growth and development of our workforce, and through the NATCO Trust, we support education, healthcare, and social empowerment programs that have a positive and lasting impact on the communities we serve.

Natco Pharma's mission is to "Make Specialty medicines accessible to all" and by leveraging our Research and Development capabilities, we aim to provide high-quality, niche pharmaceutical products at affordable prices, ensuring that patients have access to essential treatments. Product Quality and Safety is a core element of Natco Pharma's sustainability efforts, and we strive to enhance our product stewardship efforts to ensure the sustainability of our product lifecycle. The company has developed sustainable processes and technologies to optimize resource utilization across the product life cycle.

Natco Pharma remains steadfast in its commitment to creating long-term value for all stakeholders through responsible business practices. We will continue to prioritize ESG considerations in our strategic decision-making, driving sustainable growth and positive impact.

8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Board of Directors
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability-related issues? If yes, provide details	The Core ESG Committee is responsible for decision making on Sustainability related issues comprising of Board of Directors, KMPs and functional heads.

10. Details of Review of NGRBCs by the Company:

Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Yes, review was undertaken by the Director.									Annually								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes, review was undertaken by the Director.									Annually								

11.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	No								

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Notes

We deepened our dedication to creating a positive impact by unveiling ambitious ESG targets, further solidifying our sustainable development strategy.

Note 1:

a. Principle 3: Enhancing safety culture at workplace

- Target to achieve zero-accident and injury free workplace.
- ISO 45001 – 2018; Occupational Health and Safety Management Certification for all our manufacturing facilities by 2025-26. Imparting training to employees for 40 hours per person every year by 2025-26.

b. Principle 6: Our Commitment to Environment

- Enhancing the renewable energy component in energy mix to 35 % by 2035.
- Carbon neutrality by 2050.
- Roadmap for Water neutral for our API Units located at Mekaguda by 2024-25 and Manali by 2025 -26.

c. Our Commitment to Social

- Conducting a pilot intervention in AWCs benefiting 500 children, 3-6 years age, with an additional educator to deliver high quality play-based education with RIVER MGML methodology.
- Improve FLN outcomes with a partner organisation in 1356 schools in 2 districts.
- Enhancing a medical infrastructue by constructing of secondary Eye Care Centre at Munipalle, Guntur in collaboration with LVPEI (FY 25) & Extension Block at NATCO Cancer Centre in GGH (FY 27)

d. Our Commitment to Governance

- 100 % compliance with regulations
- ISO 27001; International Standard for Information Security Management Certification by 2025-26

Note 2:

a. Principle 3: Enhancing safety culture at workplace

- Zero workplace place related injuries observed in FY23-24.

a. Principle 6: Our Commitment to Environmental Stewardship

- In FY 23-24, 26 % of our overall electricity consumption, and 15 % of our entire energy consumption was contributed by Renewable sources.
- In FY 23-24, we used 48 % recycled water in our business units.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

1 PRINCIPLE

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors and KMP	4	A comprehensive Familiarisation Programme is conducted for the Board of Directors and key managerial personnel on a need-basis, providing updates on various business operations, evolving market dynamics, investor highlights, and changes in regulations. On a quarterly basis, the company provides updates on financial results, overall business compliance, improvements, and concerns related to environmental safety and health performance, products, and processes.	100 %

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Employees other than BoD and KMPs	202	The employees of the company undergo various training programs throughout the year, covering a range of topics including Code of Conduct, Policy on Sexual Harassment (POSH), ongoing training on current good manufacturing practices (cGMP), good manufacturing practices (GMP), safety in the pharmaceutical industry, first aid, fire safety, emergency preparedness, and physical well-being.	100 %
Workers	103	The company provides various trainings throughout the year for its workers. These trainings include Policy on Sexual Harassment (POSH), skill upgradation, Health & Safety, and Emergency preparedness, which are conducted based on a yearly training schedule.	100 %

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	NA	NA	NA	NA	NA
Settlement	NA	NA	NA	NA	NA
Compounding fee	NA	NA	NA	NA	NA

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes

Natco Pharma Limited is committed to conducting its business with the highest standards of ethics, integrity, and transparency, adhering to all applicable laws, rules, and regulations. Our policy outlines guidance for recognizing and addressing ethical issues, mechanisms for reporting unethical conduct, and fostering a culture of honesty and accountability. It applies to all employees, contractors, suppliers, and business partners. The policy mandates compliance with laws and prohibits bribery, corruption, improper gifts, manipulation and concealment. Employees are encouraged to report any suspected violations of this policy promptly to their supervisor/Compliance officer. This policy is supported by a robust whistleblower policy to facilitate the reporting of unethical behaviour, actual or suspected fraud or violation of Anti-Corruption and Anti-Bribery policy.

Web-link of policy: Anti-Corruption/Anti-Bribery policy

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2023-24	FY 2022-23
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

7. Provide details of any corrective action taken or underway on issues related to fines/penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

8. Number of days of accounts payables (Accounts payable* 365)* / Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	121	125

*Average account payables

9. Open-ness of business Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, In the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	25 %	18 %
	b. Number of trading houses where purchases are made from	1,103	872
	c. Purchases from Top 10 trading houses as % of total purchases from trading houses	41 %	33 %
Concentration of Sales	a. Sales to dealer/ distributers as % of total sales	14 %	16 %
	b. Number of dealers / distributors to whom sales are made	2,507	1,295
	c. Sales to top 10 dealer/ distributers as % of total sales to dealer/distributers	18 %	31 %
Share of RPTs in	a. Purchases (Purchases with related parties /Total Purchases)	0 %	0 %
	b. Sales (Sales to related parties / Total Sales)	3 %	8 %
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)	0.32 %	0.52 %
	d. Investments (Investments in related parties/Total Investments made)	65 %	65 %

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
0	0	0

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes

The Company has a "Related Party Transactions policy" in place, which applies to both board members and key managerial personnel (KMPs). This policy requires that any transactions involving these individuals, who are deemed to be related parties, must be approved by the Audit Committee and the Board of Directors. In such cases, interested directors or KMPs are required to abstain from participating in the discussions during meetings.

Weblink for policy: Related Party Transactions policy

2 PRINCIPLE

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (CAPEX) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and CAPEX investments made by the entity, respectively.**

	Amount	Percentage	Details of improvements in environmental and social impacts
R&D	-	-	R&D expenditure is focused on the environmental and safety performance of our processes and creating a holistic impact. The use of technology and a proactive approach enables us to develop and launch complex and niche molecules with non-infringing processes.
Capex	₹ 2.7 crores	1.14 %	Investing in upgradation of environmental and safety infrastructure, Electronic Vehicles and renewable energy

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes

Our Sustainable Procurement policy outlines expectations for suppliers in four areas: business integrity, environmental responsibility, labour practices, and compliance with laws. The policy applies to all suppliers and outlines a code of conduct prioritizing employee health, safety, and well-being, integrating sustainability principles, and optimizing resource utilization. The policy guides critical suppliers to comply with environmental laws, regulations, and industry standards, including disposal of hazardous materials and adherence to emission limits, maintain transparency about origin and sourcing of materials in their products. The suppliers are encouraged to promptly report any violations to the Code of Conduct of the company and propose corrective actions.

Web-link for policy: Sustainable Procurement policy

b. **If yes, what percentage of inputs were sourced sustainably?**

Natco Pharma encourages all its suppliers to integrate sustainability principles into their business operations and strive to minimize their environmental impact. Currently, we are in the process of assessing our suppliers for the same.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Natco Pharma has implemented appropriate systems and practices for the eco-friendly management of various types of waste. The company adheres to Standard Operating Procedures (SOPs) for waste collection, storage, and disposal, ensuring that the waste is handed over to authorized waste management agencies for recycling, reuse, and safe disposal in accordance with Central Pollution Control Board (CPCB) norms. By following these procedures, Natco Pharma is committed to minimizing its environmental impact and promoting sustainable waste management practices.

a) Plastics (including packaging): Plastic waste generated is reclaimed by authorized third party waste management agencies as per the Extended Producer Responsibility (EPR) norms and recycled for producing value added products, following Plastic Waste Management Rules.

b) E-waste: E-waste generated is handed over to authorized e-waste recyclers by collection centres, or authorized dismantlers for recycling.

c) Hazardous waste: Hazardous waste generated is sent to authorized cement industries, pre-processing facilities, or TSDF (Treatment Storage Disposal Facility) for safe disposal.

d) Other waste: Sent to pre-processing facilities or recyclers for further processing and recycling.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

The Extended Producer Responsibility (EPR) applies to our organization's activities. We have an EPR action plan aligned with CPCB guidelines and are registered with CPCB under the Plastic Waste Management Rules as a "Brand Owner." During the current reporting year, we collected and recycled approximately 142 tons of various plastic packaging materials across different states in India under the EPR regulations.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for the manufacturing industry) or for its services (for the service industry)? If yes, provide details:**

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective /Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
210	Apixaban	0.46 %	Cradle to Gate	Yes	Assessment is in progress

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product / Service	Description of the risk / concern	Action Taken
Apixaban	NA	Assessment in progress

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23
Not Applicable. The pharmaceutical industry has strict guidelines that prohibit the use of recycled or reused input materials in the manufacturing process due to the high risk of contamination and the sensitive nature of the products being produced.		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed:

	FY 2023-24			FY 2022-23		
	Re-used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	123	19	0	51	7
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0
Other waste	0	0	0	0	0	0

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
According to the Central Pollution Control Board's (CPCB) Extended Producer Responsibility (EPR) guidelines, we recycle at least 70 % of packaging materials from finished products at the end of their life cycle.	

3 PRINCIPLE

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. **Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health insurance[1]		Accident insurance		Maternity benefits[2]		Paternity benefits[3]		Day Care facilities[4]	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	3,188	2,793	87.6 %	3,188	100 %	0	0 %	0	0 %	0	0 %
Female	305	235	77.0 %	305	100 %	305	100 %	0	0 %	0	0 %
Total	**3,493**	**3,028**	**86.7%**	**3,493**	**100%**	**305**	**100%**	**0**	**0%**	**0**	**0%**
Other than Permanent employees											
Male	184	19	10.3 %	184	100 %	0	0 %	0	0 %	0	0 %
Female	85	3	3.5 %	85	100 %	85	100 %	0	0 %	0	0 %
Total	**269**	**22**	**8.2%**	**269**	**100%**	**85**	**100%**	**0**	**0%**	**0**	**0%**

b. **Details of measures for the well-being of workers:**

Category	Total (A)	% of workers covered by									
		Health insurance[1]		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	473	439	92.8 %	473	100 %	0	0 %	0	0 %	0	0 %
Female	50	40	80.0 %	50	100 %	50	100 %	0	0 %	0	0 %
Total	**523**	**479**	**91.6%**	**523**	**100%**	**50**	**100%**	**0**	**0%**	**0**	**0%**
Other than Permanent workers											
Male	400	0	0 %	400	100 %	0	0 %	0 %	0 %	0	0 %
Female	77	0	0 %	77	100 %	0	0 %	0 %	0 %	0	0 %
Total	**477**	**0**	**0%**	**477**	**100%**	**0**	**0%**	**0%**	**0%**	**0**	**0%**

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –**

	FY 2023-24	FY 2022-23
Cost incurred on well- being measures as a % of total revenue of the company	0.5 % (₹ 19 Crores)	0.6 % (₹ 15 Crores)

[1] All employees and workers of Natco Pharma are eligible for health insurance coverage, although a certain segment has chosen not to avail themselves of this benefit.

[2] Maternity benefits for eligible employees were given as per the statutory requirements.

[3] Employees are provided with Paternity Benefits on a case to case and need basis.

[4] Day care (Creche) facilities are available at the formulation's facilities (Kothur & Nagarjuna Sagar), Vizag and R&D Center but have not been utilized.

2. **Details of retirement benefits.**

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
Provident Fund	100 %	100 %	Yes	100 %	100 %	Yes
Gratuity	100 %	100 %	Yes	100 %	100 %	Yes
ESI	8 %	50 %	Yes	22 %	1 %	Yes
Others-please specify	-	-	-	-	-	-

3. **Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard**

Yes, premises/offices have ramps for easy movement of differently abled people and wheelchair- accessible restrooms are available.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes

Natco Pharma Limited is committed to creating an inclusive workplace environment that promotes equal opportunities and respects the dignity and rights of all individuals. Our policy also ensures fairness and transparency in all aspects of recruitment, selection, and onboarding processes.

Web-link of policy: Equal Opportunity policy

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	Not Applicable		Not Applicable	
Female	75 %	75 %		
Total	75 %	75 %		

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	The company aims to address all stakeholder grievances. Stakeholders can report their grievances using various communication channels, including email, telephone, or in writing. A dedicated stakeholder grievance redressal officer will investigate the case and find relevant evidence in a fair and transparent manner. The officer will maintain detailed records of all grievances, actions taken, and decisions finalized, ensuring confidentiality in record keeping. If the stakeholder finds the resolution unsatisfactory, they can escalate their grievance to the next level using an escalation matrix. Detailed documentation of all activities and discussions is maintained, ensuring confidentiality of complaints and complainant identities, except in legal situations.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees						
Male	3,188	0	0 %	2,985	0	0 %
Female	305	0	0 %	291	0	0 %
Total	**3,493**	**0**	**0%**	**3,276**	**0**	**0%**
Total Permanent Workers						
Male	473	323	68.3 %	493	303	61.5 %
Female	50	39	78.0 %	52	41	79 %
Total	**523**	**362**	**69.21%**	**545**	**344**	**63%**

8. Details of training given to employees and workers:

Category	2023-24					2022-23[5]				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	3,372	2,047	60.7 %	1,489	44.2 %	3,101	1,769	57.1 %	1,346	43.4 %
Female	390	295	75.6 %	195	50 %	333	282	84 %	175	52.6 %
Total	3,762	2,342	62.3 %	1,684	44.8 %	3,434	2,051	59.7 %	1,521	44.3 %
Workers										
Male	873	870	99.7 %	852	98 %	925	907	98.1 %	855	92.4 %
Female	127	105	83 %	112	88 %	132	115	87.1 %	130	98.5 %
Total	1,000	975	98 %	964	96 %	1,057	1,022	96.7 %	985	93.2 %

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees[6]						
Male	3,372	2,395	71 %	3,101	2,170	69.9 %
Female	390	222	56.9	333	231	69.4 %
Total	**3,762**	**2,617**	**69.9%**	**3,434**	**2,401**	**69.9%**

Note: Performance and career development reviews have not been carried out for workers.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system

We have integrated an Occupational Health and Safety Management system into our business operations, which is guided by our comprehensive Environment, Health, and Safety (EHS) policy. To ensure the effectiveness of our EHS program, we allocate the necessary resources and support for relevant initiatives and programs and align them with our business objectives and compliance requirements. We continuously incorporate EHS objectives into our business planning, performance tracking, and governance processes to ensure a safety-focused culture throughout the organization. We strive to achieve an incident-free workplace by fostering a safety culture at all levels of the organization through various safety trainings, initiatives, mock drills, and campaigns.

All our manufacturing facilities adhere to safety management systems that comply with the regulations. Currently, two API manufacturing facilities and four Formulations manufacturing facilities are accredited with ISO 14001-2015 & ISO 45001-2018 management system standards. Implementation of these standards at our Nagarjuna Sagar, R&D division and at our Crop Health Sciences divisions is in progress.

[5] Data updated/reconsidered from last year's BRSR report.

[6] Data considered for permanent employees

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

All health, safety, and environmental hazards are assessed, and corrective actions are implemented during the development and manufacturing stages. Process safety is ensured throughout the entire product lifecycle, starting from the design stage, supported by periodic assessments and monitoring.

Safe operations are maintained using various risk analysis tools, including EHS by design checklists, risk-based exposure assessments for all chemicals, Hazard and Operability Analysis (HAZOP), Hazard Identification and Risk Assessment (HIRA), Qualitative Risk Analysis (QRA), walkthrough observations, plant safety inspections, and internal and external safety audits. The company routinely and non-routinely identifies work-related hazards and assesses risks. Routine activities are covered under HIRA and Standard Operating Procedures (SOPs), while non-routine activities are managed through the work permit system. Any changes in processes or facilities are addressed through the Change Management System to ensure a safe workplace. Furthermore, our site leadership teams actively identify unsafe acts and conditions. To protect our employees from hazards, we enforce stringent administrative and engineering controls, a work permit system, and ensure a trained workforce equipped with appropriate personal protective equipment across all facilities.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/ No)

Yes, fostering a safety-oriented mindset within our workforce is fundamental to our safety management system. Our interventions emphasize employee consultation, participation, and involvement in cultivating a robust safety culture. We have adopted a blended approach that includes both informal interventions, such as toolbox talks, and formalized procedures. Employees are encouraged to proactively incorporate safety into their daily activities. They are also encouraged to report unsafe acts, unsafe conditions, and near misses, and to offer suggestions for improving workplace safety and health. The company provides a supportive working environment that empowers employees to implement innovative ideas.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No).

Yes, each operational site has a qualified doctor and nurses available to monitor the health of our employees. The sites are equipped with fully functional Occupational Health Centres. We provide comprehensive health insurance schemes for every employee, aligned with our Group Medical Insurance policy and the Employee State Insurance Scheme.

11. Details of safety related incidents:

Safety Incident/Number	Category*	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

*Including in the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

As a pharmaceutical company, we are committed to providing a safe and healthy work environment for our employees. To achieve this, we are implementing the ISO 45001-2018 Occupational Health and Safety Management System across all our business units. This comprehensive system ensures that we identify and manage risks, hazards, and unsafe conditions across all aspects of our operations.

To identify potential hazards and assess risks, we conduct regular Hazard Identification and Risk Assessment (HIRA) exercises for all activities and processes. Based on the findings, we implement appropriate control measures to minimize the risks and ensure a safe working environment. To control process and fugitive emissions, we have installed adequate scrubber systems across our plants. These systems help reduce the risk of emissions and ensure a safe working environment. All facilities are protected with required fire protection systems.

We ensure the safety of our employees, by conducting regular plant safety inspections by cross-functional teams and external agencies. These inspections help us identify areas of improvement and take corrective actions to address any safety concerns. Required Personal Protective Equipment (PPEs) are provided for all employees and workers. In addition, we conduct exposure assessments and Leak Detection and Repair (LDAR) studies to monitor the potential risks associated with our processes and operations.

To ensure the well-being of our employees, we conduct annual medical health checks. We have a tie-up with NANO Health CARE, a reputed healthcare provider, to provide comprehensive medical check-ups for our employees. This helps us monitor their health and address any health concerns in a timely manner. We also conduct regular health and safety trainings and awareness campaigns for our employees. Employees also undergo various mock drills on various scenarios such as chemical spill, fire, etc.

Periodically, we identify and eliminate unsafe conditions and acts in our plants. This helps us maintain a safe and healthy work environment for our employees.

13. Number of Complaints on the following made by employees and workers:

Category	FY 2023-24			FY 2022-23[7]		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	14	0	-	12	0	-
Health & Safety	59	0	-	45	0	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100 %
Working conditions	100 %

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

- Internal audits are done on regular basis for safety related parameters in our premises and the corrective actions are taken based on the findings of the reports.

[7] Data updated/reconsidered from last year's BRSR report.

- Auto modular type fire extinguishing systems have been installed.
- Onsite emergency plans are revised and updated by incorporating the requirements as per the site-specific potential hazards.
- Solids charging assessment was done and implemented reverse charging wherever possible. Solids charging hoppers with double flap valve arrangements made for the process equipment to enhance the workplace safety.
- Behaviour based safety training; Certified First aid & Emergency response training programs are being conducted by engaging an external agency.
- EHS campaigns are conducted across our facilities to involve the employees and create awareness on various safety issues.
- HAZOP studies were conducted for two new products.
- Quantitative Exposure assessments were conducted for five products and required controls implemented.
- Dosimetry assessments were conducted to evaluate the quantitative noise exposure to employees working at the identified areas to ensure safe work environment.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

   Yes

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

   The Company strives to maintain ethical and integrity-driven business practices throughout its value chain. To ensure this, the Company has implemented measures to monitor and enforce compliance with fair business standards among its partners. We evaluate our compliance practices through DCM Compliance Management tool. These mechanisms include regular audits to ensure that all statutory dues are properly deducted and deposited in accordance with applicable regulations. By doing so, the Company upholds its commitment to responsible and compliant business operations.

3. **Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	0	0	0	0
Workers	0	0	0	0

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

   No

5. **Details on assessment of value chain partners:**

Safety Incident /Number	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	0 %
Working Conditions	0 %

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Not Applicable

4 PRINCIPLE

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

Stakeholders are a vital component of our business, and their interests significantly impact our strategy. We identify and prioritize stakeholders based on their relevance, influence, and impact on our business operations and outcomes. In the context of our Stakeholder Engagement policy, stakeholders are individuals or groups concerned or interested with or impacted by the activities of our businesses and vice versa, now or in the future, including investors and shareholders, financial institutions, regulators, government agencies, employees and workers, business associates, dealers and distributors, customers, suppliers, doctors and patients, trade unions, local communities, and media.

Our stakeholder mapping process helps us identify key stakeholders and prioritize our engagement efforts. We utilize various engagement channels, such as surveys, workshops, and online platforms, to ensure diverse voices are heard and to collaborate on shared goals. We also establish feedback mechanisms to monitor and address common challenges and provide training to enhance stakeholder engagement.

Regular monitoring and review of our stakeholder engagement activities ensure that we are meeting our commitments and adapting to changing stakeholder needs and expectations.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Sr. no.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
1	Investors and shareholders	No	• Annual General Meeting • Annual report • Investor presentations • Quarterly investor calls • Investor /analyst meet • Company website • Email • Announcements	Need Basis	Financial performance and Business sustainability
2	Regulators/ Government	No	• Mandatory submissions • Meetings and interactions • Audits	Need Basis	Permits and mandatory submissions
3	Suppliers/Vendors	No	• Regular interaction through phone, e-mail, letters and in person • Supplier audits • Exhibitions and conferences	Need Basis	Contracts and audits
4	Employees and workers	No	• Leadership message and company activities via Intranet portal • Learning and Development programs • Functional and cross functional committees • Personal interaction • Performance management system • Important events such as world environment day, safety week, National Women's Day, etc. • Cultural and other events • Safety meetings	Need Basis	Policies, benefits and training
5	Business associates	No	• One-to-one meetings • Regular connect through calls	Need Basis	Business engagement/ continuity and assessment of opportunities
6	Patients	No	• Community Meetings	Need Basis	Educating the patients
7	Farmers	No	• Field meetings • Media advertisements • Product demonstrations Social media	Need Basis	Educating the farmers about the products and marketing acitivities

Sr. no.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
8	Local Communities	No	• Community Meetings	Need Basis	Understanding the wellbeing of the people and working to improve their lives and livelihoods
9	Doctors	No	• Doctor visits/product information/scientific updates • Academic meetings • Patient education through clinicians • Public awareness through clinicians • Website	Need Basis	Educating them about newer therapies
10	Dealers and Distributors	No	• Email • Meetings • Letters • Telephone	Need Basis	Updating about products
11	Trade unions	No	• Meetings and interactions	Need Basis	Updating new polices, regulations, benefits or addressing grievances.
12	Media	No	• Press releases	Need Basis	Dissemination of information

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   Natco Pharma prioritizes transparent and compliant communication with stakeholders, ensuring that essential information is shared. As a part of its stakeholder engagement efforts, the company integrates stakeholder consultation process into its business operations, typically led by business units with senior executive involvement as needed.

   We have a Stakeholder Engagement policy in place. Respective business and functional leaders engage with stakeholders on ESG topics, and the feedback from these consultations is provided to the Board, as required.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes. The Company has conducted a materiality assessment to identify Environment Social and Governance (ESG) issues that are relevant to its operations. As part of this assessment, the Company considered various factors, including sustainability frameworks, the priorities of senior management and peers, and stakeholder consultation. Discussions are conducted to gather input from relevant stakeholders, which are then used to prioritize ESG topics and incorporate them into the Company's business strategy, goals, and targets related to sustainability performance.

3. **Provide details of instances of engagement with, and actions taken to address the concerns of vulnerable/ marginalized stakeholder groups.**

We will be exploring to purchasing goods and services from MSMEs and women-owned enterprises while considering the procurement's effects on the environment and society as well as aspects like quality, delivery time, and supplier capabilities.

The Company's CSR initiatives in the fields of education, health and hygiene, the environment, and women and child health are dedicated towards the underprivileged, weak, and marginalized groups in society.

5 PRINCIPLE

Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:**

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	3,493	3,493	100 %	3,276	3,276	100 %
Other than permanent	269	269	100 %	158	158	100 %
Total	**3,762**	**3,762**	**100%**	**3,434**	**3,434**	**100%**
Workers						
Permanent	523	523	100 %	545	545	100 %
Other than permanent	477	477	100 %	512	512	-
Total	**1,000**	**1,000**	**100%**	**1,057**	**1,057**	**100%**

2. **Details of minimum wages paid to employees and workers:**

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	3,493	0	0 %	3,493	100 %	3,276	0	0 %	3,276	100 %
Male	3,188	0	0 %	3,188	100 %	2,985	0	0 %	2,985	100 %
Female	305	0	0 %	305	100 %	291	0	0 %	291	100 %

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Other than Permanent	269	0	0 %	269	100 %	158	0	0 %	158	100 %
Male	184	0	0 %	184	100 %	116	0	0 %	116	100 %
Female	85	0	0 %	85	100 %	42	0	0 %	42	100 %
Workers										
Permanent	523	0	0 %	523	100 %	545	0	0 %	545	100 %
Male	473	0	0 %	473	100 %	493	0	0 %	493	100 %
Female	50	0	0 %	50	100 %	52	0	0 %	52	100 %
Other than Permanent	477	0	0 %	477	100 %	512	0	0 %	512	100 %
Male	400	0	0 %	400	100 %	432	0	0 %	432	100 %
Female	77	0	0 %	77	100 %	80	0	0 %	80	100 %

3. **Details of remuneration/salary/wages:**

a. **Median renumeration/wages**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (in ₹)	Number	Median remuneration/ salary/ wages of respective category (in ₹)
Board of Directors (BoD)	9	3,36,94,599	1	0
Key Managerial Personnel	2	79,81,779	0	0
Employees other than BoD and KMP[8]	3,365	6,30,000	390	4,09,722
Workers	473[8]	5,27,448	50	4,70,154

b. **Gross wages paid to females as % of total wages paid by the entity**

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages paid by the entity	7.32 %	7.61 %

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?**

Yes, we do have committee responsible for addressing the Human Rights.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

Natco Pharma implements a robust Human Rights grievance resolution mechanism for employees, contractors, and suppliers. The company ensures remediation processes are in place for those affected by its operations, with a dedicated Grievance Redressal Committee handling complaint. If any individual feels discriminated against based on human rights principles, they are encouraged to report the issue to the Grievance Redressal Officer, HR Manager, or Management via email or open dialogue.

[8] Includes data for trainee employees.

To address reports of human rights breaches effectively, Natco Pharma has established a robust, efficient, fair, transparent, and open grievance redressal mechanism to address concerns of all stakeholders. The mechanism is designed to track, monitor, and respond to such concerns promptly, providing effective solutions to aggrieved parties. Any individual who wishes to report human right grievances can reach out to the respective stakeholder grievance redressal officer as per Natco Pharma's stakeholder grievance redressal policy.

To facilitate the reporting of grievances, Natco Pharma has placed Complaint/Suggestion Box, which provide multiple channels for employees, contractors, and suppliers to raise their concerns.

6. **Number of Complaints on the following made by employees and workers:**

Category	FY 2023-24			FY 2022-23		
	Filed during the y Filed during the year ear	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	-	-	0	-	-
Discrimination at workplace	0	-	-	0	-	-
Child Labour	0	-	-	0	-	-
Forced Labour/ Involuntary Labour	0	-	-	0	-	-
Wages	0	-	-	0	-	-
Human Rights Issues	0	-	-	0	-	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Work-place (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Natco Pharma is committed to building a sustainable organization grounded in ethical principles and a deep respect for human rights. We foster a workplace culture that values diversity, equal opportunities, and merit-based career advancement, where talent and performance are the sole determinants of success. We treat all stakeholders, both internal and external, with dignity and respect, regardless of their position, background, gender, religion, or any other characteristic.

The Company addresses discrimination and harassment cases with utmost seriousness, treating them with respect and confidentiality. It has a policy on the sexual harassment of employees in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act 2013. This policy applies to all employees and workers of the Company. An Internal Committee (IC) – POSH Committee and a Grievance Redressal Committee have been established to handle such complaints. These committees follow a well-defined investigation process and provide written recommendations to management along with a corrective action plan to safeguard the complainant's interests.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

No, we have proposed to include a clause that shall be included in future agreements.

10. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100 %
Forced/involuntary labour	100 %
Sexual harassment	100 %
Discrimination at workplace	100 %
Wages	100 %
Others – please specify	-

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.**

No observations from the assessments

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

No Complaints were received in the reporting year.

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

Natco Pharma has a dedicated Human Rights policy and follows all the rules and regulations stipulated as per Industrial laws. We are committed to promoting respect of our employees, ensuring workplace health and safety, and fair employment practices.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, the premises/offices of the Company have ramps for easy movement of differently abled people. Wheelchair- accessible restrooms are available.

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Natco Pharma is in the process of implementing measures to evaluate its value chain partners on their adherence to ethical labor practices, including prevention of sexual harassment, discrimination, child labor, forced labor, and ensuring fair wages.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   Natco Pharma is setting up procedures and process to assess its value chain partners' compliance with ethical labor standards, focusing on the prevention of sexual harassment, discrimination, child labor, forced labor, and ensuring fair compensation for all workers.

6 PRINCIPLE

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (GJ) and energy intensity:**

Parameter	FY 2023-24	FY 2022-23[9]
From renewable sources		
Total electricity consumption (A) (GJ)	73,016.12	73,948.21
Total fuel consumption (B) (GJ)	6,066.06	4,245.63
Energy consumption through other sources (C) (GJ)	-	-
Total energy consumed from renewable sources (A+B+C) (GJ)	79,082.18	78,193.84
From non-renewable sources		
Total electricity consumption (D) (GJ)	209,984.66	200,841.93
Total fuel consumption (E) (GJ)	245,363.43	236,888.25
Energy consumption through other sources (F) (GJ)	-	-
Total energy consumed from non-renewable sources (D+E+F) (GJ)	455,348.09	437,730.19
Total energy consumed (A+B+C+D+E+F) (GJ)	534,430.28	515,924.02
Energy intensity per rupee of turnover (Total energy consumed in GJ / Revenue from operations[10])	0.000014975	0.000021945
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed in GJ / Revenue from operations adjusted for PPP)[10]	0.000335432	0.000502143
Energy intensity in terms of physical output	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

   Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

   No independent assessment/evaluation/assurance has been carried out in the reporting year.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   Not Applicable

[9] Data updated/reconsidered from last year's BRSR report.
[10] Revenue from operations figure sourced from Natco Pharma Financials- Quarterly results- Q4Results.pdf (natcopharma.co.in)

3. **Provide details of the following disclosures related to water:**

Parameter	FY 2023-24	FY 2022-23[11]
Water withdrawal by source (in kilolitres)[12]		
(i) Surface water	67,732	66,901
(ii) Groundwater	45,287	47,494
(iii) Third party water	233,657	211,869
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	346,676	326,265
Total volume of water consumption (in kilolitres)	325,985	307,495
Water intensity per rupee of turnover (Total water consumed in KL / Revenue from operations)	0.000009134	0.000013079
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumed in KL / Revenue from operations adjusted for PPP)	0.000204603	0.000299281
Water intensity in terms of physical output	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out in the reporting year.

4. **Provide the following details related to water discharged:**

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	0	0
- With treatment – please specify level of treatment	8097 KL- sent to public sewer	8257 KL- sent to public sewer
(ii) To Groundwater		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(iii) To Seawater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
- With treatment – please specify level of treatment	12,120 KL- after primary treatment, 474 KL- sent to CETP after primary and secondary treatment	10,364 KL- after primary treatment, 149 KL- sent to CETP 4after primary and secondary treatment

[11] Data updated/reconsidered from last year's BRSR report.

[12] Current BRSR report accounts for water withdrawal from rainwater, and data has also been included for our Head Office, which was not included in previous year BRSR report.

Parameter	FY 2023-24	FY 2022-23
(v) Others		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	20,691	18,770

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out in the reporting year.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes. We have implemented Zero Liquid Discharge (ZLD) systems at 4 of our manufacturing facilities, located at

1. Mekaguda- 450KL/D (Telangana state), wherein 100 % effluent is treated in ZLD system and utilized for cooling tower makeup
2. Chennai- 250KL/D (Tamil Nadu state), wherein 100 % effluent is treated in ZLD system and utilized for cooling tower makeup.
3. Attivaram Technical, Crop health Sciences division- 75KL/D (Andhra Pradesh state), wherein 100 % effluent is treated in ZLD system and utilized for cooling tower makeup.
4. Formulations unit at Kothur- 360KL/D (Telangana state), wherein 100 % effluent is treated in ZLD system and utilized for cooling tower makeup, toilets, gardening, etc.

6. **Please provide details of air emissions (other than GHG emissions) by the entity:**

Parameter	Please specify unit	FY 2023-24	FY 2022-23[13]
NOx	tonnes	0.29883	1.94248
SOx	tonnes	0.27431	2.64890
Particulate matter (PM)	tonnes	0.50796	0.80217
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	ppm	<5	<5
Hazardous air pollutants (HAP)	-	-	-
Carbon Monoxide	tonnes	0.00275	0.07461
Others – please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out in the reporting year.

[13]Data updated/reconsidered from last year's BRSR report.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:**

Parameter	Unit	FY 2023-24		FY 2022-23[14]	
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	28403.25		31342.07	
		tCO_2	20,898.10	**tCO_2**	20,323.37
		CH_4 - tCO_2e	43.56	**CH_4 - tCO_2e**	41.43
		N_2O - tCO_2e	74.02	**N_2O - tCO_2e**	71.36
		HFCs - tCO_2e	7,387.57	**HFCs - tCO_2e**	10,905.91
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	41763.62		39945.23	
		tCO_2	41,763.62	**tCO_2**	39,945.23
		CH_4 - tCO_2e	0	**CH_4 - tCO_2e**	0
		N_2O - tCO_2e	0	**N_2O - tCO_2e**	0
		HFCs - tCO_2e	0	**HFCs - tCO_2e**	0
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric Tons of CO_2 Equivalent/Million	0.000001966		0.000003032	
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Metric Tons of CO_2 Equivalent/Million	0.000044040		0.000069383	
Total Scope 1 and Scope 2 emission intensity in terms of physical output		-		-	
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-		-	

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/evaluation/assurance has been carried out in the reporting year

8. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

Natco Pharma is committed to reducing its carbon footprint and contributing to a more sustainable future. In line with this commitment, we aim to reduce greenhouse gas (GHG) emissions across our operations. This focuses on identifying and implementing energy-efficient technologies and practices, such as upgrading to energy-efficient lighting and machinery, implementing renewable energy sources, using briquette-based boilers rather than fuel oil-based boilers to reduce our greenhouse gas emissions and optimizing energy consumption through energy management systems. At our Dehradun plant, Air handling units have been installed instead of DX units and Air Conditioners, and HEPA filters have been installed to prevent the process emissions. Chennai plant has installed AHU Condensate Collection tank to collect and reuse the AHU condensate water for cooling tower make up, which resulted in 550KL of water collection and reuse in the reporting year. In FY 2023-24, the

[14]Data updated/reconsidered from last year's BRSR report.

electricity consumed from renewable sources marked up to 26 % of the total electricity consumption, reducing 14,522 tCO_2e of GHG missions. In FY23-24, 0.90MW solar power plant was installed at our Chennai unit. The company's total solar energy capacity is at 7.05 MW and Wind energy is at 4.2 MW. Ultimately, we aim to achieve carbon neutrality by 2050.

9. Provide details related to waste management by the entity:

Parameter	FY 2023-24	FY 2022-23[15]
Total Waste generated (in metric tonnes)		
Plastic waste (A)	42.80	29.91
E-waste (B)	6.52	3.53
Bio-medical waste (C)	21.35	21.28
Construction and demolition waste (D)	5	0
Battery waste (E)	520 Nos	712 Nos
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	4,623.3	6,097.58
Other Non-hazardous waste generated (H).	241.67	206.28
Total (A+B + C + D + E + F + G + H)	**4,940.6+520Nos**	**6,358.58+712Nos**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.00000014	0.000000270
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.000003101	0.000006189
Waste intensity in terms of physical output	-	-
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)[16]		
Category of waste		
(i) Recycled	4,489.54	4,638.63
(ii) Re-used	273.22	1,059.47
(iii) Other recovery operations	0	0
Total	**4,762.76**	**5,698.10**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	50.19	61.62
(ii) Landfilling	228.61	603.08
(iii) Other disposal operations	0	0
Total	**278.80**	**664.70**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?
No independent assessment/evaluation/assurance has been carried out in the reporting year.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Natco Pharma takes a proactive approach to waste management, segregating both hazardous and non-hazardous wastes into covered sheds with leachate collection systems. The company follows green chemistry principles while developing new products, focusing on high atom economy, low waste generation, and the use of safer chemicals.

[15]Data updated/reconsidered from last year's BRSR report.
[16]Kindly note some amount of waste generated in the previous financial year had undergone treatment in the current financial year.

For hazardous wastes, we work with authorized cement industries for co-processing or sends them to authorized pre-processing facilities for treatment before co-processing in cement kilns or safe disposal in TSDFs (Treatment, Storage, and Disposal Facilities). Additionally, the company sends organic liquid and solid wastes, spent carbon, dried ETP sludge, and inorganic solid wastes to authorized cement industries for co-processing. Used oil and e-waste are directed to authorized re-processors and recycling/dismantling facilities, respectively. Used batteries are sent to authorized recyclers or returned to manufacturers through a buy-back program.

For non-hazardous wastes, Natco Pharma sends garbage/general waste (combustible) to authorized pre-processing facilities for initial processing before co-processing in cement kilns. At our Research Center, paper waste is sent to ITC for recycling, while metal scrap (SS/MS) is sent to recyclers. HDPE carboys/drums are sent to end users or recyclers, and glass waste is sent to recyclers. Biodegradable waste from the canteen is converted into compost using organic waste converters, which is then used as manure for the green belt. Further, Effluent treatment/Sewage treatment plants are in place for neutralisation of wastewater generated from process operations.

By following these waste management practices, we ensure the safe disposal of all types of waste while also promoting sustainability and environmental protection.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/ clearances are required, please specify details:

S. No	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not applicable. None of the operations/ offices are in/around ecologically sensitive area			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA	NA	NA	NA	NA	NA

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder. If not, provide details of all such non-compliances:

S. No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
NA	NA	NA	NA	NA

Leadership Indicators

1. **Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):**

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: Thiruvottiyur (Chennai); Ameerpet (Hyderabad)

(ii) Nature of operations: Natco Pharma Limited - Chemical Division; Hyderabad- Natco Research Centre (NRC)

(iii) Water withdrawal, consumption, and discharge:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	924	2755
(iii) Third party water	21,742	22,271
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres)	**22,666**	**25,026**
Total volume of water consumption (in kilolitres)	**20,689**	**23,089**
Water intensity per rupee of turnover (Water consumed / turnover)	0.000000580	0.000000982
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	1,797 KL- sent to public sewer	1,757 KL- sewage to public sewer
(ii) Into Groundwater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) Into Seawater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
- With treatment – please specify level of treatment	180 KL- after primary treatment	180 KL- after primary treatment
(v) Others		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	**1,977**	**1,937**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out in the reporting year.

2. **Please provide details of total Scope 3 emissions & its intensity:**

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	-	-
Total Scope 3 emissions per rupee of turnover		-	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out in the reporting year.

3. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Dehradun plant (Reducing emissions)	Wet scrubbers have been installed for emissions from process activities.	To ensure the clean environment from the operations.
2	Dehradun plant (Reducing emissions)	HEPA filters has been installed in process areas.	To ensure the clean environment from the operations.
3	Dehradun plant (Waste treatment)	ETP/STP has been installed in the facility.	Treated water is reused for greenbelt and corresponding amount of freshwater consumption for green belt is reduced (about 12KL/day).
4	Chennai plant (Energy conservation)	Solar power plant installed in Admin Terrace-38 kW; Stores roof 93 kW & Powerhouse terrace-31 kW	Enhanced energy produced by renewable sources by producing 80.525 MW solar power in FY 23-24.
		Solar power plant installed in vacant land with a capacity of 750 KW	The facility is still under commissioning phase.
5	Chennai plant (Water conservation)	Rainwater harvesting station (2 no's) installed in the admin block roof catchment area of 500 sq. meter & Powerhouse block roof catchment area of 400 sq. meter with tank capacity of 15 KL & 10 KL respectively.	Increased use of rainwater as total annual expected rainwater collection will be around 720 m3 and peak hour rainwater collection will be 23 m3/hr.

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
		AHU Condensate collection tank installed in production area block to collect & reuse the AHU condensate water for cooling tower make up	550 KL of AHU condensate water collected & reused in FY 23-24.
		In Hot water system, paddle drier & ATFD jacket steam condensate collection system installed to collect & reuse the condensate for boiler feed.	3,797 KL steam condensate water collected & reused in FY 23-24.
6	Chennai plant (Waste Management)	Agreement made with pre-processor & recycler to utilize the waste for co-processing in cement plant & recycling respectively.	In FY 23-24, out of 42.50 tonnes generated, 40 tonnes (94.40 %) of waste were sent for co-processing & recycling.
		Installed Food waste & organic waste composter machine 150 kg/day to treat the in-house canteen food waste.	Producing valuable organic manure utilized for the greenbelt and reducing waste disposal costs.
7	Sagar plant (Water Conservation)	• Drain modifications • Change in sanitisation frequency for purified water • Change in WFI sterilisation frequency • Change in pre-treatment back wash	Reduction in consumption of water from 160 KL to 180 KL in a year.
8	Sagar plant (Resource Efficiency)	Reduction of chemicals and solvents consumption in QC department.	Reduction in the quantity of fresh methanol and acetonitrile

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   Our Business Continuity and Disaster Management plan serves as a guide for Natco Pharma's business units and functions to continue critical operations during unexpected disruptions. This plan includes a comprehensive Disaster Management Plan/ Onsite Emergency Plan that outlines the organization's structure, factory layout, objectives, processes, and hazard control measures. Additionally, it covers natural calamities, environmental impact assessments, emergency evacuation procedures, emergency declaration protocols, plant safe shutdown procedures, and an organizational chart of the Emergency Action Plan.

   The plan also defines specific responsibilities, assembly points, medical arrangements, material safety data sheets (MSDS), external phone numbers, and important mutual aid telephone numbers to ensure efficient response during any emergency. Furthermore, training has been provided to all employees and contract workers on how to respond during emergencies or disasters.

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

   a) Water pollution: Natco Pharma takes a proactive approach to minimize its impact on the environment through its entire value chain, including R&D, production, and packaging. To address water pollution, we have implemented measures such as operating majority of our manufacturing plants on Zero Liquid Discharge (ZLD) and adhering to strict effluent discharge norms set by the pollution control board for units connected Effluent Treatment Plants (ETPs) for further treatment.

   b) Air pollution: At Natco Pharma, we recognize the impact of air pollution on the environment and take steps to minimize it. To address this, we have installed scrubbers at strategic locations and implemented an Online Continuous Monitoring System at our sites to ensure continuous monitoring and management of emissions.

   c) Land pollution: To minimize our impact on the environment, Natco Pharma ensures that hazardous wastes are disposed of only through authorized waste management facilities. We have developed infrastructure at our sites for decontamination and disposal of packaging waste to prevent any potential harm to the environment.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   Natco Pharma is in process of creating a procedure for assessment of value chain partners for environmental impact.

7 PRINCIPLE

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

Natco Pharma is a member of 9 trade and industry chambers/associations.

b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State / National)
1	Federation of Indian Chambers of Commerce & Industry (FICCI)	National
2	Federation of Telangana Chambers of Commerce and Industry (FTCCI)	State
3	Bulk Drug Manufacturers Association of India (BDMA)	National
4	Indian Pharmaceutical Alliance (IPA)	National
5	Indian Drug Manufacturing Association (IDMA)	National
6	Confederation of Indian Industry (CII)	National
7	Pharmaceuticals (PHARMEXCIL) Export Promotion Council of India	National
8	Agro Chem Federation of India (ACFI)	National
9	Hyderabad Management Association (HMA)	State

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities**

Name of authority	Brief of the case	Corrective action taken
No adverse orders were passed from regulatory authorities.		

Leadership Indicators

1. **Details of public policy positions advocated by the entity**

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
No					

8 PRINCIPLE

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA	NA	NA	NA	NA	NA

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:**

S. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
NA	NA	NA	NA	NA	NA	NA

3. **Describe the mechanisms to receive and redress grievances of the community.**

   The mechanism to receive and redress the grievances of the community has been through formal and informal dialogues.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Parameter	FY 2023-24	FY 2022-23[17]
Directly sourced from MSMEs/ small producers	15 %	10 %
Directly from within India	6.6 %	7.3 %

[17]Data updated/reconsidered from last year's BRSR report.

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

Location	FY 2023-24	FY 2022-23
Rural	12.53 %	10.15 %
Semi-urban	46.88 %	47.99 %
Urban	-	-
Metropolitan[18]	40.59 %	41.86 %

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No	State	Aspirational District	Amount spent (In ₹)
1	Telangana	Bhadradri Kothagudem	49,88,000

3. **(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

No. We maintain a non-discriminatory approach in our supplier selection process and provide equal opportunities for all potential suppliers to engage with us, and actively seek opportunities to procure from local suppliers and small-scale industries/MSMEs near our facilities. While we have not explicitly included marginalized/vulnerable groups in our supplier qualifying criteria, we remain committed to fair and inclusive business practices.

[18] The Field staff (Business Development Executive) has been included in our Head office, which comes under Metropolitan region.

(b) From which marginalized /vulnerable groups do you procure?

While Natco Pharma has not explicitly included any marginalised/vulnerable groups in our supplier qualifying criteria, we are committed to empowering marginalized segments of society by offering them training and equal opportunities. We actively seek opportunities to procure from local suppliers and small-scale industries/MSMEs near our facilities.

(c) What percentage of total procurement (by value) does it constitute?

We are in the process to set up procedures from suppliers comprising marginalized/ vulnerable groups.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

S. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
NA				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

Name of authority	Brief of the Case	Corrective action taken
NA	NA	NA

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Support to Anganwadi Centres (AWC)- Additional Volunteer for Educational Intervention	685	14.35 %
2	Support to Anganwadi Centres (AWC)- Other interventions	226	93.79 %
3	Infrastructure Support to Anganwadi Centres (AWC)- New Building Construction	43	
4	Bala Vikasa Kendra(BVK)- Operations and Other Interventions	25	100 %
5	Bala Vikasa Kendra (BVK)-Infrastructure support to Thatigadda Thanda BVK	12	100 %

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
6	Post School Tuitions for Govt School Children (Grade 1 to 5)	823	94 %
7	Additional Teaching Volunteer- Govt Primary Schools	725	-
8	Government Primary School Prabhat Nagar, Telangana- Educational Interventions	605	-
9	NATCO Govt High School, Borabanda, Hyderabad, Telangana- Educational and Infrastructural Interventions	1,529	-
10	NATCO Zilla Parishadh High School, Kothur, Rangareddy District, Telangana- Infrastructure Intervention: Construction of New School Building	596	-
11	NATCO Zilla Parishadh High School, Indiranagar, Siddipet, Telangana- Renovation and infrastructure upgrade of the School	1,197	-
12	Additional Teaching Volunteer for Govt High Schools, Telangana	452	-
13	Coaching for Gurukul Entrance Examinations for Govt School Children, Telangana	479	-
14	Coaching for Navodaya Entrance Examinations for Govt School Children, Andhra Pradesh	15	-
15	Hippocampus School, Rangapur, Rangareddy District, Telangana	1,140	97 %
16	NATCO School of Learning, Gollamudipadu, Guntur District, Andhra Pradesh	419	49.90 %
17	Teach For India Fellows in Govt Primary Schools	117	-
18	Education Project - Telangana (Bhadradri Kothagudem & Medchal Malkajgiri) in Collaboration with Central Square Foundation (CSF)	84,236	37 %
19	Natco Mobile Health Clinics- Sanjeevini	23,963	-
20	Natco Digital Primary Health Center (NDPHC), Mekaguda, Rangareddy District, Telangana	16,114	-
21	Counsellors Support to Government Hospitals in Hyderabad (Gandhi Hospital, Osmania Hospital, Niloufer Hospital & MNJ Cancer Hospital)	3,73,093	-
22	NATCO Eye Center in collaboration with LVPEI	28,136	-
23	NATCO Cancer Center, Guntur Government General Hospital	66,436	-
24	Oncology Medicines support to NATCO Cancer Centre, Guntur Government General Hospital and MNJ Cancer Hospital, Hyderabad	6,949	-
25	Veterinary Interventions	110	-
26	Specilized Health Camps - Cancer Screening Camps in collaboration with MNJ Cancer Hospital	419	-
27	Specilized Health Camps - Eye Screening Camp in Collaboration with LVPEI	264	-
28	Founders' Day-Blood Donation Camps	-	-
29	Supplementary Nutrition Support for Pregnant & Lactating Women	347	-
30	New RO Water Plant, Dhansigh Thanda, Rangareddy District, Telangana	150	100 %
31	NATCO Vocational Training Centres	40	-

9 PRINCIPLE

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   Consumer complaints and feedback are managed by the Marketing department at Natco Pharma Limited. Upon receiving complaints, the Marketing Department forwards them to the Quality Assurance Department for investigation. Subsequently, the Marketing Department communicates the findings and responds to the consumer. This process mirrors the handling of consumer feedback as well.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100 %
Safe and responsible usage[19]	100 %
Recycling and/or safe disposal	Not Applicable

3. **Number of consumer complaints in respect of the following:**

	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

[19]The Company displays all the product information on the product label, which is mandatory. The Company also displays general information for patients to guide them with respect to usage of certain products.

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	1	Quality Specifications
Forced recalls	-	-

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes.

Our Data Privacy and Cybersecurity policy outlines the necessary measures to safeguard confidential data and applies to all employees, contractors, and vendors who utilize the company's IT assets and resources, both internally and externally. This policy reaffirms our commitment to protecting the confidentiality and sensitive information of our employees, partners, and value chain stakeholders, while also shielding our IT assets from cyber threats and vulnerabilities. Furthermore, the policy empowers employees to report any violations and reserves the right to investigate and audit individuals as necessary to ensure compliance.

Web-link for policy: Data Privacy and Cybersecurity policy

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

On the cybersecurity front, we are diligently implementing various measures to safeguard our data. These include:

- Internal Information Security Policies: We have established a comprehensive set of policies that outline the guidelines and procedures for handling and protecting sensitive data within the company.
- Next-generation firewall: To fortify our network defenses, we have deployed a state-of-the-art firewall that monitors and controls all incoming and outgoing network traffic, ensuring that any potential threats are identified and neutralized.
- Advanced anti-virus and anti-malware protection: We have implemented the latest security software to detect and eliminate any malicious code or software that may compromise our data.
- Data leakage protection measures: To prevent unauthorized access or theft of sensitive data, we have implemented robust measures to detect and prevent data breaches.

By implementing these cybersecurity measures, we can rest assured that our data is well-protected and secure, both within the company network and beyond.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches: Not Applicable

b. Percentage of data breaches involving personally identifiable information of customers: Not Applicable

c. Impact, if any, of the data breaches: Not Applicable

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   Information on products and services by Natco Pharma can be accessed via web link: Natco Pharma

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

   The Company is collaborating with partners and customers to develop innovative approaches to educate consumers about safe and responsible usage of our products and services, with a focus on enhancing communication efforts.

   1. We ensure that product labels and packaging include clear instructions, warnings, and dosage information to help consumers use the product safely and effectively.
   2. We provide Patient Information leaflets (PILs) with products, which outline the benefits, risks, and proper use of the medication.
   3. Our website provides accurate, up-to-date information on products, including dosage instructions, side effects, and interactions.
   4. We have established customer support services that provide consumers with access to product information, and support for safe and responsible usage.

      The weblinks for patient information leaflets (PILs) for some of the products are given below:

      https://www.natcopharma.co.in/wp-content/uploads/2024/04/Zoldonat-Literature-NG_Natco-V3.pdf

      https://www.natcopharma.co.in/wp-content/uploads/2024/04/Xpreza-Liter-KO_Natco.pdf

      https://www.natcopharma.co.in/wp-content/uploads/2024/04/Tipanat-Literature-Natco.pdf

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   During FY23-24, no essential services were disrupted. Natco Pharma has adequate procedures/policies in place to tackle any such risks, and proper communication channels are established to inform customers about the same.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Through the labelling of the products, Natco Pharma maintains transparency in the disclosure of information related to its products along with the risks involved.

ANNEXURE TO BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

	Name of the Policy	Weblink
P1	**Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**	
	Natco Pharma conducts its business activities with utmost importance to ethics, transparency, and accountability.	
	Whistle Blower Policy	Policy Link
	Code of Conduct for Board Members, Senior Management Personnel and Employees	Policy Link
	Related Party Transaction Policy	Policy Link
	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	Policy Link
	Materiality Policy	Policy Link
	Code Of Conduct to Regulate, Monitor and Report Trading by Designated Persons	Policy Link
	Dividend Distribution policy	Policy Link
	Determination of Material Subsidiaries policy	Policy Link
	Composition of Committees	Policy Link
	Policy on Preservation of Documents and Archival	Policy Link
	Nomination and Remuneration policy	Policy Link
	Anti-Bribery Anti-Corruption policy	Policy Link
	In addition to the above, there are other policies and rules, which are internal documents of the Company and are accessible to the employees of the Company on Intranet.	
P2	**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**	
	Natco Pharma has drafted several policies to contribute to sustainability throughout its operations.	
	EHS Policy	Policy Link
	Sustainable procurement Policy	Policy Link
P3	**Businesses should promote the well-being of all employees**	
	The Company has adopted various employee-oriented policies in line with the general laws and regulations and sound ethical practices.	
	Equal Opportunity Policy	Policy Link
	EHS Policy	Policy Link
	Stakeholder Engagement policy	Policy Link
	Human Rights policy	Policy Link
	Stakeholder Grievance Redressal policy	Policy Link
P4	**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**	
	The Company respects the interest of all its stakeholders, including those who are disadvantaged, vulnerable & marginalized.	
	Whistle Blower policy	Policy Link
	Risk Management policy	Policy Link
	Dividend Distribution policy	Policy Link
	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	Policy Link
	Materiality policy	Policy Link
	Determination of Material Subsidiaries policy	Policy Link
	Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons	Policy Link
	Stakeholder Engagement policy	Policy Link
	Stakeholder Grievance redressal policy	Policy Link
P5	**Businesses should respect and promote human rights**	
	Natco Pharma strives to safeguard and uphold human rights in all ways possible.	
	Human Rights policy	Policy Link
	Nomination and Remuneration policy	Policy Link
	Equal Opportunity policy	Policy Link
	Stakeholder Grievance Redressal policy	Policy Link

	Name of the Policy	Weblink
P6	**Businesses should respect, protect, and make efforts to restore the environment.**	
	The company takes various sustainability principle into account for restoring the environment.	
	EHS Policy	Policy Link
P7	**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**	
	The company considers all the regulatory policies and abides by them.	
	Stakeholder Engagement Policy	Policy Link
	Responsible Advocacy policy	Policy Link
P8	**Businesses should support inclusive growth and equitable development.**	
	The company supports growth and development of all its employees, workers, and individuals associated in its value chain activities.	
	Stakeholder Engagement Policy	Policy Link
	CSR policy	Policy Link
	Stakeholder grievance redressal policy	Policy Link
P9	**Businesses should engage with and provide value to their customers and consumers in a responsible manner**	
	The company prioritizes the customers and has drafted specific policies to serve them better	
	Data Privacy and cybersecurity policy	Policy Link
	Stakeholder Engagement policy	Policy Link
	Stakeholder grievance redressal policy	Policy Link

Independent Auditor's Report

To the Members of **NATCO Pharma Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of NATCO Pharma Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2024, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

See Note 3(d) and Note 23 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
Revenue is recognised when the control of the products being sold has transferred to the customer. The Company has a large number of customers operating in various geographies and sale contracts with customers have a variety of different terms relating to the recognition of revenue. Control is usually transferred upon shipment/ delivery to/ upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. We identified the recognition of revenue from sale of products as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. There could be a risk that revenue is recognised before the control has been transferred to the customer. The Company routinely enters into development and commercialisation arrangements relating to research and development of new products in the pharmaceutical sector including collaboration with other pharmaceutical companies leading to recognition of revenue from sale of services. Considering the complexity involved, recognition of revenue from such contracts has also been considered as key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: 1) Assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. 2) Tested design, implementation and operating effectiveness of the Company's key controls over measurement, timing and recognition of revenue in accordance with customer contracts. 3) Performed substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year (and before and after the financial year end), by verifying the underlying documents, which included sales invoices, contracts and shipping documents, as applicable. 4) Analysed the terms of development and commercialisation arrangements to determine that revenue is recognised for the rights transferred under the contract having regard to the performance obligations under the contract. 5) Tested manual journals posted to revenue to identify unusual transactions.

Deferred tax asset on Minimum Alternate Tax ('MAT') credit entitlement

See Note 30 (D) and (E) to standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Company operates in a complex tax jurisdiction in India with various tax exemptions available. The Company has paid minimum alternate tax (MAT) under Section 115JB of the Income-tax Act, 1961. The MAT paid would be available as offset over a period of 15 years. The MAT credit is recognised as a deferred tax asset that will be available for offset when the Company pays regular taxes under the provisions of Income-tax Act, 1961. In assessing whether the deferred tax assets will be realised, the Company considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The extent of recognition of deferred tax asset on account of MAT credit requires significant judgment regarding the Company's future taxable income which will result in utilisation of the MAT credit within the time limits available under the applicable Income-tax laws and accordingly the same has been considered as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: 1) Tested the design, implementation and operating effectiveness of the Company's key controls over recognition of deferred tax asset relating to MAT credit. 2) Challenged the key business assumptions like profit margins in the foreseeable future years against historical data and trends, to assess their reasonableness. 3) Analysed origination of MAT credit entitlement and assessed the reasonableness of Company's assessment in relation to its utilisation within the period allowed for carry forward and set off against foreseeable forecast taxable income streams. 4) Evaluated appropriateness of taxation disclosures in the standalone financial statements, including the disclosures made in respect of the utilisation period of deferred tax assets in relation to MAT credit entitlement.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matter stated in the paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 01 April 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(A)(b) above on reporting under Section 143(3)(b) and paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its standalone financial statements - Refer Note 38 to the standalone financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of their knowledge and belief, other than as disclosed in the Note 43(ii) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 43(iii) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

f. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that the feature of audit trail (edit log) facility was not enabled at database level to log any direct data changes for the accounting software used for financial reporting. Further, for the periods where audit trail (edit log) facility was enabled and operated, we did not come across any instance of the audit trail feature being tampered with.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid/ payable by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/ payable to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.:116231W/W-100024

Amit Kumar Bajaj
Partner
Membership No.: 218685
ICAI UDIN:24218685BKGPOR6900

Place: Hyderabad
Date: 27 May 2024

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of NATCO Pharma Limited for the year ended 31 March 2024

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year.For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any security or granted advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in companies and other parties, given gurantees to Companies and granted loans (including interest free loans to employees) to other parties, in respect of which the requisite information is as below. The Company has not made any investments in firms and limited liability partnership and not granted any loan to companies, firms and limited liability partnerships during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or stood guarantee as below:

Particulars	Guarantees (₹ in million)	Loans (₹ in million)
Aggregate amount granted during the year		
Subsidiaries*	166.00	-
Others	-	6.80
Balance outstanding as at balance sheet date		
Subsidiaries*	-	5.00
Others	-	7.25

*As per the Companies Act, 2013

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular except for the following:

Name of the entity	Amount (₹ in millions)	Due Date	Extent of delay
OMRV Hospitals Private Limited	12.77	Multiple dates	Yet to be received as on 31 March 2024

Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans (and advance in the nature of loan) given except an amount of ₹ 10 million (principal amount) and ₹ 1.50 million (interest) overdue for more than ninety days as at 31 March 2024. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest. Further, the Company has not given any advance in the nature of loan to any party during the year

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans and guarantees given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with. According to the information and explanations given to us, the Company has not provided security to any parties covered under Section 188 of the Act.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Income-Tax and Duty of Customs which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹ in Millions)	Period to which the amount relates	Period to which the amount relates
The Income Tax Act, 1961	Income Taxes	25	2017-18	Commissioner of Income tax (Appeals)
The Income Tax Act, 1961	Income Taxes	68 (14)*	2018-19	Commissioner of Income tax (Appeals)
The Income Tax Act, 1961	Income Taxes	7	2021-22	Commissioner of Income tax (Appeals)
Goods and Services Tax Act, 2017	Goods and Service tax	4 (0)*	2017-18	Commissioner of Customs and Indirect taxes

*Represents amount paid under protest.

As explained to us, the Company did not have any disputed statutory dues on account of Goods and Service Tax, Provident Fund, Employees State Insurance or Cess or other statutory dues.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in Annual report is expected to be made available to us after the date of this auditor's report.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.:116231W/W-100024

Amit Kumar Bajaj
Partner
Membership No.: 218685
ICAI UDIN:24218685BKGPOR6900

Place: Hyderabad
Date: 27 May 2024

Annexure B to the Independent Auditor's Report on the standalone financial statements of NATCO Pharma Limited for the year ended 31 March 2024

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of NATCO Pharma Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LL**P
Chartered Accountants
Firm's Registration No.:116231W/W-100024

Amit Kumar Bajaj
Partner
Membership No.: 218685
ICAI UDIN:24218685BKGPOR6900

Place: Hyderabad
Date: 27 May 2024

Standalone Balance Sheet

as at 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Note	As at 31-03-2024	As at 31-03-2023
I. Assets			
(1) Non-current assets			
(a) Property, plant and equipment	5	22,732	22,182
(b) Capital work-in-progress	40	1,339	628
(c) Other intangible assets	6	135	156
(d) Investments in subsidiaries	7	4,819	4,303
(e) Financial assets			
(i) Investments	8	959	873
(ii) Loans	9	5	5
(iii) Other financial assets	10	434	169
(f) Deferred tax assets, net	30	71	-
(g) Non-current tax assets, net		248	345
(h) Other non-current assets	11	694	271
Total non-current assets		**31,436**	**28,932**
(2) Current assets			
(a) Inventories	12	5,969	6,160
(b) Financial assets			
(i) Investments	8	1,639	1,399
(ii) Trade receivables	13	10,766	7,931
(iii) Cash and cash equivalents	14	55	69
(iv) Bank balances other than (iii) above	14	8,594	4,051
(v) Loans	9	90	102
(vi) Other financial assets	10	4,420	3,072
(c) Other current assets	11	2,571	2,163
Total current assets		**34,104**	**24,947**
Total assets		**65,540**	**53,879**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	15	358	365
(b) Other equity	16	55,565	46,655
Total equity		**55,923**	**47,020**
(2) Liabilities			
(A) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	18	12	10
(ii) Other financial liabilities	19	40	17
(b) Provisions	20	709	853
(c) Deferred tax liabilities, (net)	30	-	289
Total non-current liabilities		**761**	**1,169**
(B) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	3,632	1,599
(ii) Lease liabilities	18	17	2
(iii) Trade payables	22		
- Total outstanding dues of micro enterprises and small enterprises; and		41	54
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,792	1,770
(iv) Other financial liabilities	19	991	821
(b) Other current liabilities	21	1,039	1,191
(c) Provisions	20	1,029	169
(d) Current tax liabilities (net)		315	84
Total current liabilities		**8,856**	**5,690**
Total liabilities		**9,617**	**6,859**
Total equity and liabilities		**65,540**	**53,879**
Material accounting policies	3 and 4		

The accompanying notes form an integral part of the standalone financial statements

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

Amit Kumar Bajaj
Partner
Membership Number: 218685

Place: Hyderabad
Date: 27 May 2024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964

S V V N Appa Rao
Chief Financial Officer

Place: Hyderabad
Date: 27 May 2024

Standalone Statement of Profit and Loss

for the year ended 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Note	For the year ended 31-03-2024	For the year ended 31-03-2023
1. Income			
(a) Revenue from operations	23	35,689	23,510
(b) Other income	24	1,047	855
Total income		**36,736**	**24,365**
2. Expenses			
(a) Cost of materials consumed	25	5,225	4,753
(b) Purchases of stock-in-trade		348	198
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	26	172	346
(d) Employee benefits expense	27	4,549	4,257
(e) Finance costs	28	145	86
(f) Depreciation and amortisation expenses	5 and 6	1,719	1,509
(g) Other expenses	29	9,025	5,509
Total expenses		**21,183**	**16,658**
3. Profit before tax (1-2)		**15,553**	**7,707**
4. Tax expense:	30		
(a) Current tax		2,848	1,331
(b) Deferred tax		(361)	5
Total tax expenses		**2,487**	**1,336**
5. Profit for the year (3-4)		**13,066**	**6,371**
6. Other comprehensive income (OCI)			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit liability/(asset)		(20)	26
Tax on remeasurement of defined benefit liability/(asset)		7	(9)
(ii) Fair value changes in Equity investments through OCI		97	(236)
Tax impact of Fair value changes in Equity investments through OCI		(8)	25
Other comprehensive income/ (loss) for the year, net of tax		**76**	**(194)**
7. Total comprehensive income for the year (5+6)		**13,142**	**6,177**
8. Earnings per equity share (Face value of ₹ 2 each)	31		
Basic (in ₹)		72.79	34.90
Diluted (in ₹)		72.79	34.90
Material accounting policies	3 and 4		

The accompanying notes form an integral part of the standalone financial statements

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

Amit Kumar Bajaj
Partner
Membership Number: 218685

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964
Place: Hyderabad
Date: 27 May 2024

S V V N Appa Rao
Chief Financial Officer

Place: Hyderabad
Date: 27 May 2024

Standalone Statement of Cash Flows

for the year ended 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended 31-03-2024	For the year ended 31-03-2023
Cash flows from operating activities		
Profit before tax for the year	15,553	7,707
Adjustments for:		
Depreciation and amortisation expense	1,719	1,509
Finance costs	145	86
Interest income	(853)	(430)
Provision for impairment of receivables and advances, net	227	(239)
Bad debts written off	51	108
Capital work-in-progress written off	-	23
Liabilities written back	(3)	(16)
Net Loss/ (gain) on sale of property, plant and equipment	17	(178)
Loss on sale of investments	9	-
Guarantee income	(2)	(8)
Dividend income on equity investment at fair value through other comprehensive income	(3)	(1)
Provision for value in diminution of investment	210	-
Unrealised foreign exchange loss/(gain), net	(8)	(0)
Operating profit before working capital changes	**17,062**	**8,561**
Changes in working capital:		
Decrease in inventories	191	817
Increase in trade receivables	(2,921)	(2,043)
Decrease in loans	-	2
Decrease/ (increase) in other financial assets	7	(8)
(Increase)/ decrease in other assets	(603)	655
Increase in trade payables	11	411
Increase/ (decrease) in provisions	696	(79)
Increase in other financial liabilities	191	6
(Decrease)/ increase in other liabilities	(150)	1,006
Cash generated from operating activities	**14,484**	**9,328**
Income taxes paid, net of refund	(2,520)	(1,484)
Net cash generated from operating activities (A)	**11,964**	**7,844**
Cash flows from investing activities		
Purchase of property, plant and equipment (Refer note b below)	(3,342)	(1,425)
Proceeds from sale of property, plant and equipment	20	305
Acquisition of intangible assets	(24)	(41)
Investments in subsidiaries	(726)	(862)
Repayment of loans by others	12	-
Proceeds from sale of investments	1,334	151
Purchase of investments	(1,493)	(600)
Deposits with banks	(9,081)	(4,014)
Redemption of bank deposits	4,538	947
Interest received	480	406
Dividend received	3	1
Redemption of deposits other than with banks	2,772	3,538
Deposits other than with banks	(4,098)	(2,772)
Net cash used in investing activities (B)	**(9,605)**	**(4,366)**
Cash flows from financing activities		
Proceeds from issue of share capital	-	0
Payment on buy-back of shares, including transaction costs and taxes on buy-back	(2,537)	(74)
Net proceeds/ (repayment of) short-term borrowings (refer note c below)	2,029	(2,292)
Dividends paid	(1,708)	(1,004)
Finance cost paid	(141)	(82)
Principal and interest payment of lease liabilities (refer note c below)	(16)	(16)
Net cash used in financing activities (C)	**(2,373)**	**(3,468)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(14)**	**10**
Cash and cash equivalents as at the beginning of the year	69	59
Cash and cash equivalents as at the end of the year	**55**	**69**

Standalone Statement of Cash Flows

for the year ended 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

Components of cash and cash equivalents

Particulars	As at 31-03-2024	As at 31-03-2023
Cash and cash equivalents:		
Cash on hand	3	3
Balance with Banks:		
- Current accounts	52	66
- Deposit with original maturity within three months	-	0
	55	**69**

Notes:

a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".

b) Acquisition of Property, Plant and Equipment includes movements of capital work-in-progress, capital advances and capital creditors

c) **Movement in borrowings and lease liabilities in accordance with Ind AS 7:**

Particulars	As at 31-03-2024	As at 31-03-2023
Short-term borrowings:		
Opening balance	1,599	3,890
Net proceeds/ (repayment of) from short-term borrowings	2,029	(2,292)
Non-cash items (Foreign exchange changes)	4	1
Closing balance	**3,632**	**1,599**
Lease liabilities:		
Opening balance	12	105
Non cash changes	33	(77)
Cash flow changes	(16)	(16)
Closing balance	**29**	**12**

Material accounting policies 3 and 4

The accompanying notes form an integral part of the standalone financial statements

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

Amit Kumar Bajaj
Partner
Membership Number: 218685

Place: Hyderabad
Date: 27 May 2024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964
Place: Hyderabad
Date: 27 May 2024

S V V N Appa Rao
Chief Financial Officer

Standalone Statement of Changes in Equity

for the year ended 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

A. Equity Share Capital

	Number of Shares	Amount
As at 01-04-2022	**18,25,20,165**	**365**
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 01-04-2022	18,25,20,165	365
Changes in Equity share capital during the year	(50,050)	0
As at 31-03-2023	**18,24,70,115**	**365**
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 01-04-2023	18,24,70,115	365
Changes in Equity share capital during the year	(33,60,245)	(7)
As at 31-03-2024	**17,91,09,870**	**358**

B. Other Equity

	Reserves and Surplus						Other comprehensive income	Total
	Securities premium	Capital reserve	Capital redemption reserve	General reserve	Share options outstanding account	Retained earnings	Gain/(loss) on FVTOCI equity securities	
As at 01-04-2022	**14,078**	**516**	**11**	**595**	**34**	**25,871**	**449**	**41,554**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	**14,078**	**516**	**11**	**595**	**34**	**25,871**	**449**	**41,554**
Profit for the year	-	-	-	-	-	6,371	-	6,371
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	17	-	17
Fair value changes in Equity instruments through OCI, net of tax	-	-	-	-	-	-	(211)	(211)
Buy back of equity shares	(47)	-	0	-	-	(0)	-	(47)
Tax on buy back of equity shares	-	-	-	-	-	(11)	-	(11)
Expenses on buy back of equity shares	-	-	-	-	-	(16)		(16)
Profit on sale of investments	-	-	-	-	-	118	(116)	2
Transaction with owners - Dividends paid (refer note 15(viii))	-	-	-	-	-	(1,004)	-	(1,004)
Share options exercised	34	-	-	-	(34)	-	-	-
As at 31-03-2023	**14,065**	**516**	**11**	**595**	**-**	**31,346**	**122**	**46,655**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	**14,065**	**516**	**11**	**595**	**-**	**31,346**	**122**	**46,655**
Profit for the year	-	-	-	-	-	13,066	-	13,066
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	(13)	-	(13)
Fair value changes in Equity instruments through OCI, net of tax	-	-	-	-	-	-	89	89
Buy back of equity shares	(2,046)	-	7	-	-	(7)	-	(2,046)
Tax on buy back of equity shares	-	-	-	-	-	(478)	-	(478)
Expenses on buy back of equity shares	-	-	-	-	-	(6)	-	(6)
Profit on sale of investments	-	-	-	-	-	57	(57)	-
Transaction with owners - Dividends paid (refer note 15(viii))	-	-	-	-	-	(1,702)	-	(1,702)
As at 31-03-2024	**12,019**	**516**	**18**	**595**	**-**	**42,263**	**154**	**55,565**

The accompanying notes form an integral part of the standalone financial statements

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

Amit Kumar Bajaj
Partner
Membership Number: 218685

Place: Hyderabad
Date: 27 May 2024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964

S V V N Appa Rao
Chief Financial Officer

Place: Hyderabad
Date: 27 May 2024

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

1. Reporting entity information

NATCO Pharma Limited ("the Company") is a public limited company domiciled in India with its registered office situated at NATCO House, Road No. 2, Banjara Hills, Hyderabad – 500034. The Company has been incorporated under the provisions of Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and BSE Limited (BSE) in India.

The Company is engaged in the business of pharmaceuticals and agricultural chemicals which comprises research and development, manufacturing and selling of bulk drugs, finished dosage formulations. The Company has manufacturing facilities in India which caters to both domestic and international markets including regulated markets like United States of America and Europe.

2. Basis of preparation

A. Statement of Compliance

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules 2015, as amended, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act under the historical cost convention on an accrual basis and going concern except for certain financial instruments which are measured at fair values, notified under the Act and Rules prescribed thereunder.

The standalone financial statements for the year ended 31 March 2024 were authorised and approved for issue by the Company's Board of Directors on 27 May 2024.

Details of Company's accounting policies are included in Note 3.

B. Functional and presentation currency

These standalone financial statements are presented in Indian Rupee ('INR' or '₹') which is also the Company's functional currency. All amounts have been rounded-off to the nearest million, unless otherwise indicated. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as '0' in relevant notes in the standalone financial statements.

C. Operating cycle

The Company has ascertained its operating cycle as 12 months that is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

D. Basis of Measurement

These standalone financial statements have been prepared on the historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit asset/ (liability)	Fair value of plan assets less present value of defined benefit obligations (Refer Note 20)
Leases	Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. Right-to-use asset has been measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Practical expedient on transition to exclude initial direct costs from ROU asset measurement is considered. (Refer Note 41)

E. Use of estimates and judgements

In preparing these standalone financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Refer Note 4 for the estimates and judgments made in preparation of these standalone financial statements.

F. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The Company has an established control framework with respect to the measurement of fair values. The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of reporting period during which the change has occurred.

G. Current/ Non-current classification

Based on the time involved between acquisition of assets for processing and their realisation of cash and cash equivalents, the Company has identified twelve months as it operating cycle for determining current and non-current classification of assets and liabilities in the balance sheet.

3. Material accounting policies

a. Property, plant and equipment (PPE)

Recognition and initial measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment (including capital-work-in progress) are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any. Freehold land is carried at historical cost less any accumulated impairment losses.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Transition to Ind AS

The cost of property, plant and equipment at 1 April 2016, the Company's date of transition to Ind AS was determined with reference to its carrying value recognized as per the previous GAAP (deemed cost), as at the date of transition to Ind AS

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company. Depreciation rates followed by the Company coincides with rates prescribed in Schedule II to the Companies Act, 2013. Depreciation amount is recognised in the Statement of Profit and Loss. Depreciation for assets purchased / sold during the period is proportionately charged i.e. from/(upto) the date on which asset is ready for use/(disposed off).

The estimated useful lives of items of property, plant and equipment are as follows:

Assets	Management's Estimated useful life (in years)	Useful life as per Schedule II (in years)
Buildings	5 to 60	5 to 60
Plant and machinery	5 to 20	5 to 20
Computers	3 to 6	3 to 6
Vehicles	8 to 10	8 to 10
Office equipment	5	5
Furniture and fixtures	10	10

Freehold land is not depreciated.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss, when the asset is derecognised.

Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

b. Other Intangible assets

Recognition and measurement

Other Intangible assets (software) acquired separately are measured on initial recognition at their cost. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and costs directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Following initial recognition, other intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their useful lives and is generally recognized in depreciation and amortisation in the Statement of Profit and Loss.

The cost of capitalised software is amortised over a period of 6 years, on a straight-line basis. Amortisation on the addition/disposals is charged on pro-rata basis from/(until) the date of such addition/(disposal).

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Transition to Ind AS

The cost of intangible assets at 1 April 2016, the Company's date of transition to Ind AS was determined with reference to its carrying value recognized as per the previous GAAP (deemed cost), as at the date of transition to Ind AS

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

c. **Foreign currencies**

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date are recognised as income or expenses in the period in which they arise. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Foreign currency exchange differences are generally recognised in profit or loss, except foreign currency exchange differences arising from the translation of the following items which are recognised in OCI –

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

d. **Revenue from Contracts with Customer**

The Company derives revenues primarily from sale of finished dosage formulations, active pharmaceutical ingredients (APIs) and agricultural chemicals, including niche and technically complex molecules.

The Company generates revenue from its ordinary activities i.e. from sale of goods and services. A contract in this context shall fulfill all of the following conditions:

- Both the parties to the contract agree on the contract terms
- Performance obligation of each of the parties is identifiable and there exists a commitment to perform their respective obligations; and
- The commercial substance or the purchase consideration is measurable and the collectability is probable.

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by the nature of sale i.e. manufactured and traded goods of pharmaceutical or agro chemical products and sale of service and geography. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of Company's revenues and cashflows are affected by industry, market and other economic factors.

Contract balances

The Company classifies the right to consideration in exchange for sales of goods as trade receivables, advance consideration as contract liability against payment and unredeemable customer loyalty points as contract liability against performance obligation.

The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods:

Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding trade discounts, volume discounts, sales returns, where applicable and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc., where applicable.

The Company from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base purchase price is recognised in these transactions upon delivery of products to the business partners. The variable consideration i.e. additional amount representing the profit share

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Sale of services:

Revenue from sale of dossiers/ licenses/services, includes in certain instances, certain performance obligations and based on evaluation of whether or not these obligations are in consequential or perfunctory, revenue is recognised in accordance with the terms of the contracts with the customers when the related performance obligation is completed at point in time or spread over a period of time, as applicable. These arrangements typically consist of an initial upfront payment on inception of the agreement and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain milestones are recognised as revenues either on achievement of such milestones or over the performance period depending on the terms of the contract.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not require to adjust any of the transaction prices for the time value of money.

e. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they are incurred in the Statement of Profit and Loss.

f. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the Statement of Profit and Loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is presented as a reduction to the carrying value of the related asset.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

g. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. Leases as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The right-of-use assets is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Impairment loss, if any, is recognised in the Statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

The lease payments include

- fixed payments, including in substance fixed payment;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amount expected to be payable under a residual value guarantees,
- exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of use asset and Statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in Statement of profit and loss.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'Financial liabilities' in the Balance sheet.

Short-term leases and leases of low-value assets

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

ii. Leases as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of ‘other income’.

h. Impairment of non-financial assets (Intangible assets and property, plant and equipment)

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

i. Financial instruments

i. Recognition and Initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition, these financial assets (unless it is a trade receivable without a significant financing component) or financial liabilities are measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL.

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) on the basis of following:

- the entity’s business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortised Cost:

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met and is not designated as FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through OCI:

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met and is not designated as FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Fair Value through Profit or Loss:

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of investments:

a. Debt instruments at amortised cost – A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

b. Equity investments – All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

   These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

c. Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL). Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Interest income and dividend income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Interest income is included in other income in the Statement of Profit and Loss.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income is recognised in profit or loss on the date when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liXability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liabilities simultaneously.

v. Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

j. **Impairment of financial assets**

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI;

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit – impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties

The Company measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables, loans, contract assets are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtors does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

k. **Inventories**

Inventories are valued at the lower of cost or net realisable value. The cost of inventories is determined on a moving weighted average basis, and includes acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of raw materials and stock-in-trade, cost comprises of cost of purchase. In the case of finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods. Raw materials, components and other supplies held for use

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

in the production of finished products are not written down below cost except in cases when a decline in the price of materials indicates that the cost of the finished products shall exceed the net realisable value. The comparison of cost and net realisable value is made on an item-by-Item basis.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

I. **Income taxes**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that
  - is not a business combination and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

m. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

n. Post-employment, long-term and short-term employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit under which an entity pays a specific contribution to a separate entity and has no obligation to pay any further amounts. The Company's contribution to provident fund and employee state insurance schemes is charged to the Statement of profit and loss during the period in which the employee renders the related service. The Company's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan. The Company has no obligation, other than the contribution payable to these funds.

Defined benefit plan

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date net of fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries, by adopting the projected unit credit method. Actuarial gains and losses resulting from re-measurements of the liability are included in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate determined by reference to market yields at the end of the reporting period on government bonds. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lumpsum after deduction of necessary taxes upto a maximum limit of ₹ 2 million. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

Other long-term employee benefits

The Company also provides benefit of compensated absences to its employees which are in the nature of long-term benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the Statement of profit or loss in the year in which such gains or losses arise.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee. Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

o. Share-based payments

Certain employees of the Company are entitled to remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant using an appropriate valuation model.

The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest using fair value in accordance with Ind AS 102, Share based payment. The cost is recognised, together with a corresponding increase in 'Share options outstanding account' reserves in Equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

p. Provisions, contingent liabilities and contingent assets

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and Contingent assets

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

Contingent asset is not recognised in standalone financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date

Onerous contracts

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract

q. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit (considered in determination of Basic EPS) after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with the dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares)

r. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

s. Research and development

Expenditure on research activities are expensed as and when incurred. Development expenses which meet defined criteria for capitalisation are capitalised if its the expenditure can be measured reliably, the product or process is technically and commercially feasible, future

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Capital expenditure incurred on research and development is capitalised as property, plant and equipment and depreciated in accordance with the depreciation policy of the Company.

t. Investments in subsidiaries

The Company's investment in its subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the profit or loss.

u. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

v. Changes in material accounting policies

- **Deferred tax related to assets and liabilities arising from a single transaction**

  The Company has adopted Deferred tax related to assets and liabilities arising from a single transaction (Amendments to Ind AS 12) from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting differences (e.g. leases). For leases, the company is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as adjustment to retained earnings or other components of equity at that date.

  The Company previously accounted for deferred tax on leases by applying 'inter linked' approach, resulting in similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Company has recognised separate deferred tax asset in related to its lease liabilities and a deferred tax liability in relation to its right-to-use assets as at 1 April 2023 and thereafter. However, there was no impact on the balance sheet because the balances qualify for offset under paragraph 74 of Ind AS 12. There was also no impact on the opening retained earnings as at 1 April 2023 as a result of the change.

- **Material Accounting Policy information**

  The Company adopted Disclosure of Material Accounting Policies (Amendments to Ind AS 1) from 1 April 2023. Although the amendments did not result in any changes in the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

  The amendments require the disclosure of material rather than significant accounting policies. The amendment also provide guidance on the application of materiality to disclosure of accounting policies, assisting companies to provide useful, company specific accounting policy information that users need to understand other information in the financial statements.

w. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

4. Use of Judgements and estimates

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of Material accounting policies which are provided in Note 3 to the standalone financial statements, 'Material accounting policies'.

Judgments:

Taxes on income:

Significant judgments are involved in determining the provision for income taxes, including possibility of utilisation of Minimum Alternate Tax (MAT) credit in future. Refer Note 30.

Impairment of investments:

Significant judgment is involved in determining the estimated future cash flows from the investments to determine their value in use to assess whether there is any impairment in their carrying amounts as reflected in the standalone financial statements. Refer Note 8.

Impairment of property, plant and equipment

Significant judgment is involved in determining the estimated future cash flows from the cash-generating unit to determine their value in use to assess whether there is any impairment in their carrying amounts as reflected in the standalone financial statements. Refer Note 5.

Assumptions and estimation uncertainties:

Recognition of deferred tax assets : The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits. Refer Note 30.

Evaluation of indicators for impairment of assets: The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Useful lives of property, plant and equipment/ intangible assets: Management reviews its estimate of the useful lives of property, plant and equipment/ intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment. Refer Note 5.

Defined benefit obligation (DBO): Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses. Refer Note 20.

Fair value measurements: Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer Note 32.

Provisions: The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. Refer Note 20.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

5. Property, plant and equipment

Reconciliation of carrying amount of Property, plant and equipment

	Freehold land	Buildings	Plant and equipments	Office equipments	Furniture	Vehicles	Computers	Right-of-use assets (refer note 41)	Total
A. Cost or Deemed cost (Gross carrying amount)									
As at 01-04-2022	**2,641**	**9,638**	**15,512**	**44**	**439**	**267**	**351**	**535**	**29,427**
Additions	232	930	1,007	4	19	20	54	-	2,266
Disposals	(18)	(73)	(266)	(2)	(3)	(42)	(5)	(105)	(514)
Balance as at 31-03-2023	**2,855**	**10,495**	**16,253**	**46**	**455**	**245**	**400**	**430**	**31,179**
Additions	865	549	755	4	40	49	48	29	2,339
Disposals	(28)	(60)	(135)	(2)	(21)	(21)	(6)	(29)	(302)
Balance as at 31-03-2024	**3,692**	**10,984**	**16,873**	**48**	**474**	**273**	**442**	**430**	**33,216**
B. Accumulated depreciation									
As at 01-04-2022	**-**	**1,492**	**5,725**	**36**	**163**	**160**	**230**	**40**	**7,846**
Depreciation for the year	-	304	1,032	4	38	23	44	18	1,463
Disposals	-	(34)	(208)	(1)	(2)	(34)	(4)	(29)	(312)
Balance as at 31-03-2023	**-**	**1,762**	**6,549**	**39**	**199**	**149**	**270**	**29**	**8,997**
Depreciation for the year	-	343	1,195	4	39	25	48	20	1,674
Disposals	-	(43)	(107)	(0)	(13)	(13)	(6)	(5)	(187)
Balance as at 31-03-2024	**-**	**2,062**	**7,637**	**43**	**225**	**161**	**312**	**44**	**10,484**
C. Net carrying amounts (A-B)									
As at 31-03-2023	**2,855**	**8,733**	**9,704**	**7**	**256**	**96**	**130**	**401**	**22,182**
As at 31-03-2024	**3,692**	**8,922**	**9,236**	**6**	**249**	**112**	**130**	**386**	**22,732**

(i) Contractual obligations - Refer to note 38(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Refer to note 41 for disclosure of leases under Ind AS 116.

(iii) Refer to note 17 for details of assets mortgaged.

(iv) The Company has not revalued any property, plant and equipment after initial recognition, during the current year and previous year.

(v) Expenditure incurred towards purchase of assets/ equipments for research activities amounts to ₹ 313 (31-03-2023: ₹ 203).

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

6. Intangible assets

Reconciliation of carrying amount of Intangible assets

	Computer software	Total
A. Cost or Deemed cost (Gross carrying amount)		
As at 01-04-2022	**351**	**351**
Additions	41	41
Disposals	-	-
As at 31-03-2023	**392**	**392**
Additions	26	26
Disposals	(39)	(39)
As at 31-03-2024	**379**	**379**
B. Accumulated amortisation		
As at 01-04-2022	**190**	**190**
Amortisation for the year	46	46
Disposals	-	-
As at 31-03-2023	**236**	**236**
Amortisation for the year	45	45
Disposals	(37)	(37)
As at 31-03-2024	**244**	**244**
C. Net carrying amounts (A-B)		
As at 31-03-2023	**156**	**156**
As at 31-03-2024	**135**	**135**

(i) The Company has not revalued any intangible assets after initial recognition, during the current year and previous year.

7. Investments in subsidiaries

	As at 31-03-2024	As at 31-03-2023
Non-current		
Interest in subsidiaries		
Investment in equity instruments (fully paid-up)		
At cost less provision for other than temporary impairment		
Unquoted		
33,565 (31-03-2023: 28,565) common shares of US$1,000 each, in Natco Pharma Inc.	2,570	2,155
2,473,009 (31-03-2023: 2,272,009) equity shares of US$10 each, in Time Cap Overseas Limited	1,706	1,542
2,810,881 (31-03-2023: 2,810,881) equity shares of Canadian Dollar 1 each, in NATCO Pharma (Canada) Inc.	232	232
2,095,000 (31-03-2023: 2,095,000) equity shares of Singapore Dollar 1 each, in NATCO Pharma Asia Pte. Ltd.	102	102
3,908,572 (31-03-2023: 3,808,572) equity shares of Australian Dollar 1 each, in NATCO Pharma Australia PTY Ltd.	210	205
456,108 (31-03-2023: 342,714) equity shares of 100 PHP each, in NATCO Lifesciences Philippines Inc.	63	47
1,228,810 (31-03-2023: Nil) equity shares of £ 1 each, in NATCO Pharma UK Limited (incorporated on 04-09-2023)	126	-

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
PT.NATCO Lotus Farma, Indonesia (incorporated on 28-08-2023)*	-	-
NATCO Pharma Colombia S.A.S (incorporated on 16-08-2023)*	-	-
Deemed investment in NatcoFarma do Brasil Ltda.	20	20
Less: Provision for diminution in value of investments	(210)	-
	4,819	**4,303**
Aggregate book value of unquoted investments	4,819	4,303
Aggregate amount of provision for impairment in the value of investments	210	-

*The Company has not made any investment in these subsidiaries as on 31-03-2024.

8. Investments

	As at 31-03-2024	As at 31-03-2023
I. Non-current		
a) Investment in equity instruments (fully paid-up)		
Unquoted		
At fair value through other comprehensive income		
139,451 (31-03-2023: 139,451) equity shares of ₹ 10 each, in OMRV Hospitals Pvt Ltd	106	106
21,769 (31-03-2023: 21,769) equity shares of ₹ 10 each, in Veda Seedsciences Pvt Ltd	99	99
8,000 (31-03-2023: 8,000) equity shares of ₹ 10 each, in Cipher Oncology Pvt Ltd	14	14
4,054 (31-03-2023: 4,054) equity shares of $1 each, in NATIVITA JLLC	0	0
30 (31-03-2023: 30) equity shares of € 0.5 per share of Pharnasanta B.V	0	0
750 (31-03-2023: 750) equity shares of ₹ 100 each, in Jeedimetla Effluent Treatment Ltd	0	0
34,400 (31-03-2023: 34,400) equity shares of ₹ 10 each, in Pattancheru Enviro-Tech Ltd	0	0
10 (31-03-2023: 10) equity shares of ₹ 10 each, in Redcliffe Hygiene Pvt Ltd	0	0
10 (31-03-2023: Nil) equity shares of ₹ 10 each, in Cellogen Therapeutics Pvt Ltd	1	-
299 (31-03-2023: Nil) equity shares of ₹ 1 each, in Simplify Wellness India Pvt Ltd	10	-
27,000 (31-03-2023: 27,000) equity shares of ₹ 10 each, in Jayalakshmi Spinning Mills Ltd	0	0
Less: Provision for diminution in value of investments	0	0
	230	**219**
b) Other investments		
Unquoted		
At fair value through other comprehensive income		
4,302 (31-03-2023: 4,044) units of ₹ 10,000 each, in Endiya Trust	103	102
65,979 (31-03-2023: 65,979) shares of seed -2 preferred stock in ISCA Inc.	38	38
500,000 (31-03-2023: 500,000) 0.05 % compulsorily convertible preference shares (CCPS) of ₹ 100 each, in OMRV Hospitals Pvt Ltd	50	50
5,726 (31-03-2023: 5,726) 0.0001 % compulsorily convertible preference shares (CCPS) of ₹ 10 each, in Eyestem Research Pvt. Ltd	75	75

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
16,953,299 (31-03-2023: 2,371,988) 0.001 % Compulsorily convertible preference shares (CCPS) of $1 each, in Eywa Pharma Pte Ltd	249	249
8,116 (31-03-2023: 8,116) 0.001 % Compulsorily convertible preference shares (CCPS) of ₹ 10 each, in Redcliffe Hygiene Pvt Ltd	130	130
556 (31-03-2023: Nil) 0.1 % compulsorily convertible preference shares (CCPS) of ₹ 10 each, in Cellogen Therapeutics Pvt Ltd	74	-
1 (31-03-2023: Nil) Convertible note (CN) of ₹ 10,000,000 each, in Cipher Oncology Pvt Ltd	10	-
Nil (31-03-2023: 1,000,000) 0.15 % compulsorily convertible debentures (CCD) of ₹ 10 each, in Simplify Wellness India Pvt Ltd	-	10
	729	**654**
Unquoted		
At amortised cost		
National savings certificates	0	0
Total non-current investments	**959**	**873**
Aggregate book value of unquoted investments	959	873
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of impairment in the value of investments	0	0
II. Current		
a) Investments in equity instruments (fully paid-up)		
Quoted		
At fair value through other comprehensive income		
6,000 (31-03-2023: 7,000) equity shares of ₹ 10 each, in Neuland Laboratories Ltd	38	13
5,500 (31-03-2023: 5,500) equity shares of ₹ 1 each, in Sun Pharmaceuticals Industries Ltd	9	5
530 (31-03-2023: 530) equity shares of ₹ 2 each, in Alkem Laboratories Ltd	3	2
12,400 (31-03-2023: 12,400) equity shares of ₹ 1 each, in Cadila Healthcare Ltd	12	6
320,000 (31-03-2023: 320,000) equity shares of ₹ 2 each, in Laurus Labs Ltd	125	94
150,000 (31-03-2023: 150,000) equity shares of ₹ 1 each, in Lanco Infratech Ltd	0	0
22,700 (31-03-2023: 22,700) equity shares of ₹ 1 each, in GMR Infrastructure Ltd	2	1
15,000 (31-03-2023: 15,000) equity shares of ₹ 1 each, in Panacea Biotec Ltd	2	2
2,100 (31-03-2023: 2,100) equity shares of ₹ 1 each, in ICICI Prudential Life Insurance Company Ltd	1	1
4,000 (31-03-2023: 2,000) equity shares of ₹ 1 each, in JB Chemicals and Pharmaceuticals Ltd	7	4
50,000 (31-03-2023: 125,000) equity shares of ₹ 10 each, in Medplus Health Services Ltd	34	81
2,270 (31-03-2023: 2,270) equity shares of ₹ 5 each, in GMR Power & Urban Infra Ltd	0	0
18,300 (31-03-2023: 18,300) equity shares of ₹ 1 each, in Ravinder Height Ltd	1	0
70 (31-03-2023: Nil) equity treasury shares of ZAR 10 cents each, in Nasper Ltd,South Africa	1	-
1,74,397 (31-03-2023: Nil) equity treasury shares of ZAR 10 cents each, in Adcock Ingram Holdings Ltd,South Africa	42	-
	277	**209**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
b) Investment in Bonds, Debentures and Commercial Papers (fully paid-up)		
Quoted		
At amortised cost		
Nil (31-03-2023: 100,000) 8.35 % Perpetual Bonds of ₹ 1,000/- each, through issuer Piramal Capital & Housing Finance Ltd	-	107
Nil (31-03-2023: 440) 9.15 % Perpetual Bonds of ₹ 1,000,000 each, in ICICI Bank Ltd	-	484
100 (31-03-2023: 100) 7.73 % Series III Perpetual Bonds of ₹ 1,000,000 each, issued by State Bank of India	106	106
100,000 (31-03-2023: 100,000) 6.75 % non-convertible debentures (NCD) of ₹ 1,000 each, in Muthoot Finance Ltd	-	100
140 (31-03-2023: Nil) 5.7 % non-convertible debentures (NCD) of ₹ 10,00,000 each, HDB Financial Services Ltd	141	-
200 (31-03-2023: Nil) 6.42 % non-convertible debentures (NCD) of ₹ 10,00,000 each, Bharti Telecom Ltd	230	-
2,500 (31-03-2023: Nil) 8.80 % Perpetual Bonds of ₹ 1,00,000/- each, through issuer Piramal Capital & Housing Finance Ltd	267	-
130 (31-03-2023: Nil) 11.60 % non-convertible debentures (NCD) of ₹ 10,00,000 each, Hinduja Leyland Finance Ltd	147	-
	891	**797**
Unquoted		
At amortised cost		
1,000 (31 March 2023: Nil) 8.25 % Commercial Paper (CP) of ₹ 500,000/- each, through issuer ICICI Securities Limited	471	-
Nil (31-03-2023: 500) 7.10 % Commercial Paper (CP) of ₹ 500,000/- each, through issuer Julius Baer Capital (India) Pvt Ltd	-	244
Nil (31-03-2023: 300) 7.2 % Commercial Paper (CP) of ₹ 500,000/- each, through issuer Piramal Capital & Housing Finance Ltd	-	149
	471	**393**
Total current investments	**1,639**	**1,399**
The Company has not traded or invested in crypto currency or virtual currency during the year.		
Information about the Company's exposure to market risks is included in Note 33.		
Aggregate book value of unquoted investments	471	393
Aggregate book value of quoted investments	1,168	1,006
Aggregate market value of quoted investments	1,094	989
Aggregate amount of impairment in the value of investments	-	-

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

9. Loans

	As at 31-03-2024	As at 31-03-2023
(Unsecured, considered good)		
Non-current		
Loan to subsidiary (Refer note 36)*	5	5
Total non-current loans	**5**	**5**
Current		
Loans to employees	80	69
Loans to directors (Refer note 36)	-	23
Loans to others	10	10
Total current loans	**90**	**102**

Information about the Company's exposure to credit risk is included in Note 33.

* During the year, the Board of directors of the Company has approved the conversion of the loan given to wholly owned subsidiary into equity shares. The Company is in process of getting relevant approvals from the regulatory authorities as at 31-03-2024.

10. Other financial assets

	As at 31-03-2024	As at 31-03-2023
(Unsecured, considered good)		
Non-current		
Security deposits	171	168
Deposits other than with banks	250	-
Interest on deposits, accrued but not due	13	1
	434	**169**
Current		
Deposits other than with banks	3,848	2,772
Interest on loans and deposits, accrued but not due	567	285
Interest on loan to subsidiary, accrued but not due (Refer note 36)	0	0
Margin money against buy back of shares	-	10
Other receivables	5	5
	4,420	**3,072**

Information about the Company's exposure to credit risk is included in Note 33.

11. Other assets

	As at 31-03-2024	As at 31-03-2023
Non-current		
Capital advances		
Unsecured, considered good	690	269
Unsecured, considered doubtful	19	32
	709	**301**
Less: Allowance for doubtful advances	(19)	(32)
	690	**269**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
Advances other than capital advances		
(Unsecured, considered good)		
Prepaid expenses	3	1
Balance with statutory authorities	1	1
	4	**2**
	694	**271**
Current		
Advances other than capital advances		
Advance to material suppliers/ service providers		
Unsecured, considered good	798	594
Unsecured, considered doubtful	193	-
	991	**594**
Less: Allowance for doubtful advances	(193)	-
	798	**594**
(Unsecured, considered good)		
Prepaid expenses	263	251
Export incentives	26	25
Balance with statutory authorities	1,484	1,293
	2,571	**2,163**

12. Inventories

	As at 31-03-2024	As at 31-03-2023
(Valued at lower of cost or net realisable value)		
Raw materials [including goods-in-transit of ₹ 71 (31-03-2023: ₹ 61)]	2,041	2,223
Work-in-progress	1,023	1,293
Finished goods [including goods-in-transit of ₹ 209 (31-03-2023: ₹ 8)]	1,556	1,519
Stock-in-trade [including goods-in-transit of ₹ Nil (31-03-2023: ₹ 8)]	139	78
Stores and spares [including goods-in-transit of ₹ 5 (31-03-2023: ₹ 5)]	780	741
Packing materials [including goods-in-transit of ₹ 8 (31-03-2023: ₹ 3)]	430	306
	5,969	**6,160**

The write-down of inventories during the year amounted to ₹ 434 (31-03-2023: ₹ 835). The write down are included in changes in inventories and cost of materials consumed.

Refer note 17 for details of inventories hypothecated against borrowings.

Refer note 3(k) to material accounting policies.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

13. Trade receivables

	As at 31-03-2024	As at 31-03-2023
Current		
Unsecured trade receivables	10,963	8,081
Less: Provision for impairment	197	150
	10,766	**7,931**

Ageing of trade receivables as at 31-03-2024

Outstanding for following periods from due date of payment	Undisputed	
	Considered good	Credit impaired
Unbilled	7,156	-
Not due	2,801	47
Less than 6 months	809	52
6 months to 1 year	-	45
1-2 years	-	9
2-3 years	-	18
More than 3 years	-	26
Total	**10,766**	**197**

Ageing of trade receivables as at 31-03-2023

Outstanding for following periods from due date of payment	Undisputed	
	Considered good	Credit impaired
Unbilled	4,830	-
Not due	2,706	19
Less than 6 months	346	12
6 months to 1 year	45	21
1-2 years	4	18
2- 3 years	-	79
More than 3 years	-	1
Total	**7,931**	**150**

Refer note 17 for details of trade receivables hypothecated against borrowings.

Refer note 36 for details of trade receivables from related parties.

There are no disputed trade receivables as at 31-03-2024 and 31-03-2023.

There are no outstanding trade receivables by directors or other officers of the Company or by firms or private companies in which director is partner or member as at 31-03-2024 and as at 31-03-2023.

Information about the Company's exposure to credit risks and market risks and impairment losses for trade receivables is included in Note 33.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Transfer of trade receivables

The Company sold with recourse trade receivables to banks. These trade receivables have not been derecognised from the balance sheet, because the Company retains substantially all of the risks and rewards – primarily credit risk. The amount received on transfer has been recognised as a secured bank loan (see Note 17).

The following information shows the carrying amount of trade receivables at the reporting date that have been transferred but have not been derecognised and the associated liabilities.

Carrying amount of trade receivables transferred to a bank	1,021	649
Carrying amount of associated liabilities	(1,021)	(649)

14. Cash and bank balances

	As at 31-03-2024	As at 31-03-2023
Cash and cash equivalents		
Cash on hand	3	3
Balances with banks:		
- On current accounts	52	66
	55	**69**
Bank balances other than cash and cash equivalents		
Deposits (having original maturity more than 3 months) due to mature within 12 months from the reporting date*	8,563	4,014
Unpaid dividend accounts	31	37
	8,594	**4,051**

* It includes bank deposits lien marked against buy-back of shares amounting to ₹ Nil (31-03-2023 : ₹ 525) and Bank deposits given as margin money against bank guarantees/ performance guarantees issued by banks amounting to ₹ 21 (31-03-2023 : ₹ 20).

15. Equity share capital

i. Authorised share capital

	As at 31-03-2024		As at 31-03-2023	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of ₹ 2 each	200,000,000	400	200,000,000	400

ii. Issued, subscribed and fully paid up

	As at 31-03-2024		As at 31-03-2023	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of ₹ 2 each	17,91,09,870	358	18,24,70,115	365
	17,91,09,870	**358**	**18,24,70,115**	**365**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

iii. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	As at 31-03-2024		As at 31-03-2023	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares				
Shares outstanding at the beginning of the year	18,24,70,115	365	18,25,20,165	365
Add: Equity shares issued pursuant to employee stock option plan (Refer note 15 (vii))	-	-	37,000	0
Less: Bought back and extinguished during the year (Refer note below)	(33,60,245)	(7)	(87,050)	(0)
Shares outstanding at the end of the year	**17,91,09,870**	**358**	**18,24,70,115**	**365**

Note:

The Board of Directors at its meeting held on 08 March 2023 had approved the buy-back of fully paid up equity shares of face value of ₹ 2 each from the eligible equity shareholders of the Company other than the Promoters, the Promoter group and Persons who are in control of the Company, at a price not exceeding ₹ 700 per equity share (Maximum Buyback Price), payable in cash for an aggregate amount not exceeding ₹ 2,100 (Maximum Buy-back Size, excluding transaction costs and taxes thereon), from the Open Market route through the stock exchange mechanism under the Companies Act, 2013 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended ('Buyback Regulations').

The Buy-back commenced on 21 March 2023 and was concluded on 12 May 2023. In this regard, the Company bought back 3,447,295 equity shares, at an average price of ₹ 609.1712 per equity share resulting in total cash consideration of ₹ 2,100 (excluding ₹ 511 towards transaction cost and tax on Buy-back). These equity shares were extinguished as per the records of the depositories. Balance expense towards transaction cost and the tax on buy-back amounting to ₹ 511 has been debited directly to the retained earnings. Further, capital redemption reserve of ₹ 7 representing the nominal value of shares bought back, has been created in accordance with Section 69 of the Companies Act, 2013.

iv. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

v. Details of shareholders holding more than 5% of the total number of equity shares.

Name of the equity shareholder	As at 31-03-2024		As at 31-03-2023	
	Number of Shares	% holding	Number of Shares	% holding
V C Nannapaneni*	2,80,45,905	15.66 %	2,80,45,905	15.37 %
Time Cap Pharma Labs Private Limited	1,71,75,420	9.59 %	1,71,75,420	9.41 %
V S Swathi Kantamani	1,59,83,340	8.92 %	1,59,83,340	8.76 %
Natsoft Information Systems Private Limited	1,57,84,900	8.81 %	1,57,84,900	8.65 %

*including shares held in the capacity of Karta of Hindu Undivided Family (HUF) aggregating to Nil (31-03-2023: 5,440,045).

As per records of the Company including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Details of shares held by Promotors at the end of the period

Name of the promoter	As at 31-03-2024			As at 31-03-2023		
	Number of shares	% of total shares	% Change during the year	Number of shares	% of total shares	% Change during the year
Equity shares of ₹ 2 each, fully paid up						
V C Nannapaneni*	2,80,45,905	15.66 %	-	2,80,45,905	15.37 %	0.06 %
Kantamani Ratna Kumar	1,00,000	0.06 %	-	1,00,000	0.05 %	-
Durga Devi Nannapaneni	35,39,100	1.98 %	-	35,39,100	1.94 %	-
Rajeev Nannapaneni	11,28,000	0.63 %	-	11,28,000	0.62 %	-
Ramakrishna Rao Nannapaneni	7,46,910	0.42 %	-	7,46,910	0.41 %	-
Neelima Sita Nannapaneni	1,82,960	0.10 %	-	1,82,960	0.10 %	-
Devendranth Alapati	15,000	0.01 %	-	15,000	0.01 %	-
Bapineedu Tummala	415	0.00 %	-	415	0.00 %	-
Tummala Jansi	77,100	0.04 %	-	77,100	0.04 %	-
T Ananda Babu	4,13,205	0.23 %	-12.68 %	4,73,205	0.26 %	-
Vidyadhari Tummala	4,42,200	0.25 %	-	4,42,200	0.24 %	-
T Anila	5,99,920	0.33 %	-4.76 %	6,29,920	0.35 %	-
V S Swathi Kantamani	1,59,83,340	8.92 %	-	1,59,83,340	8.76 %	-
Natsoft Information Systems Pvt Ltd	1,57,84,900	8.81 %	-	1,57,84,900	8.65 %	0.11 %
Time Cap Pharma Labs Private Limited	1,71,75,420	9.59 %	-	1,71,75,420	9.41 %	-
Natco Aqua Limited	16,000	0.01 %	-	16,000	0.01 %	-
NDL Infratech Private Limited	93,750	0.05 %	-0.32 %	94,050	0.05 %	-
Neelima Nannapaneni Trust	40,82,750	2.28 %	-	40,82,750	2.24 %	-
Durga Devi Nannapaneni Family Pvt Trust	6,00,000	0.33 %	-	6,00,000	0.33 %	-
VCN Family Private Trust	1,700	0.00 %	-	1,700	0.00 %	-
SAU Family Trust	1,700	0.00 %	-	1,700	0.00 %	-
	8,90,30,275	**49.70%**		**8,91,20,575**	**48.84%**	

*including shares held in the capacity of Karta of Hindu Undivided Family (HUF), aggregating Nil (31-03-2023: 5,440,045).

vi. Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

	2023-24	2022-23	2021-22	2020-21	2019-20
Equity shares bought-back	33,60,245	87,050	-	-	9,84,344

vii. Share based payments

(a) The Company has instituted the NATCO Employee Stock Option Plan 'ESOP-2017' ("the ESOP Scheme"). The ESOP Schemes were formulated in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India ("SEBI"). Pursuant to the terms of the ESOP Scheme, the Board of Directors of the Company granted 600,000 options to eligible employees on 2 November 2017. The terms of the ESOP Scheme provide that each option entitles the holder to one equity share of ₹ 2 each and that the options can be settled only by way of issue of equity shares. The options vest in a phased manner ranging from 1 to 5 years from the date of grant and the options are entirely time-based with no performance conditions.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(b) The details of options are as follows :

ESOP 2017	As at 31-03-2024		As at 31-03-2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	37,000	2
Exercised during the year	-	-	37,000	2
Exercisable at the end of the year	-	-	-	-

The weighted average share price on the date of exercise of options during the previous year ended 31-03-2023 was ₹ 791.43 per share.

There were no stock options granted by the Company during the years ended 31-03-2024 and 31-03-2023. The fair value of stock options granted in earlier years had been measured using the Black–Scholes option pricing model at the date of the grant. The Black-Scholes option pricing model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates.

viii. Dividend paid

Dividends on equity shares were declared and paid by the Company during the year:

	2023-24			2022-23		
	Date of approval of Board of Directors	Dividend per Equity share (₹)	Amount in (₹) million	Date of approval of Board of Directors	Dividend per Equity share (₹)	Amount in (₹) million
First interim dividend	09-08-2023	7.00	1,254	09-08-2022	3.50	639
Second interim dividend	14-11-2023	1.25	224	10-11-2022	0.75	137
Third interim dividend	14-02-2024	1.25	224	09-02-2023	1.25	228
Total			**1,702**			**1,004**

16. Other equity

A Reserves and surplus

	As at 31-03-2024	As at 31-03-2023
Securities premium reserve		
Balance at the beginning of the year	14,065	14,078
Add: Share options exercised	-	34
Less: Buy-back of equity shares during the year	(2,046)	(47)
Balance at the end of the year	**12,019**	**14,065**
Capital reserve		
Balance at the beginning of the year	516	516
Add: Transferred during the year	-	-
Balance at the end of the year	**516**	**516**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
Capital redemption reserve		
Balance at the beginning of the year	11	11
Add: Transferred during the year	7	0
Balance at the end of the year	**18**	**11**
General reserve		
Balance at the beginning of the year	595	595
Add: Additions during the year	-	-
Balance at the end of the year	**595**	**595**
Share options outstanding account		
Balance at the beginning of the year	-	34
Less: Shares exercised during the year	-	(34)
Add: Employee stock options expense	-	-
Balance at the end of the year	**-**	**-**
Retained earnings		
Balance at the beginning of the year	31,346	25,871
Add: Profit for the year	13,066	6,371
Add: Remeasurement of defined benefit obligation, net of tax	(13)	17
Less: Expenses on buyback of equity shares	(6)	(16)
Less: Interim dividends	(1,702)	(1,004)
Less: Tax on buy-back of equity shares	(478)	(11)
Less: Transferred to Capital redemption reserve	(7)	(0)
Add: Transfer from FVOCI - equity investments - Realised profit on FVOCI	57	118
Balance at the end of the year	**42,263**	**31,346**
Total reserves and surplus	**55,411**	**46,533**

B Other items of OCI

	As at 31-03-2024	As at 31-03-2023
FVOCI - Equity instruments		
Opening balance	122	449
Less: Transferred to retained earnings - Realised profit on FVOCI	(57)	(116)
Less: Changes in fair value	97	(236)
Tax impact on the above adjustments	(8)	25
Closing balance	154	122
Total other items of OCI	**154**	**122**
Total other equity	**55,565**	**46,655**

C Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

Capital reserve

Capital reserve was created on amalgamation of certain entities into the Company in the earlier years and the transactions with Shareholders. The Company uses capital reserve for transactions in accordance with the provisions of the Companies Act, 2013.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The Company had purchased its own shares and as per the provision of the applicable laws, a sum equal to the nominal value of the shares so purchased is required to be transferred to the capital redemption reserve. The Company uses capital redemption reserve for transactions in accordance with the provisions of the Companies Act, 2013.

General reserve

The Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. These reserves are freely available for use by the Company.

Share options outstanding account

This reserve represents the excess of the fair value of the options on the grant date over the exercise price which is accumulated by the Company in respect of all options that have been granted. The Company transfers the proportionate amounts, outstanding in this account, in relation to options exercised to securities premium on the date of exercise of such options.

Fair value through Other comprehensive income (FVOCI)

The Company has elected to recognise the change in fair value of certain investments in equity shares in other comprehensive income. These changes are accumulated within the FVOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised.

Retained earnings

Retained earnings mainly represent all current and prior year profits as disclosed in the statement of profit and loss and other comprehensive income pertaining to remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit plan less dividend distribution. The expense towards transaction cost and the tax on buy-back amounting to ₹ 484 (31-03-2023: ₹ 27) has been debited directly to the retained earnings.

17. Borrowings

	As at 31-03-2024	As at 31-03-2023
Current		
Loan repayable on demand from banks:		
Working capital loans (secured)	1,672	749
Working capital loans (unsecured)	1,960	850
	3,632	**1,599**

Notes:

(i) Working capital loans (secured) represents cash credit and bills discounted with various banks. These working capital loans are secured by joint pari-passu first charge on all the current assets and property, plant and equipment of:

i) Land admeasuring 17.19 acres comprised in survey no. 70 of village Nandikonda, Mandal Peddavoora, District Nalgonda in the State of Telangana together with all buildings and structures thereon and all plant and equipment attached to the earth.

ii) House/premise bearing municipal no. 8-2-120/112/A/33 and 8-2-120/112/A/32 in plot no.100 admeasuring 1,166 sq. yards with all its building and fixed assets situated at Road No.2, Banjara Hills, Hyderabad - 500034.

(ii) Working capital loans (unsecured) represents overdraft facility and bills discounted with various banks.

(iii) The rate of interest applicable was in the range of 3.84 % to 8.90 % p.a (31-03-2023: 1.21 % to 7.20 % p.a) for secured and unsecured working capital loan

(iv) Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 33.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(v) Quarterly statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of account.

(vi) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

(vii) The Company has not availed any specific borrowing during the year.

(viii) There were no delay/default in repayment of dues or delays in payment of interest to banks.

18. Lease liabilities

	As at 31-03-2024	As at 31-03-2023
Non-current		
Lease liabilities (Refer note 41)	12	10
	12	**10**
Current		
Lease liabilities (Refer note 41)	17	2
	17	**2**

19. Other financial liabilities

	As at 31-03-2024	As at 31-03-2023
Non-current		
Deposits from customers	40	17
	40	**17**
Current		
Book overdraft	149	94
Capital creditors (refer note 22 for disclosure related to MSME)	328	320
Unpaid dividend	31	37
Payroll related liabilities	483	370
	991	**821**

Information about the Company's exposure to foreign currency and liquidity risks is included in Note 33.

20. Provisions

	As at 31-03-2024	As at 31-03-2023
Non-current		
Provision for employee benefits:		
Provision for gratuity (refer note (a))	266	468
Provision for compensated absences (refer note (b))	418	385
Provision for other long-term employee benefit plan (refer note (c))	25	-
	709	**853**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
Current		
Provision for employee benefits:		
Provision for gratuity (refer note (a))	67	52
Provision for compensated absences (refer note (b))	62	55
Provision for other long-term employee benefit plan (refer note (c))	0	-
Other provisions		
Provision for sales returns (refer note (d))	362	62
Provision for litigations (refer note (e))	538	-
	1,029	**169**

(a) Gratuity

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lumpsum after deduction of necessary taxes up to a maximum limit of ₹ 2. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund. The defined benefit plans expose the Company to actuarial risk, interest rate risk and investment risk etc.

Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability.

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time. Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

The following tables sets out the status of the gratuity plan and the reconciliation of opening and closing balances of the present value and defined benefit obligation:

(i) Reconciliation of the present value of defined benefit obligation

	As at 31-03-2024	As at 31-03-2023
Opening balance	733	770
Current service cost	75	68
Interest cost	55	56
Benefits paid	(47)	(139)
Remeasurement or Actuarial gain/ (loss) arising from:		
Experience adjustment	6	(5)
Change in demographic assumptions	-	-
Change in financial assumptions	28	(17)
Closing balance	**850**	**733**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(ii) Reconciliations of present value of plan assets

	As at 31-03-2024	As at 31-03-2023
Opening balance	213	140
Interest income	16	10
Employer contribution	321	198
Benefits paid	(47)	(139)
Return on plan assets, excluding interest income	14	4
Closing balance	**517**	**213**

(iii) Reconciliation of net defined benefit obligation

	As at 31-03-2024	As at 31-03-2023
Present value of funded obligation	850	733
Fair value of plan assets	(517)	(213)
Amount recognised in the balance sheet	**333**	**520**

(iv) Expense recognised in the statement of profit and loss under employee benefits expense:

	For the year ended 31-03-2024	For the year ended 31-03-2023
Current service cost	75	68
Interest cost	55	56
Interest income	(16)	(10)
Net cost	**114**	**114**

(v) Remeasurements recognised in the statement of other comprehensive income

	For the year ended 31-03-2024	For the year ended 31-03-2023
Experience adjustment on funded obligation	34	(22)
Return on plan assets, excluding interest income	(14)	(4)
Net gratuity costs in other comprehensive income	**20**	**(26)**

(vi) Plan assets comprises of the following:

	As at 31-03-2024	As at 31-03-2023
Group gratuity fund managed by LIC	517	213

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(vii) Summary of actuarial assumptions:

	As at 31-03-2024	As at 31-03-2023
Discount rate	7.20 %	7.50 %
Salary escalation rate	7.00 %	7.00 %
Attrition rate		
Upto 30 Years	3.00 %	3.00 %
31-44 Years	2.00 %	2.00 %
Above 44 Years	1.00 %	1.00 %
Mortality rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields/rates available on applicable bonds on the current valuation date.

The salary growth indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotion, past experience and other relevant factors such as demand and supply in employment market etc.

Attrition rate indicated above represents the Company's best estimates of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience etc.

Assumption regarding mortality are based on published statistics and mortality tables by Insurance Regulatory and Development Authority of India.

(viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have effected the defined benefit obligations and current service cost by the amounts shown below:

The sensitivity analysis of significant actuarial assumptions as at the end of the period is shown below.

	As at 31-03-2024	As at 31-03-2023
A. Defined benefit obligation without effect of projected salary growth	850	733
Changes in defined benefit obligation due to:		
B. Salary escalation rate		
Salary rate +100 basis points	86	77
Salary rate -100 basis points	(79)	(69)
C. Discount rate		
Discount rate +100 basis points	(88)	(76)
Discount rate -100 basis points	103	91
D. Attrition rate		
Attrition rate +100 basis points	2	4
Attrition rate -100 basis points	(3)	(4)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

There are no changes in the methods and assumptions used in preparing the senitivity anslysis from the previous year.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(ix) Expected contribution

The expected contributions for defined benefit plan for the next financial year will be in line with the contribution for the current year and is expected by the Management to be ₹ 417 (31-03-2023: ₹ 592).

(x) Maturity profile of defined benefit obligation (valued on undiscounted basis):

	As at 31-03-2024	As at 31-03-2023
Within 1 year	67	52
2 to 5 years	188	163
6 to 10 years	311	307
More than 10 years	1,706	1,557

(xi) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 11 years (Previous year: 11 years).

(b) Compensated absences:

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year-end. The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to the statement of profit and loss. The actual liability towards leave obligations as at 31-03-2024 is ₹ 480 (31-03-2023: ₹ 440). Expense recognised in the standalone statement of profit and loss under employee benefit expense is ₹ 107 (31-03-2023: ₹ 88).

(c) Provision for other long-term employee benefit plan

	As at 31-03-2024	As at 31-03-2023
Opening balance	-	-
Created during the year	25	-
Utilised during the year	-	-
Closing balance	**25**	**-**

Provision for other long-term employee benefit plan represents provision created for amount payable to the union workers on their retirement.

(d) Provision for sales returns

	As at 31-03-2024	As at 31-03-2023
Opening balance	62	-
Created during the year	300	62
Utilised during the year	-	-
Closing balance	**362**	**62**

Provision for sales returns represents the provision for the expected sales returns based on the Company's internal assessment.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(e) Provision for litigations

	As at 31-03-2024	As at 31-03-2023
Opening balance	-	-
Created during the year (included in rates and taxes, refer note 29)	840	-
Utilised during the year	(302)	-
Closing balance	**538**	**-**

Provision for litigations represents provision towards potential liability against various ongoing litigations based on the Company's internal assessment.

21. Other liabilities

	As at 31-03-2024	As at 31-03-2023
Current		
Financial guarantee liability	-	1
Statutory liabilities	184	167
Advance from customers	835	950
Others	20	73
	1,039	**1,191**

22. Trade payables

	As at 31-03-2024	As at 31-03-2023
Current		
Total outstanding dues of micro enterprises and small enterprises ('MSME') [Refer note below]	41	54
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,792	1,770
	1,833	**1,824**

Ageing of trade payables as at 31-03-2024

Outstanding for following periods from due date of payment	MSME	Others	Disputed dues -MSME	Disputed dues - Others
Unbilled	-	470	-	-
Not due	41	850	-	-
Less than 1 year	-	363	-	-
1-2 years	-	27	-	-
2-3 years	-	36	-	-
More than 3 years	-	46	-	-
Total	**41**	**1,792**	**-**	**-**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Ageing of trade payables as at 31-03-2023

Outstanding for following periods from due date of payment	MSME	Others	Disputed dues -MSME	Disputed dues - Others
Unbilled	-	146	-	-
Not due	54	796	-	-
Less than 1 year	-	727	-	-
1-2 years	-	52	-	-
2-3 years	-	49	-	-
More than 3 years	-	-	-	-
Total	**54**	**1,770**	**-**	**-**

Note:

On the basis of the information and records available with the Management, the outstanding dues to the Micro enterprises and Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) are set out in following disclosure:

Particulars	As at 31-03-2024	As at 31-03-2023
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;		
Principal amount due to micro enterprises and small enterprises (Includes ₹ 45 (31-03-2023 : ₹ 29) shown under capital creditors)	86	83
Interest due on above	-	-
(ii) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(v) the amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Information about the Company's exposure to foreign currency and liquidity risks is included in Note 33.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

23. Revenue from operations

	For the year ended 31-03-2024	For the year ended 31-03-2023
Revenue from contracts with customers:		
Sale of products	31,947	22,682
Sale of services	3,533	650
Job work income	9	76
Total (a)	**35,489**	**23,408**
Other operating revenues		
Export incentives	103	79
Government incentive schemes	71	-
Scrap sales	26	23
Total (b)	**200**	**102**
Total revenue from operations (a+b)	**35,689**	**23,510**
Disaggregation of revenue from contracts with customers		
Revenue based on Geography:		
India	5,676	4,913
USA	26,695	14,599
Rest of the world	3,118	3,896
	35,489	**23,408**
Revenue based on segment/product lines		
Pharmaceuticals	34,406	22,999
Agro chemicals	1,083	409
	35,489	**23,408**
Timing of revenue recognition		
Goods transferred at a point in time	31,947	22,682
Services transferred at a point in time	2,107	-
Services transferred over time	1,435	726
	35,489	**23,408**
Reconciliation of revenue from contracts with customers with contract price:		
Revenue as per contracted price	37,379	23,874
Adjusted for:		
Sales returns	(1,553)	(384)
Trade discounts and rebates	(337)	(82)
Total Revenue from contracts with customers	**35,489**	**23,408**

Contract balances

The following table provides information about trade receivables and contract liabilities from contract with customers:

Trade receivables (including unbilled revenue amounting to ₹ 7,156 (31-03-2023: ₹ 4,830) (Refer note 13)	10,766	7,931
Contract liabilities (Refer note 21)	835	950

Contract liabilities resulting from advance payments by customers for delivery of goods and services are predominantly recognised as sales within one year. The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as on 31-03-2024 is ₹ 835 (31-03-2023: ₹ 950) resulting from advance payments and shown under other current liabilities.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

24. Other income

	For the year ended 31-03-2024	For the year ended 31-03-2023
Dividend income on Equity instruments at FVOCI- investment held at reporting date	3	1
Renewable Energy (Wind Power) income	32	14
Interest income on financial assets carried at amortised cost	853	430
Net gain on sale of property, plant and equipment	-	178
Foreign exchange gain (net)	94	195
Financial guarantee income	2	8
Insurance claim received	43	-
Miscellaneous income	20	29
	1,047	**855**

25. Cost of materials consumed

	For the year ended 31-03-2024	For the year ended 31-03-2023
Raw materials consumed	4,738	4,312
Packing materials consumed	487	441
	5,225	**4,753**

26. Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended 31-03-2024	For the year ended 31-03-2023
Opening stock:		
- Finished goods	1,519	1,424
- Work-in-progress	1,293	1,750
- Stock-in-trade	78	62
	2,890	**3,236**
Closing stock:		
- Finished goods	1,556	1,519
- Work-in-progress	1,023	1,293
- Stock-in-trade	139	78
	2,718	**2,890**
	172	**346**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

27. Employee benefits expense

	For the year ended 31-03-2024	For the year ended 31-03-2023
Salaries, wages and bonus (Refer note (a) below)	4,057	3,796
Contribution to provident fund and other funds (Refer note (b) below)	274	245
Gratuity expense (Refer note 20 (a))	114	114
Staff welfare expenses	104	102
	4,549	**4,257**

Note (a):

Employee benefits expense includes compensation amounting to ₹ Nil (31-03-2023: ₹ 291) paid under voluntary retirement scheme during the year.

Note (b) Defined contribution plan:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance schemes which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contribution to provident fund and employee state insurance schemes charged to the statement of profit and loss is ₹ 274 (31-03-2023: ₹ 245).

28. Finance costs

	For the year ended 31-03-2024	For the year ended 31-03-2023
Interest expense on working capital loans measured at amortised cost	103	67
Other borrowing costs	38	16
Interest expenses on lease liabilities	4	3
	145	**86**

29. Other expenses

	For the year ended 31-03-2024	For the year ended 31-03-2023
Consumption of stores and spares	567	374
Power and fuel	889	819
Rental charges (Refer note 41)	5	2
Repairs and maintenance		
- Buildings	58	52
- Plant and equipments	262	218
Insurance	276	261
Rates and taxes	1,179	416
Factory maintenance expenses	383	385
Clinical and analytical charges	475	398
Carriage and freight outward	165	250
Donations*	729	224
Corporate social responsibility (CSR) expenses (Refer note 35)	82	70
Communication expenses	31	36
Office maintenance	53	76
Travelling and conveyance	405	310

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended 31-03-2024	For the year ended 31-03-2023
Legal and professional fees	567	436
Payment to auditors		
- Audit fee including limited reviews	10	11
- Certifications	2	2
- Other services	-	3
- Reimbursement of expenses	1	1
Director's sitting fee	2	3
Provision for impairment of receivables and advances, net	227	(239)
Bad debts written off	51	108
Capital work-in-progress written off	-	23
Provision for diminution in value of investments	210	-
Royalty expense	34	25
Sales promotion expenses	1,009	345
Research and development expenses	1,151	806
Loss on sale of investments helds at amortised cost	9	-
Net loss on sale of property, plant and equipment	17	-
Miscellaneous expenses	176	94
	9,025	**5,509**

*Donations include contribution made to political parties amounting to ₹ 578 representing 16 % of the average net profits of three immediately preceeding financial years which were made prior to the date of judgement by Honourable Supreme Court of India on this matter on 15 February 2024. Based on the legal opinion obtained by the Management, the said contributions made are in compliance with prevailing law at that time and no further contributions were made after the date of judgement. Below are the political party-wise details of such contributions made during the year:

Name of political party	For the year ended 31-03-2024	For the year ended 31-03-2023
Bharatiya Janata Party	105	50
Bharat Rashtra Samithi	100	100
Janasena Party	50	-
All India Congress Committee	120	-
Telugu Desam Party	130	-
Yuvajana Sramika Rythu Congress Party	30	-
Communist Party of India (Marxist)	13	3
Communist Party of India	5	-
Telangana Pradesh Congress Committee	25	-
	578	**153**

30. Income-tax

(A) Components of Income-tax expenses

	For the year ended 31-03-2024	For the year ended 31-03-2023
(i) Tax expense recognised in profit and loss		
Current tax:		
Current year tax	2,831	1,329
Income-tax for earlier years	17	2
	2,848	**1,331**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended 31-03-2024	For the year ended 31-03-2023
Deferred tax charge/(credit) (net):		
Minimum Alternate Tax (MAT) credit recognition (Refer note (E))	(5)	(536)
Origination and reversal of temporary differences	(356)	541
	(361)	**5**
Tax expense for the year	**2,487**	**1,336**
(ii) Tax recognised in other comprehensive income		
Items that will not be reclassified to profit or loss		
- Remeasurement of defined benefit liability/(asset)	7	(9)
- Tax effect of Fair value change on Equity instruments through OCI	(8)	25
	(1)	**16**

(B) Reconciliation of effective tax rate

The major components of income-tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.944 % (31-03-2023: 34.944 %) and the reported tax expense in the statement of profit or loss are as follows:

	For the year ended 31-03-2024	For the year ended 31-03-2023
Profit before tax	**15,553**	**7,707**
Enacted tax rate applicable to the Company in India*	34.944 %	34.944 %
Tax using the Company's domestic tax rate	**5,435**	**2,693**
Tax effect of:		
Expense not deductible for tax purposes	47	41
Additional deduction allowed under Income-tax Act	(5,019)	(2,518)
MAT charge for the year	2,831	1,330
Recognition of MAT credit	(5)	(536)
Tax pertaining to earlier years	17	2
Others	(458)	319
Income-tax expense	**2,848**	**1,331**

*The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated by the President of India on 20 September 2019. The Ordinance has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to a domestic company to pay income-tax at reduced rate of 22 % plus applicable surcharge and cess subject to certain conditions. The Company has made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax credit.

(C) Deferred tax assets and liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

	For the year ended 31-03-2024	For the year ended 31-03-2023
Deferred tax assets/(liabilities):		
Minimum Alternate Tax*	1,302	1,297
Trade receivables and other advances	446	85
Property, plant and equipment (including Right of use assets)	(2,087)	(2,054)

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended 31-03-2024	For the year ended 31-03-2023
Provision for employee benefits	347	407
Investments	54	(28)
Lease liabilities	9	4
	71	**(289)**

* As per Indian tax laws, companies are liable for a Minimum Alternate Tax ("MAT" tax) when current tax, as computed under the provisions of the Income-tax Act, 1961 ("Tax Act"), is determined to be below the MAT tax computed under section 115JB of the Tax Act. The excess of MAT tax over current tax is eligible to be carried forward and set-off in the future against the current tax liabilities over a period of 15 years.

The Company offsets tax assets and liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income-tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

(D) Movement in deferred tax assets and liabilities

The details of movement in deferred tax assets and liabilities for the year ended 31-03-2024:

	As at 01-04-2023	Recognised in profit and loss	Recognised in OCI	As at 31-03-2024
Deferred tax assets/(liabilities):				
Minimum Alternate Tax	1,297	5	-	1,302
Trade receivables and other advances	85	361	-	446
Property, plant and equipment (including Right of use assets)	(2,054)	(33)	-	(2,087)
Lease liabilities	4	5	-	9
Provision for employee benefits	407	(67)	7	347
Investments	(28)	90	(8)	54
Net deferred tax assets/(liabilities)	**(289)**	**361**	**(1)**	**71**

The details of movement in deferred tax assets and liabilities for the year ended 31-03-2023:

	As at 01-04-2022	Recognised in profit and loss	Recognised in OCI	As at 31-03-2023
Deferred tax assets/(liabilities):				
Minimum Alternate Tax	761	536	-	1,297
Trade receivables and other advances	147	(62)	-	85
Property, plant and equipment (including Right of use assets)	(1,555)	(499)	-	(2,054)
Lease liabilities	32	(28)	-	4
Provision for employee benefits	368	48	(9)	407
Investments	(53)	-	25	(28)
Net deferred tax assets/(liabilities)	**(300)**	**(5)**	**16**	**(289)**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(E) Unrecognised deferred tax assets

	As at 31-03-2024	As at 31-03-2023
Unrecognised MAT credit entitlement	3,285	1,325
	3,285	**1,325**

The Company did not recognise deferred tax assets of ₹ 3,285, primarily on MAT credit entitlement, because of it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom after taking into consideration the tax holiday units/ benefits available including financial projections, business plans and the availability of sufficient taxable income. The above MAT credit expires at various dates ranging from Assesment year 2029 through 2039.

(F) The Company has established the comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions and specified domestic transactions entered into with associated enterprises during the financial year and expects such records to be in existence latest by 31 October 2024 as required by law. The management confirms its international transaction are at arms' length price so that aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

31. Earnings per share (EPS)

	For the year ended 31-03-2024	For the year ended 31-03-2023
Earnings:		
Profit for the year attributable to equity shareholders (a)	13,066	6,371
Shares:		
Number of equity shares at the beginning of the year	18,24,70,115	18,25,20,165
Weighted average number of equity shares issued on exercise of stock options	-	32,438
Weighted average number of equity shares bought back during the year	(29,74,504)	(238)
Weighted average number of equity shares – Basic (b)	17,94,95,611	18,25,52,365
Dilutive effect of potential equity shares	-	-
Weighted average number of equity shares – Diluted (c)	17,94,95,611	18,25,52,365
Earnings per equity share (Face Value of ₹ 2/- each):		
Basic (in ₹) (a/b)	72.79	34.90
Diluted (in ₹) (a/c)	72.79	34.90

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

32. Financial instruments - fair values

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities including their levels in the fair value hierarchy.

As at 31-03-2024:

Particulars	Note	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
A. Financials assets					
Financial assets measured at FVTOCI					
Non-current investments	8	959	-	-	959
Current investments	8	277	277	-	-
Financial assets measured at amortised cost					
Current investments	8	1,362	-	-	-
Loans	9	95	-	-	-
Trade receivables	13	10,766	-	-	-
Cash and cash equivalents	14	55	-	-	-
Bank balances other than cash and cash equivalents	14	8,594	-	-	-
Other financial assets	10	4,854	-	-	-
		26,962	**277**	**-**	**959**
B. Financials liabilities					
Financial liabilities measured at amortised cost					
Borrowings	17	3,632	-	-	-
Trade payables	22	1,833	-	-	-
Other financial liabilities	19	1,031	-	-	-
		6,496	**-**	**-**	**-**

As at 31-03-2023:

Particulars	Note	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
A. Financials assets					
Financial assets measured at FVTOCI					
Non-current investments	8	873	-	-	873
Current investments	8	209	209	-	-
Financial assets measured at amortised cost					
Current investments	8	1,190	-	-	-
Loans	9	107	-	-	-
Trade receivables	13	7,931	-	-	-
Cash and cash equivalents	14	69	-	-	-
Bank balances other than cash and cash equivalents	14	4,051	-	-	-
Other financial assets	10	3,241	-	-	-
		17,671	**209**	**-**	**873**
B. Financials liabilities					
Financial liabilities measured at amortised cost					
Borrowings	17	1,599	-	-	-
Trade payables	22	1,824	-	-	-
Other financial liabilities	19	838	-	-	-
		4,261	**-**	**-**	**-**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The Company's financial liabilities comprise of borrowings from banks, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade receivables, other financial assets, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds certain investments in entities other than in subsidiaries.

The fair value of cash and cash equivalents, other bank balances, trade receivables, loans, investment in quoted and unquoted debentures and bonds, borrowings, trade payables, other financial assets and other financial liabilities approximate their carrying amount largely due to the nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of such loans approximate fair value.

B. Measurement of fair values

Valuation technique and significant unobservable inputs

Level 1: The fair value of the quoted equity investments are based on market price at the reporting date.

Level 3: The Investments measured at fair value and falling under fair value hierarchy Level 3 are valued on the basis of valuation reports provided by valuers with the exception of certain investments, where the impact of fair valuation of investment is considered as insignificant and hence carrying value and fair value is considered as same. The valuers have considered discounted cashflow method for the purpose of valuation of investments. The significant unobservable inputs involved are primarily growth rate, discount rate and terminal growth rate. The relationship of significant unobservable value and fair value is as follow:

The estimated fair value will increase/(decrease) if the expected growth rate and terminal rate increases/(decreases); the estimated fair value will (decrease)/increase if the expected discount rate increases/(decreases)

Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2023-24 and no transfers in either direction in 2022-23.

Change in Level 3 fair values

Particulars	Unquoted FVTOCI Equity investments	
	31-03-2024	31-03-2023
Opening balance	873	461
Additions/(Deletions) during the year	86	430
Net change in fair value (recognised in FVTOCI)	-	(18)
Closing balance	**959**	**873**

33. Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and deployment of risk management framework. The Board of Directors have adopted a Risk Policy, which empowers the management to access and monitor the risk management parameters along with action taken and the same is updated to Board of Directors.

The Company's risk management policies are established to identify and analyse the risks being faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

A. Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, deposits, loans, trade receivables and trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's entire borrowings carried at amortised cost are variable rate instruments and are subject to fluctuation because of a change in market interest rates. The Company considers the impact of fair value interest rate risk on variable rate borrowings as not material.

The Company's variable rate borrowing is subject to interest rate risk. Below are the details of exposure to fixed rate and variable rate instruments:

Particulars	As at 31-03-2024	As at 31-03-2023
Fixed rate instruments		
Financial assets	14,028	7,981
Variable rate instruments		
Financial liabilities (other than lease liability)	3,632	1,599

Sensitivity-Interest rate risk

Particulars	Impact on profit and loss	
	31-03-2024	31-03-2023
1 % increase in interest rate	(36)	(16)
1 % decrease in interest rate	36	16

The interest rate sensitivity is based on the closing balance of loans from banks.

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which sales, purchase are denominated and the respective functional currencies of the Company. The Company exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

The Company exposure to foreign currency financial assets and financial liabilities expressed in ₹ are as follows:

Financial assets

	31-03-2024			31-03-2023		
	Trade receivables*	Loans	Other financial assets	Trade receivables*	Loans	Other financial assets
- USD	8,564	5	0	1,656	5	0
- EUR	78	-	-	46	-	-
- GBP	5	-	-	-	-	-
- AUD	77	-	-	-	-	-
- CAD	55	-	-	42	-	-
- SGD	28	-	-	35	-	-

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Financial liabilities

	31-03-2024			31-03-2023		
	Trade payables	Other financial liabilities	Borrowings*	Trade payables	Other financial liabilities	Borrowings*
- USD	93	19	968	168	-	616
- EUR	5	4	43	4	-	-
- GBP	-	-	5	0	-	-
- CAD	-	-	5	-	108	33
- JPY	-	0	-	-	-	-
- SGD	-	-	-	0	-	-
- CHF	-	1	-	0	-	-

* Includes bills discounted which are forming part of trade receivables and current borrowings amounting to ₹ 1,021 (31-03-2023: ₹ 649). These are realised amounts and hence, there is no further foreign currency risk involved.

Foreign currency sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at 31 March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

The following table demonstrates the sensitivity to a reasonably possible change in various foreign currencies. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Impact on profit and loss after tax gain/(loss) for the year ended		Impact on equity, net of tax	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Sensitivity				
₹/USD - Appreciate by 10 %	749	88	487	57
₹/EUR - Appreciate by 10 %	3	4	2	3
₹/GBP - Appreciate by 10 %	-	(0)	-	(0)
₹/CAD - Appreciate by 10 %	5	(10)	3	(6)
₹/AUD - Appreciate by 10 %	8	-	5	-
₹/SGD - Appreciate by 10 %	3	4	2	2
₹/USD - Depreciate by 10 %	(749)	(88)	(487)	(57)
₹/EUR - Depreciate by 10 %	(3)	(4)	(2)	(3)
₹/GBP - Depreciate by 10 %	-	0	-	0
₹/CAD - Depreciate by 10 %	(5)	10	(3)	6
₹/AUD - Depreciate by 10 %	(8)	-	(5)	-
₹/SGD - Depreciate by 10 %	(3)	(4)	(2)	(2)

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

B. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	For the year ended 31-03-2024	For the year ended 31-03-2023
Impairment loss on trade receivables and other receivables	98	(164)

The maximum exposure to credit risk for trade receivables (Gross) by geographic region is as follows:

	As at 31-03-2024	As at 31-03-2023
India	2,091	1,470
USA	569	916
Rest of the world	1,147	865
	3,807	**3,251**

The above exposure does not include unbilled revenue.

The exposure to credit risk and ECLs for trade receivables as at 31-03-2024

	Weighted average loss rate	Gross Carrying amount	Loss allowance	Credit impaired
Unbilled	0 %	7,156	-	-
Not due	2 %	2,848	47	47
Less than 6 months	6 %	861	52	52
6 months to 1 year	100 %	45	45	45
1-2 years	100 %	9	9	9
2-3 years	100 %	18	18	18
More than 3 years	100 %	26	26	26
Total		**10,963**	**197**	**197**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The exposure to credit risk and ECLs for trade receivables as at 31-03-2023

	Weighted average loss rate	Gross Carrying amount	Loss allowance	Credit impaired
Unbilled	0 %	4,830	-	-
Not due	1 %	2,725	19	19
Less than 6 months	3 %	358	12	12
6 months to 1 year	32 %	66	21	21
1-2 years	82 %	22	18	18
2-3 years	100 %	79	79	79
More than 3 years	100 %	1	1	1
Total		**8,081**	**150**	**150**

Movement in allowance for credit losses

	As at 31-03-2024	As at 31-03-2023
Balance as at 01 April	150	422
Net remeasurement of loss allowance	98	(164)
Amount written off during the year	(51)	(108)
Balance at the end of the year	**197**	**150**

As per simplified approach the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever required.

Other financial assets:

Other financial assets primarily consists of cash and cash equivalents and deposits. Credit risk on cash and cash equivalents and deposits with banks and financial institutions are generally low as the said deposits have been made with the banks and financial institutions who have been assigned high credit rating by international and domestic credit rating agencies.

Investments in other than subsidiaries are strategic investments in the normal course of business of the Company. Loans to related parties are given for business purposes. The Company reassesses the recoverability of loans periodically. Interest recoveries from these loans are regular and there is no interest received defaults.

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entities operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's principal sources of liquidity are the cash flows generated from operations. The Company has no long-term borrowings and believes that the working capital loan is sufficient for its current requirements. Accordingly, no liquidity risk is perceived.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

As at 31-03-2024	Carrying value	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Financial liabilities					
Borrowings	3,632	3,632	-	-	3,632
Trade payables	1,833	1,833	-	-	1,833
Other financial liabilities	1,031	1,015	9	8	1,031
Total	**6,496**	**6,480**	**9**	**8**	**6,496**

As at 31-03-2023	Carrying value	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Financial liabilities					
Borrowings	1,599	1,599	-	-	1,599
Trade payables	1,824	1,824	-	-	1,824
Other financial liabilities	838	821	17	-	838
Total	**4,261**	**4,244**	**17**	**-**	**4,261**

34. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares. Total capital is the total equity as shown in the Standalone Balance Sheet. Currently, the Company primarily monitors its capital structure on the basis of gearing ratio. Management is continuously evolving strategies to optimise the returns and reduce the risks. It includes plans to optimise the financial leverage of the Company.

The capital gearing ratio is summarised as follows:

	As at 31-03-2024	As at 31-03-2023
Total borrowings	3,632	1,599
Less: Cash and cash equivalents	(55)	(69)
Net debt [A]	**3,577**	**1,530**
Total equity [B]	55,923	47,020
Total capital [C=A+B]	**59,500**	**48,550**
Gearing ratio (%) [A/C]	6 %	3 %

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

35. Corporate social responsibility (CSR) expenses

Particulars	For the year ended 31-03-2024	For the year ended 31-03-2023
(a) Amount required to be spent by the Company during the year	79	69
(b) Amount spent during the year:		
(i) Construction or acquistion of any asset	-	-
(ii) On purpose other than (i) above	82	70
(c) Shortfall at the end of the year	-	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	Not applicable	Not applicable
(f) Nature of CSR activities:		
Education and infrastructure support, Health, nutrition, water, sanitation and hygiene, Animal Welfare, Support to sports, Rural development, Women empowerment	82	70
(g) Details of related party transactions,		
(i) NATCO Trust	79	70
(h) Provision made with respect to a liability through contractual obligation	-	-
(i) Details of unspent obligations	-	-
(j) Amount approved by Board of Directors	101	109

36. Related party disclosures, as per Ind AS 24

(a) Names of the related parties and nature of relationship (to the extent transactions have taken place during the year)

Nature of relationship	Names of the related parties
1. Subsidiary companies	NATCO Pharma Inc., United States of America
	Time Cap Overseas Limited, Mauritius
	NATCO Pharma (Canada) Inc., Canada
	NATCO Pharma Asia Pte. Ltd., Singapore
	NATCO Pharma Australia PTY Ltd., Australia
	NATCO Lifesciences Philippines Inc., Philippines
	NATCO Pharma UK Ltd, United Kingdom (w.e.f. 04-09-2023)
	PT.NATCO Lotus Farma, Indonesia (w.e.f. 28-08-2023)
	NATCO Pharma Colombia S.A.S. (w.e.f. 16-08-2023)
2. Step-down subsidiary company	NatcoFarma do Brasil Ltda., Brazil
	NATCO Pharma USA LLC, USA (w.e.f. 01-01-2022)
	(Formerly known as Dash Pharmaceuticals LLC, USA - name changed w.e.f. 12-04-2023)
3. Entities in which Directors have control or have significant influence	Time Cap Pharma Labs Private Limited
	NATCO Trust
4. Key management personnel ("KMP")	
Chairman	Mr. Sreerama Murthy Gubbala (upto 31-03-2024)
Managing Director	Mr. V C Nannapaneni
Chairman & Managing Director	Mr. V C Nannapaneni (w.e.f. 01-04-2024)
Director and Chief Executive Officer ("CEO") and Vice Chairman (w.e.f. 01-04-2024)	Mr. Rajeev Nannapaneni
Wholetime Director	Mr. Potluri Prasad Sivaramakrishna
Wholetime Director	Mr. Lingarao Donthineni
Wholetime Director	Dr. Pavan Bhat (w.e.f. 09-08-2022)
Chief Financial Officer	Mr. S.V.V.N. Appa Rao
Company Secretary	Mr. Venkat Ramesh Chekuri

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Nature of relationship	Names of the related parties
5. Non-Executive Directors and Independent Directors	
Independent Director	Mr. Sreerama Murthy Gubbala (upto 31-03-2024)
Independent Director	Mr. Govinda Prasad Dasu (upto 31-03-2024)
Independent Director	Mr. Umamaheshwarrao Naidu Madireddi
Independent Director	Mr. Venkateswara Rao Thallapaka
Independent Director	Mrs. Leela Digumarti
Independent Director	Mr. Agnihotra Dakshina Murty Chavali (w.e.f. 01-04-2024)
Independent Director	Mr.Vijaya Bhaskar Dronadula (w.e.f. 01-04-2024)

(b) Related party transactions during the year (excluding goods and service tax)

	For the year ended	
	31-03-2024	**31-03-2023**
Time Cap Overseas Limited, Mauritius		
Investment in equity shares	164	-
NATCO Pharma (Canada) Inc., Canada		
Sale of products	449	966
NATCO Pharma Asia Pte Ltd., Singapore		
Sale of products	64	88
Natcofarma Do Brasil Ltda., Brazil		
Sale of products	365	668
Corporate guarantee given	166	-
NATCO Pharma Australia Pty Ltd., Australia		
Investment in equity shares	5	12
NATCO Pharma Inc., United States of America		
Investment in equity shares	415	850
NATCO Pharma UK Limited, United Kingdom		
Investment in equity shares	126	-
NATCO Pharma USA LLC, United States of America		
Sale of products	107	56
Reimbursment of expensese	1	1
NATCO Lifesciences Philippines Inc., Philippines		
Investment in equity shares	16	-
Sale of products	10	11
Interest income on loan	0	0
Time Cap Pharma Labs Private Limited		
Rental expense	7	7
NATCO Trust		
Donations	5	16
Rental income	0	0
Contribution towards corporate social responsibility activities	79	70
Mr. V C Nannapaneni		
Managerial remuneration*	23	22
Leave encashment paid	1	1
Gratuity expense	-	-
Compensated absences expense	0	0
Rental expense	3	3
Commission	75	-

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended	
	31-03-2024	31-03-2023
Mr. Rajeev Nannapaneni		
Managerial remuneration*	21	20
Leave encashment paid	1	1
Gratuity expense	0	0
Compensated absences expense	0	0
Rental expense	3	3
Commission	75	-
Mr. Potluri Prasad Sivaramakrishna		
Managerial remuneration*	19	19
Leave encashment paid	1	1
Gratuity expense	0	-
Compensated absences expense	0	0
Interest income	-	0
Repayment of loan given	-	0
Mr. Lingarao Donthineni		
Managerial remuneration*	32	32
Leave encashment paid	1	1
Gratuity expense	0	-
Compensated absences expense	0	0
Interest income	1	2
Repayment of loan given	23	6
Dr. Pavan Bhat Ganapati		
Managerial remuneration*	31	41
Perquisite value of ESOPs exercised during the year	-	13
Leave encashment paid	1	1
Gratuity expense	0	0
Compensated absences expense	-	0
Mr. S.V.V.N. Appa Rao		
Remuneration*	13	13
Leave encashment paid	0	0
Gratuity expense	0	-
Compensated absences expense	0	0
Mr. Venkat Ramesh Chekuri		
Remuneration*	3	2
Perquisite value of ESOPs exercised during the year	-	1
Gratuity expense	0	0
Compensated absences expense	0	0
Sitting fees:		
Mr. Govinda Prasad Dasu	0	1
Mrs. Leela Digumarti	0	0
Mr. Umamaheshwarrao Naidu Madireddi	0	1
Mr. Sreerama Murthy Gubbala	1	1
Mr. Venkateswara Rao Thallapaka	1	0

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(c) Related party closing balances as on balance sheet date receivable/(payable):

	As at	
	31-03-2024	31-03-2023
Loan receivable		
NATCO Lifesciences Philippines Inc., Philippines	5	5
Mr. Lingarao Donthineni	-	23
Interest accrued but not due on loans		
NATCO Lifesciences Philippines Inc., Philippines	0	0
Trade receivables		
NATCO Pharma (Canada) Inc., Canada	50	-
NatcoFarma do Brasil Ltda., Brazil	-	423
NATCO Pharma Asia PTE Ltd., Singapore	28	35
NATCO Lifesciences Philippines Inc., Philippines	9	11
NATCO Pharma USA LLC., United States of America	57	48
Financial Guarantee liability		
NatcoFarma do Brasil Ltda., Brazil	-	(1)
Advance from customers		
NATCO Pharma (Canada) Inc., Canada	-	(105)
Rent Payable		
Mr. V.C. Nannapaneni	(0)	-
Mr. Rajeev Nannapaneni	(0)	-
Time Cap Pharma Labs Private Limited	(1)	-
Remuneration payable		
Mr. V.C. Nannapaneni	(0)	(1)
Mr. Rajeev Nannapaneni	(0)	(0)
Mr. Lingarao Donthineni	(5)	(1)
Mr. Potluri Prasad Sivaramakrishna	(1)	(1)
Dr. Pavan Bhat Ganapati	(6)	(5)
Mr. S.V.N.N. Appa Rao	(2)	(0)
Mr.Venkat Ramesh Chekuri	(0)	(0)
Commission payable		
Mr. V.C. Nannapaneni	(75)	-
Mr. Rajeev Nannapaneni	(75)	-
Corporate Guarantee		
NatcoFarma do Brasil Ltda.	-	329

*The aforesaid amount does not include amounts in respect of payment of insurance costs as the payments are made for the Company as a whole.

37. Segment reporting

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of paragraph 3 of Ind AS 108 'Operating Segments' no disclosures related to segment are presented in these standalone financial statements.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

38. Contingent liabilities and commitments

(a) Commitments

	As at	
	31-03-2024	31-03-2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (including comitment towards purchase of property, plant and equipment, net of advances amounting to ₹ 231 (31-03-2023: ₹ 27)	490	48
Pending export obligation under EPCG Scheme	11	27
Corporate Guarantee (refer Note - 1 below)	-	329
Other commitment (refer Note - 2 below)	83	-

Note 1:

The Company has given Corporate Guarantees aggregating to ₹ Nil (31-03-2023: ₹ 329) to the banks on behalf of its step-down subsidiary NatcoFarma do Brasil Ltda., Brazil. Corporate guarantee was closed during the current year.

Note 2:

The Company has an outstanding commitment of investment for an amount of ₹ 83 (31-03-2023: ₹ Nil) in Cellogen Therapeutics Pvt Ltd as at 31-03-2024.

(b) Contingent liabilities

(i) Matters under appeals with tax authorities:

	As at	
	31-03-2024	31-03-2023
Disputed Income tax liabilities	-	144
Disputed indirect tax liabilities	4	2

The Company is contesting the above demand including few land related claims and the management believes that its position will likely be upheld in the appellate process and no expenses has been accrued in the standalone financial statements for the demand raised/ show cause notice received as the ultimate outcome of these proceedings will not have a material adverse effect on the Company's standalone financial statements. Pending resolution of the aforesaid respective proceedings, it is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above.

(ii) The Company is contesting certain process and product patent infringement cases filed against it by the innovators in the ordinary course of business. A few of these cases pertain to products already launched by the Company in the market. These cases are pending before different authorities / courts and most of the claims involve complex issues. The outcome from these claims are uncertain due to a number of factors involved in legal trial such as stage of the proceedings and the overall length and extent of pre-trial discovery; the entitlement of the parties to an action to appeal a decision; clarity as to theories of liability; damages and governing law; uncertainties in timing of litigation; and the possible need for further legal proceedings to establish the appropriate amount of damages, if any. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss is difficult to ascertain. Consequently, for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. Further, at present, the management does not expect such liabilities to be significant.

(iii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

39. The Company does not have any long-term contracts including derivatives for which there are any material foreseeable losses.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

40. Capital work-in-progress

a) Movement in Capital work-in-progress

	As at	
	31-03-2024	31-03-2023
Opening balance	**628**	**1,287**
Capital expenditure incurred	1,732	1,033
Capitalised during the year	(1,021)	(1,692)
Closing balance	**1,339**	**628**

b) Capital work-in-progress (CWIP) ageing schedule

As at 31-03-2024

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (*)	1,224	65	34	16	1,339

As at 31-03-2023

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (*)	368	247	13	-	628

(*) Project execution plans are assessed on an annual basis and all the projects are executed as per rolling annual plan.

There are no project whose completion is overdue or has exceeded its cost compared to its original plan.

No projects have been temporarily suspended as at 31-03-2024 and 31-03-2023.

41. Leases

Movement in lease liabilities

	As at	
	31-03-2024	31-03-2023
Balance at the beginning	**12**	**105**
Additions	30	-
Deletions	(1)	(80)
Interest expenses	4	3
Repayment of principal and interest on lease liabilities	(16)	(16)
Balance at the end	**29**	**12**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Undiscounted contractual maturities of lease liabilities

	As at	
	31-03-2024	31-03-2023
Less than one year	17	2
One to five years	8	8
More than five years	378	384
	403	**394**

As at balance sheet date, the Company is not exposed to future cash flows for extension / termination options, residual value guarantees and leases not commenced to which lessee is committed.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The Company has taken certain rented premises on lease with contract terms within one year. These leases are short-term in nature and the Company has elected not to recognise right-of-use-assets and lease liabilities for these assets. The Company has incurred following expenses relating to short-term leases for which the recognition exemption has been applied (Refer note 29).

Rental expense for short-term leases

	For the year ended	
	31-03-2024	31-03-2023
Expense relating to short-term leases (refer note 29)	5	2
	5	**2**

Amounts recognised in the standalone statement of profit and loss

	For the year ended	
	31-03-2024	31-03-2023
Depreciation on right of use asset	20	18
Interest expense	4	3
	24	**21**

Amounts recognised in the standalone statement of cash flows

	For the year ended	
	31-03-2024	31-03-2023
Payment of lease liabilities	(16)	(16)
Expense relating to short-term leases (Refer note 29)	(5)	(2)
	(21)	**(18)**

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Details of Right of use of Assets

	Land	Buildings	Total
A. Cost or Deemed cost (Gross carrying amount)			
As at 01-04-2022	**487**	**48**	**535**
Additions	-	-	-
Disposals	(105)	-	(105)
Balance as at 31-03-2023	**382**	**48**	**430**
Additions	-	29	29
Disposals	(27)	(2)	(29)
Balance as at 31-03-2024	**355**	**75**	**430**
B. Accumulated depreciation			
As at 01-04-2022	**39**	**1**	**40**
Charge for the year	16	2	18
Disposals	(29)	-	(29)
Balance as at 31-03-2023	**26**	**3**	**29**
Charge for the year	5	15	20
Disposals	(3)	(2)	(5)
Balance as at 31-03-2024	**27**	**16**	**44**
C. Net carrying amounts (A-B)			
As at 31-03-2023	**356**	**45**	**401**
As at 31-03-2024	**328**	**59**	**386**

42. Ratios

S. No.	Particulars	Numerator	Denominator	Unit	31-03-2024	31-03-2023	% Variance	Reasons for Variance*
a.	Current ratio	Current assets	Current liabilities	Number of times	3.85	4.38	-12.10 %	
b.	Debt equity ratio	Current + Non-current borrowings	Total equity	Number of times	0.06	0.03	100.00 %	Increase in ratio is on account of increas in closing working capital loan.
c.	Debt service coverage ratio	Net profit after tax + interest + depreciation and amortization +/- Loss or gain on sale of property, plant & equipment	Interest + Lease interest payments + Current lease liabilities + Current borrowings	Number of times	3.99	4.62	-13.64 %	
d.	Return on equity	Net profits after taxes	Average shareholder's equity	%	25 %	14 %	78.57 %	Increase in ratio is on account of increase in profit due to higher revenue in the current year.
e.	Inventory turnover ratio	Cost of goods sold	Average inventory	Number of times	1.08	0.93	16.13 %	

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

S. No.	Particulars	Numerator	Denominator	Unit	31-03-2024	31-03-2023	% Variance	Reasons for Variance*
f.	Trade receivables turnover ratio	Net sales	Average trade receivables	Number of times	3.80	3.42	11.00 %	
g.	Trade payables turnover ratio	Purchases	Average trade payable	Number of times	3.02	2.91	3.78 %	
h.	Net capital turnover ratio	Net sales	Current assets - Current liabilities	Number of times	1.41	1.22	15.57 %	
i.	Net profit ratio	Net profits after taxes	Net sales	%	37 %	27 %	37.04 %	Increase in ratio is on account of increase in profit due to higher revenue in the current year.
j.	Return on capital employed	Earning before interest and taxes	Total equity - Intangible assets + Non current borrowing + Current borrowings + Deferred tax liabilities	%	26 %	16 %	62.50 %	Increase in ratio is on account of increase in profit due to higher revenue in the current year.
k.	Return on investment	Income generated from invested funds	Average invested funds in treasury investments	%	6 %	5 %	20.00 %	

*Reasons for variances is given for ratios having percentage change more than 25 %.

43. Other Statutory Information

(i) The Company has entered into transactions with the companies struck off as per Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956. Below are the details of balances outstanding for the year ended 31 March 2024:

Name of struck off Company	Nature of transactions with struck-off Company	Buildings	Relationship with the Struck off company
Lustre Industries Private Limited	Shares held by struck off company	11800 Shares	Shareholder
Kautilya Venture Company Capital Limited	Shares held by struck off company	2000 Shares	Shareholder
Vaishak Shares Limited	Shares held by struck off company	5 Shares	Shareholder

(ii) a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (""Intermediaries"") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries) except as disclosed below.

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The Company has invested funds in the following entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly invest in other entities identified on behalf of the Company (Ultimate Beneficiaries).

Date of investment	Amount of investment	Name of the intermediary	Name of Ultimate Beneficiary	Date of investment in Ultimate Beneficiary
24-08-2023	165	NATCO Pharma Inc.	NATCO Pharma USA LLC (formerly known as Dash Pharmaceuticals LLC)	25-08-2023
07-11-2023	125	NATCO Pharma Inc.		07-11-2023
15-03-2024	125	NATCO Pharma Inc.		18-03-2024
03-07-2023	164	Time Cap Overseas Limited	Natcofarma Do Brasil Ltda.	05-07-2023

The Company has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act, 2013. Such transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

(iii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iv) The Company does not have any transaction which is not recorded in the books of account and has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).

(v) There are no proceeding initiated or pending against the Company as at 31-03-2024 and as at 31-03-2023 under Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016).

(vi) The Company is not declared as a wilful defaulter by any bank or financial institution or other lenders.

(vii) Compliance with number of layers of companies prescribed under clause (87) of Section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable.

(viii) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(ix) The Company has not traded or invested in Crypto currency or Virtual currency during the current year and previous year.

(x) There are no loans or advances in the nature of loans are granted to promoters, directors, KMP's and related parties (as defined under the Companies Act, 2013) either severally or jointly with any other person, that are:

a) repayable on demand; or

b) without specifying any terms or period of repayment

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

44 Disclosure pertaining to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013

(a) The Company has made investments in the following Companies:

	As at 01-04-2023	Allotment/ purchase during the year	Sold during the year	Provision for Dimunition	As at 31-03-2024
Investment in equity Instruments					
Natco Pharma Inc.	2,155	415	-	-	2,570
Time Cap Overseas Limited	1,542	164	-	-	1,706
NATCO Pharma (Canada) Inc.	232	-	-	-	232
NATCO Pharma Asia Pte. Ltd	102	-	-	-	102
NATCO Pharma Australia PTY Ltd	205	5	-	(210)	-
NATCO Lifesciences Philippines Inc	47	16	-	-	63
NATCO Pharma UK Limited (incorporated on 04-09-2023)	-	126	-	-	126

	As at 01-04-2022	Allotment/ purchase during the year	Sold during the year	Provision for Dimunition	As at 31-03-2023
Investment in equity Instruments					
Natco Pharma Inc.	1,305	850	-	-	2155
Time Cap Overseas Limited	1,542	-	-	-	1542
NATCO Pharma (Canada) Inc.	232	-	-	-	232
NATCO Pharma Asia Pte. Ltd	102	-	-	-	102
NATCO Pharma Australia PTY Ltd	193	12	-	-	205
NATCO Lifesciences Philippines Inc	47	-	-	-	47

(b) The Company has given interest bearing loans to its subsidiary Companies:

	As at 01-04-2023	Given/(repaid) during the year	Impact of foreign exchange translation	As at 31-03-2024*	Maximum balance outstanding during the year
NATCO Lifesciences Philippines Inc.	5	-	(0)	5	5

Notes to Standalone Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The Company has given interest bearing loans to its subsidiary Companies:

	As at 01-04-2022	Given/(repaid) during the year	Impact of foreign exchange translation	As at 31-03-2023*	Maximum balance outstanding during the year
NATCO Lifesciences Philippines Inc.	5	-	(0)	5	5

* Restated at the closing conversion rate as the loan was given in foreign currency.

The loan to subsidiaries are given for general business purpose. The said loan carries an interest rate of 5% p.a. (31-03-2023: 5% p.a.). The loan is scheduled for repayment within 5 years from the date of drawdown.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

Amit Kumar Bajaj
Partner
Membership Number: 218685

Place: Hyderabad
Date: 27 May 2024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964

S V V N Appa Rao
Chief Financial Officer

Place: Hyderabad
Date: 27 May 2024

Independent Auditor's Report

To the Members of **NATCO Pharma Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of NATCO Pharma Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2024, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of such subsidiaries/ step down subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2024, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

See Note 3(e) and Note 22 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Revenue is recognised when the control of the products being sold has transferred to the customer. The Group has a large number of customers operating in various geographies and sale contracts with customers have a variety of different terms relating to the recognition of revenue. Control is usually transferred upon shipment/ delivery to/ upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. We identified the recognition of revenue from sale of products as a key audit matter because the Group and its external stakeholders focus on revenue as a key performance indicator. There could be a risk that revenue is recognised before the control has been transferred to the customer.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: 1) Assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. 2) Tested design, implementation and operating effectiveness of the Company's key controls over measurement, timing and recognition of revenue in accordance with customer contracts. 3) Performed substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year (and before and after the financial year end), by verifying the underlying documents, which included sales invoices, contracts and shipping documents, as applicable.

The key audit matter	How the matter was addressed in our audit
The Group routinely enters into development and commercialisation arrangements relating to research and development of new products in the pharmaceutical sector including collaboration with other pharmaceutical companies leading to recognition of revenue from sale of services. Considering the complexity involved, recognition of revenue from such contracts has also been considered as key audit matter.	4) Analysed the terms of development and commercialisation arrangements to determine that revenue is recognised for the rights transferred under the contract having regard to the performance obligations under the contract. 5) Tested manual journals posted to revenue to identify unusual transactions.

Deferred tax asset on Minimum Alternate Tax ('MAT') credit entitlement

See Note 29 (D) and (E) to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Company operates in a complex tax jurisdiction in India with various tax exemptions available. The Company has paid minimum alternate tax (MAT) under Section 115JB of the Income-tax Act, 1961. The MAT paid would be available as offset over a period of 15 years. The MAT credit is recognised as a deferred tax asset that will be available for offset when the Company pays regular taxes under the provisions of Income-tax Act, 1961. In assessing whether the deferred tax assets will be realised, the Company considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The extent of recognition of deferred tax asset on account of MAT credit requires significant judgment regarding the Company's future taxable income which will result in utilisation of the MAT credit within the time limits available under the applicable Income-tax laws and accordingly the same has been considered as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: 1) Tested the design, implementation and operating effectiveness of the Company's key controls over recognition of deferred tax asset relating to MAT credit. 2) Challenged the key business assumptions like profit margins in the foreseeable future years against historical data and trends, to assess their reasonableness. 3) Analysed origination of MAT credit entitlement and assessed the reasonableness of Company's assessment in relation to its utilisation within the period allowed for carry forward and set off against foreseeable forecast taxable income streams. 4) Evaluated appropriateness of taxation disclosures in the standalone financial statements, including the disclosures made in respect of the utilisation period of deferred tax assets in relation to MAT credit entitlement.

Impairment of Goodwill

See Note 6 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Holding Company performs impairment assessment of Goodwill under Ind AS 36 "Impairment of Assets" on an annual basis and whenever there is an indication of impairment. The aforesaid assets arose on acquisition of NATCO Pharma USA LLC (Formerly known as Dash Pharmaceuticals LLC). In performing the impairment test, the Holding Company has made several key assumptions, such as growth rates, discount rates and forecasted cash flows relating to the aforesaid entity.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: 1) Evaluated the design and implementation of key internal financial controls of the Holding Company with respect to the impairment assessment of Goodwill and tested operating effectiveness of such controls. 2) Tested budgeting procedures upon which the cash flow forecasts were based. We also compared the actual past performances with the budgeted figures. 3) Involved valuation specialists to assist us in evaluating the key assumptions and methodology used by the Holding Company, in particular those relating to the forecast of the revenue growth, profit margins and discount rate. The valuation specialists also compared the assumptions to externally derived data in relation to key inputs such as projected economic growth, competition, cost inflation and discount rates.

The key audit matter	How the matter was addressed in our audit
We identified impairment of Goodwill as a key audit matter because these estimates involve significant judgement, and the underlying assumptions are inherently uncertain.	4) Assessed the sensitivity of the outcome of impairment assessment to changes in key assumptions. 5) Assessed the adequacy of the disclosures including disclosures of key assumptions, judgements and sensitivities.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual report, but does not include the financial statements and auditor's report thereon. The Holding Company's Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter(s)

a. We did not audit the financial statements of nine subsidiaries/ step down subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of ₹ 8,789.14 million as at 31 March 2024, total revenues (before consolidation adjustments) of ₹ 5,293.45 million and net cash outflows (before consolidation adjustments) amounting to ₹ 601.16 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries/ step down subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries/ step down subsidiaries is based solely on the reports of the other auditors.

   These subsidiaries/ step down subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries/ step down subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries/ step down subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

b. The financial information of two subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of ₹ Nil as at 31 March 2024, total revenues (before consolidation adjustments) of ₹ Nil and net cash flows (before consolidation adjustments) amounting to ₹ Nil for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries/ step down subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in the paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 01 April 2024 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company incorporated in India is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(A)(b) above on reporting under Section 143(3)(b) and paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries/ step down subsidiaries, as noted in the "Other Matters" paragraph:

a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group. Refer Note 37 to the consolidated financial statements.

b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2024.

c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2024.

d (i) The management of the Holding Company represented to us that, to the best of its knowledge and belief, other than as disclosed in the Note 42(ii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management of the Holding Company represented to us that, to the best of its knowledge and belief, as disclosed in the Note 42(iii) to the consolidated financial statements, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

f. Based on our examination which included test checks, the Holding Company has used accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that the feature of audit trail (edit log) facility was not enabled at database level to log any direct data changes for the accounting software used for financial reporting. Further, for the periods where audit trail (edit log) facility was enabled and operated, we did not come across any instance of the audit trail feature being tampered with.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid/payable during the current year by the Holding Company , to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid/payable to any director by the Holding Company , is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.:116231W/W-100024

Amit Kumar Bajaj
Partner
Membership No.: 218685
ICAI UDIN:24218685BKGPOS1820

Place: Hyderabad
Date: 27 May 2024

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of NATCO Pharma Limited for the year ended 31 March 2024

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, following company incorporated in India and included in the consolidated financial statements, has unfavourable/ qualified remarks given by the auditor in their report under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entity	CIN	Holding company/ Subsidiary	Clause number of the CARO report which is unfavourable/ qualified
1	NATCO Pharma Limited	L24230TG1981PLC003201	Holding company	Clause (iii) (c) and (iii) (d)

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.:116231W/W-100024

Amit Kumar Bajaj
Partner
Membership No.: 218685
ICAI UDIN:24218685BKGPOS1820

Place: Hyderabad
Date: 27 May 2024

Annexure B to the Independent Auditor's Report on the consolidated financial statements of NATCO Pharma Limited for the year ended 31 March 2024

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of NATCO Pharma Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company , as of that date.

In our opinion, the Holding Company, has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Holding Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LL**P
Chartered Accountants
Firm's Registration No.:116231W/W-100024

Amit Kumar Bajaj
Partner
Membership No.: 218685
ICAI UDIN:24218685BKGPOS1820

Place: Hyderabad
Date: 27 May 2024

Consolidated Balance Sheet

as at 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Note	As at 31-03-2024	As at 31-03-2023
I. Assets			
(1) Non-current assets			
(a) Property, plant and equipment	5	22,977	22,391
(b) Capital work-in-progress	39	1,373	643
(c) Goodwill	6	560	552
(d) Other intangible assets	6	1,371	1,326
(e) Financial assets			
(i) Investments	7	959	873
(ii) Other financial assets	9	439	170
(f) Deferred tax assets, net	29	194	-
(g) Non-current tax assets, net		261	345
(h) Other non-current assets	10	694	271
Total non-current assets		**28,828**	**26,571**
(2) Current assets			
(a) Inventories	11	7,005	7,429
(b) Financial assets			
(i) Investments	7	4,435	3,050
(ii) Trade receivables	12	11,889	8,561
(iii) Cash and cash equivalents	13	704	1,319
(iv) Bank balances other than (iii) above	13	8,825	4,144
(v) Loans	8	90	102
(vi) Other financial assets	9	4,528	3,108
(c) Other current assets	10	2,759	2,290
Total current assets		**40,235**	**30,003**
Total assets		**69,063**	**56,574**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	14	358	365
(b) Other equity	15	58,173	48,373
Equity attributable to owners of the Company		58,531	48,738
(c) Non-controlling interests		-	-
Total equity		**58,531**	**48,738**
(2) Liabilities			
(A) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	17	53	11
(ii) Other financial liabilities	18	40	17
(b) Provisions	19	709	853
(c) Deferred tax liabilities, net	29	2	124
Total non-current liabilities		**804**	**1,005**
(B) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	3,632	1,650
(ii) Lease liabilities	17	27	6
(iii) Trade payables	21		
- total outstanding dues of micro and small enterprises; and		41	54
- total outstanding dues of creditors other than micro and small enterprises		2,314	2,584
(iv) Other financial liabilities	18	1,021	859
(b) Other current liabilities	20	1,341	1,408
(c) Provisions	19	1,029	169
(d) Current tax liabilities (net)		323	101
Total current liabilities		**9,728**	**6,831**
Total liabilities		**10,532**	**7,836**
Total equity and liabilities		**69,063**	**56,574**
Material accounting policies	3 and 4		

The accompanying notes form an integral part of the consolidated financial statements

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

Amit Kumar Bajaj
Partner
Membership Number: 218685

Place: Hyderabad
Date: 27 May 2024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964

S V V N Appa Rao
Chief Financial Officer

Place: Hyderabad
Date: 27 May 2024

Consolidated Statement of Profit and Loss

for the year ended 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Note	For the year ended 31-03-2024	For the year ended 31-03-2023
1. Income			
(a) Revenue from operations	22	39,988	27,071
(b) Other income	23	1,281	1,046
Total income		**41,269**	**28,117**
2. Expenses			
(a) Cost of materials consumed	24	5,225	4,753
(b) Purchases of stock-in-trade		1,514	1,757
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	427	(237)
(d) Employee benefits expense	26	5,250	4,867
(e) Finance costs	27	192	145
(f) Depreciation and amortisation expenses	5 and 6	1,868	1,638
(g) Other expenses	28	10,058	6,575
Total expenses		**24,534**	**19,498**
3. Profit before tax (1-2)		**16,735**	**8,619**
4. Tax expense:	29		
(a) Current tax		3,165	1,627
(b) Deferred tax		(313)	(161)
Total tax expenses		**2,852**	**1,466**
5. Profit for the year (3-4)		**13,883**	**7,153**
6. Other comprehensive income (OCI)			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit liability/(asset)		(20)	26
Tax on remeasurement of defined benefit liability/(asset)		7	(9)
(ii) Fair value changes of Equity investments through OCI		97	(236)
Tax impact in Fair value changes on Equity investments through OCI		(8)	25
(b) Items that will be reclassified to profit or loss			
(i) Exchange differences on translating financial statements of foreign operations		73	221
Other comprehensive income for the year, net of tax		**149**	**27**
7. Total comprehensive income for the year (5+6)		**14,032**	**7,180**
8. Profit for the year attributable to:			
Owners of the Company		13,883	7,153
Non-controlling interests		-	-
Profit for the year		**13,883**	**7,153**
9. Other comprehensive income for the year attributable to:			
Owners of the Company		149	27
Non-controlling interests		-	-
Other comprehensive income for the year		**149**	**27**
10. Total comprehensive income for the year attributable to:			
Owners of the Company		14,032	7,180
Non-controlling interests		-	-
Total comprehensive income for the year		**14,032**	**7,180**
11. Earnings per equity share (Face value of ₹ 2 each)	30		
Basic (in ₹)		77.34	39.18
Diluted (in ₹)		77.34	39.18
Material accounting policies	3 and 4		

The accompanying notes form an integral part of the consolidated financial statements

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

Amit Kumar Bajaj
Partner
Membership Number: 218685

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964
Place: Hyderabad
Date: 27 May 2024

S V V N Appa Rao
Chief Financial Officer

Place: Hyderabad
Date: 27 May 2024

Consolidated Statement of Cash Flow

for the year ended 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended 31-03-2024	For the year ended 31-03-2023
Cash flows from operating activities		
Profit before tax for the period	16,735	8,619
Adjustments for		
Depreciation and amortisation expense	1,868	1,638
Finance costs	192	145
Interest income	(1,010)	(512)
Provision for impairment of receivables and advances, net	227	(239)
Bad debts written off	51	108
Capital work-in-progresss written off	-	23
Liabilities written back	(3)	(16)
Net loss on sale of property, plant and equipment	17	(178)
Net loss on sale of investments	9	-
Dividend income on equity investment at fair value through other comprehensive income	(3)	(1)
Change in fair value of financial assets measured at fair value through profit and loss	(2)	52
Unrealised foreign exchange gain, net	(8)	(0)
Operating profit before working capital changes	**18,073**	**9,639**
Changes in working capital		
Decrease in inventories	424	191
Increase in trade receivables	(3,413)	(2,223)
Decrease in loans	-	2
Decrease in other financial assets	28	40
(Increase)/ decrease in other assets	(664)	649
(Decrease)/ Increase in trade payables	(281)	1,020
Increase/ (Decrease) in provisions	696	(79)
Increase in other financial liabilities	183	6
(Decrease)/ Increase in other liabilities	(67)	1,021
Cash generated from operating activities	**14,979**	**10,266**
Income taxes paid, net of refund	(2,863)	(1,775)
Net cash generated from operating activities (A)	**12,116**	**8,491**
Cash flows from investing activities		
Purchase of property, plant and equipment (Refer note b below)	(3,394)	(1,463)
Proceeds from sale of property, plant and equipment	20	305
Acquisition of intangible assets	(193)	(593)
Repayment of loans by others	12	-
Proceeds from sale of investments	1,286	151
Purchase of investments	(2,634)	(1,256)
Deposits with banks	(9,225)	(4,107)
Redemption of bank deposits	4,538	937
Interest received	585	488
Dividend received	3	1
Redemption of deposits other than with banks	2,773	3,538
Deposits other than with banks	(4,098)	(2,772)
Net cash used in investing activities (B)	**(10,327)**	**(4,771)**
Cash flows from financing activities		
Proceeds from issue of share capital*	-	0
Payment on buy-back of shares, including transaction costs and taxes on buy-back	(2,537)	(74)
Net proceeds/ (repayment of) from short-term borrowings (refer note (c) below)	1,978	(2,390)
Dividends paid	(1,708)	(1,004)
Finance cost paid	(181)	(142)
Principal and interest payment of lease liabilities (refer note (c) below)	(21)	(20)
Net cash used in financing activities (C)	**(2,469)**	**(3,630)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(680)**	**90**
Effect of currency translation adjustment	65	118
Cash and cash equivalents as at the beginning of the year	1,319	1,111
Cash and cash equivalents as at the end of the year	**704**	**1,319**

Consolidated Statement of Cash Flow

for the year ended 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

Components of cash and cash equivalents

Particulars	As at 31-03-2024	As at 31-03-2023
Cash and cash equivalents:		
Cash on hand	3	3
Balance with Banks:		
- Current accounts	638	1,316
- Deposit with original maturity within three months	63	-
	704	**1,319**

Notes:

a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".

b) Purchase of property, plant and equipment includes movements of capital work-in-progress, capital advances and capital creditors.

c) **Movement in borrowings and lease liabilities in accordance with Ind AS 7:**

Particulars	As at 31-03-2024	As at 31-03-2023
Borrowings from banks:		
Opening balance	1,650	4,040
Proceeds from/ (repayment of) borrowings, net	1,978	(2,390)
Non-cash items (foreign exchange changes)	4	0
Closing balance	**3,632**	**1,650**
Lease liabilities:		
Opening balance	17	115
Cash flow changes	(21)	(20)
Non-cash changes	84	(78)
Closing balance	**80**	**17**

Material accounting policies 3 and 4

The accompanying notes form an integral part of the consolidated financial statements

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

Amit Kumar Bajaj
Partner
Membership Number: 218685

Place: Hyderabad
Date: 27 May 2024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964

S V V N Appa Rao
Chief Financial Officer

Place: Hyderabad
Date: 27 May 2024

Consolidated Statement of Changes in Equity

for the year ended 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

A. Equity Share Capital

	Number of Shares	Amount
As at 01-04-2022	**18,25,20,165**	**365**
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 01-04-2022	18,25,20,165	365
Changes in Equity share capital during the year	(50,050)	0
As at 31-03-2023	**18,24,70,115**	**365**
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 01-04-2023	18,24,70,115	365
Changes in Equity share capital during the year	(33,60,245)	(7)
As at 31-03-2024	**17,91,09,870**	**358**

B. Other Equity

Particulars	Reserves and Surplus						Other comprehensive income		Total other equity attributable to owners of the Company	Non-controlling interest	Total equity
	Securities premium	Capital reserve	Capital redemption reserve	General reserve	Share options outstanding account	Retained earnings	Gain/(loss) on FVTOCI equity securities	Foreign currency translation reserve			
As at 01-04-2022	**14,078**	**516**	**11**	**595**	**34**	**26,666**	**449**	**(78)**	**42,271**	**-**	**42,271**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	**14,078**	**516**	**11**	**595**	**34**	**26,666**	**449**	**(78)**	**42,271**	**-**	**42,271**
Profit for the year	-	-	-	-	-	7,153	-	-	7,153	-	7,153
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	17	-	-	17	-	17
Fair value changes in Equity instruments through OCI, net of tax	-	-	-	-	-	-	(211)	-	(211)	-	(211)
Exchange differences on translating financial statements of foreign operations	-	-	-	-	-	-	-	221	221	-	221
Profit on sale of equity instruments	-	-	-	-	-	118	(118)	-	-	-	-
Buy back of equity shares	(47)	-	-	-	-	(0)	-	-	(47)	-	(47)
Tax on buy back of equity shares	-	-	-	-	-	(11)	-	-	(11)	-	(11)
Expenses on buy back of equity shares	-	-	-	-	-	(16)	-	-	(16)	-	(16)
Transaction with owners - Dividends paid (refer note 14(viii))	-	-	-	-	-	(1,004)	-	-	(1,004)	-	(1,004)
Equity settled share based payments	34	-	-	-	(34)	-	-	-	-	-	-
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
As at 31-03-2023	**14,065**	**516**	**11**	**595**	**-**	**32,923**	**120**	**143**	**48,373**	**-**	**48,373**

Consolidated Statement of Changes in Equity

for the year ended 31-03-2024

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Reserves and Surplus						Other comprehensive income		Total other equity attributable to owners of the Company	Non-controlling interest	Total equity
	Securities premium	Capital reserve	Capital redemption reserve	General reserve	Share options outstanding account	Retained earnings	Gain/(loss) on FVTOCI equity securities	Foreign currency translation reserve			
Profit for the year	-	-	-	-	-	13,883	-	-	13,883	-	13,883
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	(13)			(13)	-	(13)
Fair value changes in Equity instruments through OCI, net of tax	-	-	-	-	-	-	89	-	89	-	89
Exchange differences on translating financial statements of foreign operations	-	-	-	-	-	-	-	73	73	-	73
Profit on sale of equity instruments	-	-	-	-	-	57	(57)	-	-	-	-
Buy back of equity shares	(2,046)	-	7	-	-	(7)	-	-	(2,046)	-	(2,046)
Tax on buy back of equity shares	-	-	-	-	-	(478)	-	-	(478)	-	(478)
Expenses on buy back of equity shares	-	-	-	-	-	(6)	-	-	(6)	-	(6)
Transaction with owners - Dividends paid (refer note 14(viii))	-	-	-	-	-	(1,702)	-	-	(1,702)	-	(1,702)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
As at 31-03-2024	**12,019**	**516**	**18**	**595**	**-**	**44,657**	**152**	**216**	**58,173**	**-**	**58,173**

The accompanying notes form an integral part of the consolidated financial statements

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

Amit Kumar Bajaj
Partner
Membership Number: 218685

Place: Hyderabad
Date: 27 May 2024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964
Place: Hyderabad
Date: 27 May 2024

S V V N Appa Rao
Chief Financial Officer

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

1. Reporting entity information

NATCO Pharma Limited ("the Company" or "the Parent") is a public limited company domiciled in India and incorporated in India with its registered office situated at NATCO House, Road No. 2, Banjara Hills, Hyderabad – 500034. The Company has been incorporated under the provisions of Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and BSE Limited (BSE) in India.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as "the Group") for the year ended 31 March 2024 is engaged in the business of pharmaceuticals and agricultural chemicals which comprises research and development, manufacturing and selling of bulk drugs, finished dosage formulations. The Group has manufacturing facilities in India which caters to both domestic and international markets including regulated markets like United States of America and Europe.

2. Basis of preparation

A. Statement of Compliance

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act under the historical cost convention on an accrual basis and going concern except for certain financial instruments which are measured at fair values, notified under the Act and Rules prescribed thereunder.

The consolidated financial statements for the year ended 31 March 2024 were authorized and approved for issue by the Company's Board of Directors on 27 May 2024.

Details of Group's accounting policies are included in Note 3.

B. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupee ('INR' or '₹') which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated. Transactions and balances with values below the rounding off norm adapted by the Group have been reflected as '0' in relevant notes in the consolidated financial statements.

C. Current and non-current classification

Based on the time involved between acquisition of assets for processing and their realisation of cash and cash equivalents, the Company has identified twelve months as it operating cycle for determining current and non-current classification of assets and liabilities in the balance sheet.

D. Operating cycle

The Group has ascertained its operating cycle as 12 months that is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

E. Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following items which are measured an alternative basis each reporting date:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit asset/ (liability)	Fair value of plan assets less present value of defined benefit obligations (Refer Note 19)
Leases	Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. Right-to-use asset has been measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Practical expedient on transition to exclude initial direct costs from ROU asset measurement is considered. (Refer Note 40)

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

F. Use of estimates and judgements

In preparing these consolidated financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key accounting estimates, judgments and assumptions in preparation of these consolidated financial statements are given in Note 4.

G. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of reporting period during which the change has occurred.

3. Material accounting policies

a. Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value as at the date the control is acquired (acquisition date), as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 3(c)). Any gain on a bargain purchase is recognised in the Other comprehensive income ('OCI') and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, then gain on a bargain purchase is recognised directly in equity as capital reserve. Transaction costs/ acquisition related costs are expensed as incurred and services are received, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the statement of profit and loss.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit and loss.

ii. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

Consolidation procedure followed is as under:

Items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries are combined like to like basis. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

iii. Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's net identifiable asset at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interest is presented separately from the liabilities or assets and the equity of the shareholders in the consolidated Balance Sheet. Non-controlling interest in the profit or loss of the Group is separately presented.

iv. Subsidiaries considered in the consolidated financial statements:

The following subsidiaries have been considered for the purpose of preparation of the consolidated financial statements:

Name of the subsidiaries	Country of Incorporation	Percentage holding / interest (%) As at 31 March	
		2024	2023
NATCO Pharma, Inc.	United States of America	100.00	100.00
Time Cap Overseas Limited	Mauritius	100.00	100.00
NATCOFarma do Brasil Ltda	Brazil	100.00	100.00
NATCO Pharma (Canada), Inc.	Canada	99.04	99.04
Natco Pharma Asia Pte. Ltd.	Singapore	100.00	100.00
NATCO Pharma Australia PTY Ltd.	Australia	100.00	100.00
NATCO Lifesciences Philippines Inc.	Philippines	100.00	100.00
NATCO Pharma USA LLC (Formerly known as Dash Pharmaceuticals LLC) name changed w.e.f. 12 April 2023	United States of America	100.00	100.00
NATCO Pharma UK Limited (incorporated on 04 September 2023)	United Kingdom	100.00	-
PT. NATCO Lotus Farma (incorporated on 28 August 2023)	Indonesia	51.00	-
NATCO Pharma Colombia S.A.S, (incorporated on 16-08-2023)	Colombia	100.00	-

Note 1: NATCOFarma Do Brasil Ltda is the Subsidiary of Time Cap Overseas Limited and interest in NATCO Pharma interest in NATCOFarma Do Brasil Ltda represents effective holding of the Group.

Note 2: Principal activity of all subsidiaries except NATCO Pharma Inc. and Time Cap Overseas Limited is marketing of pharmaceutical products. NATCO Pharma Inc and Time Cap Overseas Limited are an intermediate investment holding company.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

v. Change in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

vi. Translation elimination

The Group combines the separate financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, contingent liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated in the same way as unrealised gains unless the transaction provide (except for foreign currency translation gain or losses) evidence of an impairment of the transferred asset.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year. The financial statements of each of the subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March 2024.

vii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

b. Property, plant and equipment (PPE)

Recognition and initial measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Items of property, plant and equipment (including capital-work-in progress) are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, duties, taxes (non-deductible), after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Freehold land is not depreciated.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition for its intended use and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Transition to Ind AS

The cost of property, plant and equipment at 1 April 2016, the Group's date of transition to Ind AS was determined with reference to its carrying value recognized as per the previous GAAP (deemed cost), as at the date of transition to Ind AS

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Group. Depreciation rates followed by the Group coincides with rates prescribed in Schedule II to the Companies Act, 2013. Depreciation amount is recognised in the Statement of Profit and Loss. Depreciation for assets purchased / sold during the period is proportionately

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

charged. i.e., from/(up to) the date on which the asset is use/(disposed-off).

The estimated useful lives of items of property, plant and equipment as follows:

Assets	Management's Estimated useful life (in years)	Useful life as per Schedule II (in years)
Buildings	3 to 60	3 to 60
Plant and machinery	5 to 20	5 to 20
Computers	3 to 6	3 to 6
Vehicles	8 to 10	8 to 10
Office equipment	5	5
Furniture and fixtures	10	10

Freehold land is not depreciated.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted, if appropriate.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss, when the asset is derecognised.

Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

c. Goodwill and Other Intangible assets

Recognition and initial measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries (See Note 3(a(i)) is measured at cost less accumulated impairment losses.

Other Intangible assets

Intangible assets (software) acquired separately are measured on initial recognition at their cost. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and cost directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Following initial recognition, other intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Transition to Ind AS

The cost of intangible assets at 1 April 2016, the Group's date of transition to Ind AS was determined with reference to its carrying value recognized as per the previous GAAP (deemed cost), as at the date of transition to Ind AS

Amortisation

The Company amortises intangible assets with a finite useful life using the straight-line method over the following useful lives:

Assets	Useful life (in years)
Commercial product portfolio	10 to 15
Distributor relationships	10 to 15
Pipeline product portfolio	10 to 15
Abbreviated new drug applications	10 to 15
Computer Software	1 to 6

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

d. Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date are recognised as income or expenses in the period in which they arise. Non-monetary assets and liabilities

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Foreign currency exchange differences are generally recognised in profit or loss, except foreign currency exchange differences arising from the translation of the following items which are recognised in other comprehensive income ('OCI') -

- an investment in equity securities designated as at fair value through other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

Foreign Operations

The assets and liabilities of foreign operations (subsidiaries, none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities are translated at the closing rate at the reporting date,
2. income and expenses items are translated at average exchange rates for respective periods; and
3. Foreign currency differences are recognised in OCI and accumulated in the equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes off part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes off only a part of its interest in an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to Statement of Profit or Loss.

Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

e. Revenue from contracts with customers

The Group derives revenues primarily from sale of finished dosage formulations, active pharmaceutical ingredients (APIs) and agricultural chemicals, including technically complex molecules.

The Group generates revenue from its ordinary activities i.e. from sale of goods and services. A contract in this context shall fulfil all of the following conditions:

- Both the parties to the contract agree on the contract terms
- Performance obligation of each of the parties is identifiable and there exists a commitment to perform their respective obligations; and
- The commercial substance or the purchase consideration is measurable and the collectability is probable.

Disaggregation of revenue

The Group disaggregates revenue from contracts with customers by the nature of sale i.e. manufactured and traded goods of pharmaceutical or agro chemical products and sale of service and geography. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of Group's revenues and cashflows are affected by industry, market and other economic factors.

Contract balances

The Group classifies the right to consideration in exchange for sales of goods as trade receivables and advance consideration as contract liability against payment.

The specific recognition criteria described below must also be met before revenue is recognised:

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Sale of goods:

Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment/ delivery to/ upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding trade discounts, volume discounts, sales returns, chargeback, medicaid payments, rebates, shelf stock adjustments, where applicable and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc., where applicable.

The Group from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Group sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base purchase price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Sale of services:

Revenue from sale of services, includes in certain instances, certain performance obligations and based on evaluation of whether or not these obligations are in consequential, revenue is recognised in accordance with the terms of the contracts with the customers when the related performance obligation is completed at point in time or spread over a period of time, as applicable. These arrangements typically consist of an initial upfront payment on inception of the agreement and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain milestones are recognised as revenues either on achievement of such milestones or over the performance period depending on the terms of the contract.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not require to adjust any of the transaction prices for the time value of money.

f. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they are incurred in the Statement of Profit and Loss.

g. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the Statement of Profit and Loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is presented as a reduction to the carrying value of the related asset.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

h. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. Leases as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and lease of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Impairment loss, if any, is recognised in the Statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. For leases with reasonably similar characteristics, the Group, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio.

The lease payments include

- fixed payments, including in substance fixed payment;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amount expected to be payable under a residual value guarantees,
- exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of use asset and Statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in Statement of profit or loss.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities separately in the Balance sheet within 'financial liabilities'.

Short-term leases and leases of low-value assets

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

ii. Leases as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of 'other income'.

i. Impairment of non-derivative financial assets (Intangible assets and property, plant and equipment)

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment. Goodwill is tested annually for impairment.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

j. Financial instruments

i. Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. At the time of initial recognition, these financial assets (unless it is a trade receivable without a significant financing component) or financial liabilities are measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- Fair value through other comprehensive income – debt investment or equity investment ('FVOCI'); or
- Fair value through profit or loss ('FVTPL').

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortised Cost:

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met is not designated as FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Fair Value through OCI:

A financial asset shall be classified and measured at fair value through other comprehensive income if both of the following conditions are met and is not designated as FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Fair Value through Profit or Loss:

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of investments:

a. Debt instruments at amortised cost – A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

   The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

b. Equity investments – All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

c. Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL). Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Interest income and expense and dividend income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Interest income is included in other income in the Statement of Profit and Loss. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income is recognised in profit or loss on the date when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

iii. De-recognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liabilities simultaneously.

v. Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

k. Impairment of financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI;

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit – impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties

The Group measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables, loans, contract assets are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtors does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

l. Inventories

Inventories are valued at the lower of cost or net realisable value. The cost of inventories is determined on a moving weighted average basis, and includes cost for acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of raw materials and stock-in-trade, cost comprises of cost of purchase. In the case of finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods. Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases when a decline in the price of materials indicates that the cost of the finished products shall exceed the net realisable value. The comparison of cost and net realisable value is made on an item-by-Item basis.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

m. Income taxes

Income tax comprises current an d deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income. The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that
    - is not a business combination and
    - at the time of transaction (i)affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

n. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

o. Post-employment, long-term and short-term employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit under which an entity pays a specific contribution to a separate entity and has no obligation to pay any further amounts. The Group's contribution to provident fund and employee state insurance schemes is charged to the Statement of profit and loss during the period in which the employee renders the related service. The Group's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan. The Group has no obligation, other than the contribution payable to these funds.

Defined benefit plan

The Group has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date net of fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries, by adopting the projected unit credit method. Actuarial gains and losses resulting from re-measurements of the liability are included in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate determined by reference to market yields at the end of the reporting period on government bonds. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The Group has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lumpsum after deduction of necessary taxes upto a maximum limit of ₹ 2 million. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Group makes contributions to the Gratuity Fund.

Other long-term employee benefits

The Group also provides benefit of compensated absences to its employees which are in the nature of long-term benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the Statement of profit or loss in the year in which such gains or losses arise.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee. Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term basis if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

p. **Share-based payments**

Certain employees of the Group are entitled to remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant using an appropriate valuation model.

The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest using fair value in accordance with Ind AS 102, Share based payment. The cost is recognised, together with a corresponding increase in 'Share options outstanding account' reserves in Equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

q. **Provisions, contingent liabilities and contingent assets**

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and Contingent assets

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

Contingent asset is not recognised in consolidated financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Onerous contracts

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

r. **Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit (considered in determination of Basic EPS) after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with the dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

equity shares are adjusted for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

s. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

t. Research and development

Expenditure on research activities are expensed as and when incurred. Development expenses which meet defined criteria for capitalisation are capitalized if its ability to generate future economic benefits is reasonably certain. All other development costs are expensed as and when incurred. Capital expenditure incurred on research and development is capitalized as property, plant and equipment and depreciated in accordance with the depreciation policy of the Group.

u. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

v. Segment reporting

An operating segment is component of the company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Executive Officer to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the group's performance and allocates resources based on analysis of various performance indicators by business segments and geographic segments. The analysis of geographical segments is based on the areas in which the customers of the Group are located.

w. Changes in material accounting policies

- **Deferred tax related to assets and liabilities arising from a single transaction**

The Group has adopted Deferred tax related to assets and liabilities arising from a single transaction (Amendments to Ind AS 12) from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting differences (e.g. leases). For leases, the company is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as adjustment to retained earnings or other components of equity at that date.

The Group previously accounted for deferred tax on leases by applying 'inter linked' approach, resulting in similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Company has recognised separate deferred tax asset in related to its lease liabilities and a deferred tax liability in relation to its right-to-use assets as at 1 April 2023 and thereafter. However, there was no impact on the balance sheet because the balances qualify for offset under paragraph 74 of Ind AS 12. There was also no impact on the opening retained earnings as at 1 April 2023 as a result of the change.

- **Material Accounting Policy information**

The Group adopted Disclosure of Material Accounting Policies (Amendments to Ind AS 1) from 1 April 2023. Although the amendments did not result in any changes in the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of material rather than significant accounting policies. The amendment also provide guidance on the application of materiality to disclosure of accounting policies, assisting companies to provide useful, company specific accounting policy information that users need to understand other information in the financial statements.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

x. **Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

4. Use of Judgements and estimates

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Group's disclosure of material accounting policies which are provided in Note 3 to the consolidated financial statements, 'Material Accounting policies'.

Judgments:

Taxes on income:

Significant judgments are involved in determining the provision for income taxes, including possibility of utilisation of Minimum Alternate Tax (MAT) credit in future. Refer Note 29.

Impairment of property, plant and equipment

Significant judgment is involved in determining the estimated future cash flows from the cash-generating unit to determine their value in use to assess whether there is any impairment in their carrying amounts as reflected in the consolidated financial statements. Refer Note 5.

Assumptions and estimate uncertainties:

Recognition of deferred tax assets : The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits. Refer Note 29.

Evaluation of indicators for impairment of assets : The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. Refer Note 6.

Useful lives of property, plant and equipment/ intangible assets : Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment. Refer Note 5.

Impairment of Goodwill : Management reviews the impairment test of goodwill basis key assumptions underlying recoverable amounts, including the recoverability of the cash generating unit. Refer Note 5.

Defined benefit obligation (DBO) : Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses. Refer Note 29.

Fair value measurements : Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer Note 31.

Provisions : The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. Refer Note 29.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

5. Property, plant and equipment

Reconciliation of carrying amount of Property, Plant and Equipment

	Freehold land	Buildings	Plant and equipments	Office equipments	Furnitures	Vehicles	Computers	Right-of-use assets (refer note 40)	Total
A. Cost or Deemed cost (Gross carrying amount)									
As at 01-04-2022	**2,641**	**9,734**	**15,618**	**74**	**473**	**271**	**362**	**556**	**29,729**
Additions	232	935	1,031	3	20	20	57	4	2,302
Disposals	(18)	(79)	(266)	(1)	(3)	(42)	(5)	(111)	(525)
Exchange differences on translation of foreign operations	-	3	3	-	1	-	-	1	8
Balance as at 31-03-2023	**2,855**	**10,593**	**16,386**	**76**	**491**	**249**	**414**	**450**	**31,514**
Additions	865	549	765	4	41	52	49	83	2,408
Disposals	(28)	(63)	(137)	(2)	(25)	(21)	(6)	(30)	(312)
Exchange differences on translation of foreign operations	-	1	2	1	-	-	1	-	5
Balance as at 31-03-2024	**3,692**	**11,080**	**17,016**	**79**	**507**	**280**	**458**	**503**	**33,615**
B. Accumulated depreciation									
As at 01-04-2022	**-**	**1,509**	**5,752**	**47**	**183**	**163**	**239**	**47**	**7,940**
Depreciation for the year	-	311	1,046	5	40	25	45	21	1,493
Disposals	-	(39)	(209)	(1)	(2)	(34)	(4)	(29)	(318)
Exchange differences on translation of foreign operations	-	2	2	1	1	1	1	-	8
Balance as at 31-03-2023	**-**	**1,783**	**6,591**	**52**	**222**	**155**	**281**	**39**	**9,123**
Depreciation for the year	-	346	1,214	6	41	26	52	22	1,707
Disposals	-	(45)	(107)	(1)	(14)	(13)	(6)	(9)	(195)
Exchange differences on translation of foreign operations	-	1	2	-	-	-	-	-	3
Balance as at 31-03-2024	**-**	**2,085**	**7,700**	**57**	**249**	**168**	**327**	**52**	**10,638**
C. Net carrying amounts (A-B)									
As at 31-03-2023	**2,855**	**8,810**	**9,795**	**24**	**269**	**94**	**133**	**411**	**22,391**
As at 31-03-2024	**3,692**	**8,995**	**9,316**	**22**	**258**	**112**	**131**	**451**	**22,977**

(i) Contractual obligations - Refer to note 37(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Refer to note 40 for disclosure of leases under Ind AS 116.

(iii) Refer to note 16 for details of assets mortgaged.

(iv) The Group has not revalued any property, plant and equipment after initial recognition, during the current year and previous year.

(v) Expenditure incurred towards purchase of assets/ equipments for research activities amounts to ₹ 313 (31-03-2023: ₹ 203).

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

6. Intangible assets

Reconciliation of carrying amount of Intangible assets

	Goodwill	Other Intangible assets					Total
		Commercial product portfolio	Distributor relationships	Pipeline product portfolio	Abbreviated new drug applications	Computer software	
A. Cost or Deemed cost (Gross carrying amount)							
As at 01-04-2022	**507**	**367**	**78**	**231**	**-**	**357**	**1,033**
Additions	-	-	-	-	552	41	593
Disposals	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	45	32	7	19	-	1	59
Balance as at 31-03-2023	**552**	**399**	**85**	**250**	**552**	**399**	**1,685**
Additions	-	-	-	-	166	26	192
Disposals	-	-	-	-	-	(39)	(39)
Exchange differences on translation of foreign operations	8	6	1	4	8	-	19
Balance as at 31-03-2024	**560**	**405**	**86**	**254**	**726**	**386**	**1,857**
B. Accumulated amortisation							
As at 01-04-2022	**-**	**9**	**2**	**5**	**-**	**195**	**211**
Amortisation for the year	-	39	8	22	30	46	145
Disposals	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	1	0	1	1	0	3
Balance as at 31-03-2023	**-**	**49**	**10**	**28**	**31**	**241**	**359**
Amortisation for the year	-	40	9	23	43	46	161
Disposals	-	-	-	-	-	(37)	(37)
Exchange differences on translation of foreign operations	-	1	-	1	1	-	3
Balance as at 31-03-2024	**-**	**90**	**19**	**52**	**75**	**250**	**486**
C. Net carrying amounts (A-B)							
As at 31-03-2023	**552**	**350**	**75**	**222**	**521**	**158**	**1,326**
As at 31-03-2024	**560**	**315**	**67**	**202**	**651**	**136**	**1,371**

(i) The Group has not revalued any intangible assets after initial recognition, during the current year and previous year.

(ii) Impairment:

See accounting policy in note 3(i).

Impairment testing for cash generating unit ('CGU') containing goodwill -

For the purpose of impairment testing, goodwill is allocated to the Group's operating division which represents the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segment. The goodwill acquired through business combination has been allocated to ""NATCO Pharma USA LLC"" (Formerly known as Dash Pharmaceuticals LLC) which is part of the pharma segment. The carrying amount of goodwill as at 31 March 2024 is ₹ 560 (31 March 2023: ₹ 552).

Following key assumptions were considered while performing goodwill valuation:

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Annual growth rate for 5 years (Average): 16.50 % (31-03-2023: 19.14 %)

Terminal value growth rate: 2 % (31-03-2023: 2 %)

Discount rate: 14.02 % (pre tax rate: 14.09 %) (31-03-2023: 16.2 % (pre tax: 16.2 %)

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter.

The terminal growth rate has been determined based on the management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Discount rate = (We*Re)+(Wd*Rd)

Re = Risk free return + (Market premium x Beta for the Company) + additional risk premium

Rd = Cost of debt* (1-tax rate)

We,Wd = Average debt to capital ratio

The Group has performed sensitivity analysis around the base assumptions and has concluded that no reasonable change in key assumptions would result in the recoverable amount of the CGU to be less than the carrying value. Accordingly, no impairment charges were recognised for FY 2023-2024.

7. Investments

	As at 31-03-2024	As at 31-03-2023
I. Non-current		
Unquoted		
At fair value through other comprehensive income		
a. Investment in equity instruments (fully paid-up)		
139,451 (31-03-2023: 139,451) equity shares of ₹ 10 each, in OMRV Hospitals Pvt Ltd	106	106
21,769 (31-03-2023: 21,769) equity shares of ₹ 10 each, in Veda Seedsciences Pvt Ltd	99	99
8,000 (31-03-2023: 8,000) equity shares of ₹ 10 each, in Cipher Oncology Pvt Ltd	14	14
4,054 (31-03-2023: 4,054) equity shares of $1 each, in NATIVITA Joint Limited Liability Company	0	0
30 (31-03-2023: 30) equity shares of € 0.5 per share of Pharnasanta B.V	0	0
750 (31-03-2023: 750) equity shares of ₹ 100 each, in Jeedimetla Effluent Treatment Ltd	0	0
34,400 (31-03-2023: 34,400) equity shares of ₹ 10 each, in Pattancheru Enviro-Tech Ltd	0	0
10 (31-03-2023: 10) equity shares of ₹ 10 each, in Redlciffe Hygiene Pvt Ltd	0	-
10 (31-03-2023: Nil) equity shares of ₹ 10 each, in Cellogen Therapeutics Pvt Ltd	1	-
299 (31-03-2023: Nil) equity shares of ₹ 1 each, in Simplify Wellness India Pvt Ltd	10	-
27,000 (31-03-2023: 27,000) equity shares of ₹ 10 each, in Jayalakshmi Spinning Mills Ltd	0	0
Less: Provision for impairment in value of investments	0	0
	230	**219**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
Unquoted		
b. Other investments		
4,302 (31-03-2023: 4,044) units of ₹ 10,000 each, in Endiya Trust	103	102
65,979 (31-03-2023: 65,979) shares of seed -2 preferred stock in ISCA Inc.	38	38
500,000 (31-03-2023: 500,000) 0.05 % compulsorily convertible preference shares (CCPS) of ₹ 100 each, in OMRV Hospitals Pvt Ltd	50	50
5,726 (31-03-2023: 5,726) 0.0001 % compulsorily convertible preference shares (CCPS) of ₹ 10 each, in Eyestem Research Pvt. Ltd	75	75
16,953,299 (31-03-2023: 2,371,988) 0.001 % Compulsorily convertible preference shares (CCPS) of $1 each, in Eywa Pharma Pte Ltd	249	249
8,116 (31-03-2023: 8,116) 0.001 % Compulsorily convertible preference shares (CCPS) of ₹ 10 each, in Redcliffe Hygiene Pvt Ltd	130	130
556 (31-03-2023: Nil) 0.1 % compulsorily convertible preference shares (CCPS) of ₹ 10 each, in Cellogen Therapeutics Pvt Ltd	74	-
1 (31-03-2023: Nil) Convertible note (CN) of ₹ 10,000,000 each, in Cipher Oncology Pvt Ltd	10	-
Nil (31-03-2023: 1,000,000) 0.15 % compulsorily convertible debentures (CCD) of ₹ 10 each, in Simplify Wellness India Pvt Ltd	-	10
	729	**654**
Unquoted		
At amortised cost		
National savings certificates	0	0
Total non-current investments	**959**	**873**
Aggregate book value of unquoted investments	959	873
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of impairment in the value of investments	0	0
II. Current		
a) Investments in equity instruments (fully paid-up)		
(At fair value through other comprehensive income)		
Quoted		
6,000 (31-03-2023: 7,000) equity shares of ₹ 10 each, in Neuland Laboratories Ltd	38	13
5,500 (31-03-2023: 5,500) equity shares of ₹ 1 each, in Sun Pharmaceuticals Industries Ltd	9	5
530 (31-03-2023: 530) equity shares of ₹ 2 each, in Alkem Laboratories Ltd	3	2
12,400 (31-03-2023: 12,400) equity shares of ₹ 1 each, in Cadila Healthcare Ltd	12	6
320,000 (31-03-2023: 320,000) equity shares of ₹ 2 each, in Laurus Labs Ltd	125	94
150,000 (31-03-2023: 150,000) equity shares of ₹ 1 each, in Lanco Infratech Ltd	0	0
22,700 (31-03-2023: 22,700) equity shares of ₹ 1 each, in GMR Infrastructure Ltd	2	1
15,000 (31-03-2023: 15,000) equity shares of ₹ 1 each, in Panacea Biotec Ltd	2	2
2,100 (31-03-2023: 2,100) equity shares of ₹ 1 each, in ICICI Prudential Life Insurance Company Ltd	1	1
4,000 (31-03-2023: 2,000) equity shares of ₹ 1 each, fully paid-up in JB Chemicals and Pharmaceuticals Ltd	7	4
50,000 (31-03-2023: 125,000) equity shares of ₹ 10 each, in Medplus Health Services Ltd	34	81

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
2,270 (31-03-2023: 2,270) equity shares of ₹ 5 each, in GMR Power & Urban Infra Ltd	0	0
18,300 (31-03-2023: 18,300) equity shares of ₹ 1 each, in Ravinder Height Ltd	1	0
70 (31-03-2023: Nil) equity treasury shares of ZAR 10 cents each, in Nasper Ltd,South Africa	1	-
174,397 (31-03-2023: Nil) equity treasury shares of ZAR 10 cents each, in Adcock Ingram Holdings Ltd,South Africa	311	-
	546	**209**
b) Investment in Bonds, Debentures and Commercial Papers (fully paid-up)		
Quoted		
(At amortised cost)		
Nil (31-03-2023: 100,000) 8.35 % Perpetual Bonds of ₹ 1,000/- each, through issuer Piramal Capital & Housing Finance Ltd	-	107
Nil (31-03-2023: 440) 9.15 % Perpetual Bonds of ₹ 1,000,000 each, in ICICI Bank Ltd	-	484
100 (31-03-2023: 100) 7.73 % Series III Perpetual Bonds of ₹ 1,000,000 each, issued by State Bank of India	106	106
100,000 (31-03-2023: 100,000) 6.75 % non-convertible debentures (NCD) of ₹ 1,000 each, in Muthoot Finance Ltd	-	100
140 (31-03-2023: Nil) 5.7 % (Secured) non-convertible debentures (NCD) of ₹ 10,00,000 each, HDB Financial Services Ltd	141	-
200 (31-03-2023: Nil) 6.42 % ((Unsecured) non-convertible debentures (NCD) of ₹ 10,00,000 each, Bharti Telecom Ltd	230	-
2,500 (31-03-2023: Nil) 8.80 % Perpetual Bonds of ₹ 1,00,000/- each, through issuer Piramal Capital & Housing Finance Ltd	267	-
130 (31-03-2023: Nil) 11.60 % ((Unsecured) non-convertible debentures (NCD) of ₹ 10,00,000 each, Hinduja Leyland Finance Ltd	147	-
	891	**797**
Unquoted		
(At amortised cost)		
5.19 % to 5.65 % (31 March 2023 4 and 4.10 %) Cashable Guaranteed investment certificates issuer ICICI Bank Canada	1,292	1,651
5.5 % Non redeemable Guaranteed investment certificates issuer Royal Bank of Canada	1,169	-
4.75 % and 5.68 % Soft Bank bonds Issuer LGT Bank, Singapore	66	-
1,000 (31 March 2023: Nil) 8.25 % Commercial Paper (CP) of ₹ 500,000/- each, through issuer ICICI Securities Limited	471	-
Nil (31-03-2023: 500) 7.10 % Commercial Paper (CP) of ₹ 500,000/- each, through issuer Julius Baer Capital (India) Pvt Ltd	-	244
Nil (31-03-2023: 300) 7.2 % Commercial Paper (CP) of ₹ 500,000/- each, through issuer Piramal Capital & Housing Finance Ltd	-	149
	2,998	**2,044**
Total current investments	**4,435**	**3,050**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
The Group has not traded or invested in crypto currency or virtual currency during the year.		
Information about the Group's exposure to market risks is included in Note 32.		
Aggregate book value of unquoted investments	2,998	2,044
Aggregate book value of quoted investments	1,437	1,006
Aggregate market value of quoted investments	1,094	989
Aggregate amount of impairment in the value of investments	-	-

8. Loans

	As at 31-03-2024	As at 31-03-2023
(Unsecured, considered good)		
Current		
Loans to employees	80	69
Loans to directors (Refer note 35)	-	23
Loans to others	10	10
	90	**102**

Information about the Company's exposure to credit risk is included in Note 32.

9. Other financial assets

	As at 31-03-2024	As at 31-03-2023
(Unsecured, considered good)		
Non-current		
Security deposits	175	168
Bank deposits due to mature after 12 months from the reporting date*	-	1
Deposits other than with banks	250	-
Interest on loans and deposits accrued but not due	14	1
	439	**170**
* Bank deposits are given as margin money against bank guarantees/performance guarantees issued by banks.		
Current		
Deposits other than with banks	3,848	2,772
Interest on deposits, accrued but not due	664	285
Margin money against buy back of equity shares	-	10
Other receivables	16	41
	4,528	**3,108**

Information about the Company's exposure to credit risk is included in Note 32.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

10. Other assets

	As at 31-03-2024	As at 31-03-2023
Non-current		
Capital advances		
Unsecured, considered good	690	269
Unsecured, considered doubtful	19	32
	709	**301**
Less: Allowance for doubtful advances	(19)	(32)
	690	**269**
Advances other than capital advances		
(Unsecured, considered good)		
Prepaid expenses	3	1
Balance with statutory authorities	1	1
	4	**2**
	694	**271**
Current		
Advances other than capital advances		
Advance to material suppliers/ service providers		
Unsecured, considered good	912	660
Unsecured, considered doubtful	193	-
	1,105	**660**
Less: Allowance for doubtful advances	(193)	-
	912	**660**
(Unsecured, considered good)		
Prepaid expenses	289	283
Export incentives	26	25
Balance with statutory authorities	1,532	1,322
	2,759	**2,290**

11. Inventories

	As at 31-03-2024	As at 31-03-2023
(Valued at lower of cost or net realisable value)		
Raw materials [including goods-in-transit of ₹ 71 (31-03-2023: ₹ 61)]	2,041	2,223
Work-in-progress	1,023	1,293
Finished goods [including goods-in-transit of ₹ 209 (31-03-2023: ₹ 8)]	2,592	2,788
Stock-in-trade [including goods-in-transit of ₹ Nil (31-03-2023:₹ 8)]	139	78
Stores and spares [including goods-in-transit of ₹ 5 (31-03-2023: ₹ 5)]	780	741
Packing materials [including goods-in-transit of ₹ 8 (31-03-2023: ₹ 3)]	430	306
	7,005	**7,429**

The write-down of inventories during the year amounted to ₹ 434 (31-03-2023: ₹ 835). The write down are included in changes in inventories and cost of materials consumed.

Refer note 16 for details of inventories hypothecated against borrowings.

Refer note 3(l) to material accounting policies.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

12. Trade receivables

	As at 31-03-2024	As at 31-03-2023
Current		
Unsecured trade receivables	12,086	8,711
Less: Provision for impairment	197	150
	11,889	**8,561**

Ageing of trade receivables as at 31-03-2024

Outstanding for following periods from due date of payment	Undisputed	
	Considered good	Credit impaired
Unbilled	7,156	-
Not due	3,797	47
Less than 6 months	895	52
6 months to 1 year	41	45
1-2 years	-	9
2-3 years	-	18
More than 3 years	-	26
Total	**11,889**	**197**

Ageing of trade receivables as at 31-03-2023

Outstanding for following periods from due date of payment	Undisputed	
	Considered good	Credit impaired
Unbilled	4,830	-
Not due	3,088	19
Less than 6 months	566	12
6 months to 1 year	58	21
1-2 years	19	18
2-3 years	-	79
More than 3 years	-	1
Total	**8,561**	**150**

Refer note 16 for details of trade receivables hypothecated against borrowings.

Refer note 35 for details of trade receivables from related parties.

There are no outstanding trade receivables by directors or other officers of the Company or by firms or private companies in which director is partner or member as at 31-03-2024 and as at 31-03-2023.

There are no disputed trade receivables as at 31-03-2024 and 31-03-2023 respectively.

Information about the Group's exposure to credit and market risks and impairment losses for trade receivables is included in Note 32.

Transfer of trade receivables

The Group sold with recourse trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the balance sheet, because the Group retains substantially all of the risks and rewards – primarily credit risk. The amount received on transfer has been recognised as a secured bank loan (see Note 16).

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The following information shows the carrying amount of trade receivables at the reporting date that have been transferred but have not been derecognised and the associated liabilities.

Carrying amount of trade receivables transferred to a bank	1,021	649
Carrying amount of associated liabilities	(1,021)	(649)

13. Cash and bank balances

	As at 31-03-2024	As at 31-03-2023
Cash and cash equivalents:		
Cash on hand	3	3
Balance with banks:		
- On Current accounts	638	1,316
- Deposit with original maturity within three months	63	-
	704	**1,319**
Other bank balances		
Deposits (having original maturity more than 3 months) due to mature within 12 months from the reporting date*	8,794	4,107
Unpaid dividend account	31	37
	8,825	**4,144**

* It includes bank deposits lien marked against buy-back of equity shares amounting to ₹ Nil (31-03-2023 : ₹ 525) and Bank deposits given as margin money against bank guarantees/ performance guarantees issued by banks amounting to ₹ 21 (31-03-2023 : ₹ 20).

14. Equity share capital

i. Authorised share capital

	As at 31-03-2024		As at 31-03-2023	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 2 each	200,000,000	400	200,000,000	400

ii. Issued, subscribed and fully paid up

	As at 31-03-2024		As at 31-03-2023	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 2 each	17,91,09,870	358	18,24,70,115	365
	17,91,09,870	**358**	**18,24,70,115**	**365**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

iii. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	As at 31-03-2024		As at 31-03-2023	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
Balance at the beginning of the year	18,24,70,115	365	18,25,20,165	365
Add: Equity shares issued pursuant to employee stock option plan (Refer note 14 (vii))	-	-	37,000	0
Less: Bought back during the year and extinguished after the balance sheet date (Refer note below)	(33,60,245)	(7)	(87,050)	0
Shares outstanding at the end of the year	**17,91,09,870**	**358**	**18,24,70,115**	**365**

Note:

The Board of Directors at its meeting held on 08 March 2023 had approved the buy-back of fully paid up equity shares of face value of ₹ 2 each from the eligible equity shareholders of the Company other than the Promoters, the Promoter group and Persons who are in control of the Company, at a price not exceeding ₹ 700 per equity share (Maximum Buyback Price), payable in cash for an aggregate amount not exceeding ₹ 2,100 (Maximum Buy-back Size, excluding transaction costs and taxes thereon), from the Open Market route through the stock exchange mechanism under the Companies Act, 2013 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended ('Buyback Regulations').

The Buy-back commenced on 21 March 2023 and was concluded on 12 May 2023. In this regard, the Company bought back 3,447,295 equity shares, at an average price of ₹ 609.1712 per equity share resulting in total cash consideration of ₹ 2,100 (excluding ₹ 511 towards transaction cost and tax on Buy-back). These equity shares were extinguished as per the records of the depositories. Balance expense towards transaction cost and the tax on buy-back amounting to ₹ 511 has been debited directly to the retained earnings. Further, capital redemption reserve of ₹ 7 representing the nominal value of shares bought back, has been created in accordance with Section 69 of the Companies Act, 2013.

iv. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

v. Details of shareholders holding more than 5% of the total number of equity shares

Name of the equity shareholder	As at 31-03-2024		As at 31-03-2023	
	Number of shares	% holding	Number of shares	% holding
V C Nannapaneni *	2,80,45,905	15.66 %	2,80,45,905	15.37 %
Time Cap Pharma Labs Private Limited	1,71,75,420	9.59 %	1,71,75,420	9.41 %
V S Swathi Kantamani	1,59,83,340	8.92 %	1,59,83,340	8.76 %
Natsoft Information Systems Private Limited	1,57,84,900	8.81 %	1,57,84,900	8.65 %

*including shares held in the capacity of Karta of Hindu Undivided Family (HUF) aggregating to Nil (31-03-2023: 5,440,045)

As per records of the Company including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Details of shares held by Promotors at the end of period

Name of the promoter	As at 31-03-2024			As at 31-03-2023		
	Number of shares	% of total shares	% Change during the year	Number of shares	% of total shares	% Change during the year
Equity shares of ₹ 2 each, fully paid up						
V C Nannapaneni*	2,80,45,905	15.66 %	-	2,80,45,905	15.37 %	0.06 %
Kantamani Ratna Kumar	1,00,000	0.06 %	-	1,00,000	0.05 %	-
Durga Devi Nannapaneni	35,39,100	1.98 %	-	35,39,100	1.94 %	-
Rajeev Nannapaneni	11,28,000	0.63 %	-	11,28,000	0.62 %	-
Ramakrishna Rao Nannapaneni	7,46,910	0.42 %	-	7,46,910	0.41 %	-
Neelima Sita Nannapaneni	1,82,960	0.10 %	-	1,82,960	0.10 %	-
Devendranth Alapati	15,000	0.01 %	-	15,000	0.01 %	-
Bapineedu Tummala	415	0.00 %	-	415	0.00 %	-
Tummala Jansi	77,100	0.04 %	-	77,100	0.04 %	-
T Ananda Babu	4,13,205	0.23 %	-12.68 %	4,73,205	0.26 %	-
Vidyadhari Tummala	4,42,200	0.25 %	-	4,42,200	0.24 %	-
T Anila	5,99,920	0.33 %	-4.76 %	6,29,920	0.35 %	-
V S Swathi Kantamani	1,59,83,340	8.92 %	-	1,59,83,340	8.76 %	-
Natsoft Information Systems Pvt Ltd	1,57,84,900	8.81 %	-	1,57,84,900	8.65 %	0.11 %
Timecap Pharma Labs Private Limited	1,71,75,420	9.59 %	-	1,71,75,420	9.41 %	-
Natco Aqua Limited	16,000	0.01 %	-	16,000	0.01 %	-
NDL Infratech Private Limited	93,750	0.05 %	-0.32 %	94,050	0.05 %	-
Neelima Nannapaneni Trust	40,82,750	2.28 %	-	40,82,750	2.24 %	-
Durga Devi Nannapaneni Family Private Trust	6,00,000	0.33 %	-	6,00,000	0.33 %	-
VCN Family Private Trust	1,700	0.00 %	-	1,700	0.00 %	-
SAU Family Trust	1,700	0.00 %	-	1,700	0.00 %	-
	8,90,30,275	**49.70%**		**8,91,20,575**	**48.84%**	

*including shares held in the capacity of Karta of Hindu Undivided Family (HUF) aggregating to Nil (31-03-2023: 5,440,045).

vi. Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

	2023-24	2022-23	2021-22	2020-21	2019-20
Equity shares bought-back	33,60,245	87,050	-	-	9,84,344

vii. Share based payments

(a) The Group has instituted the NATCO Employee Stock Option Plan 'ESOP-2017' ("the ESOP Scheme"). The ESOP Schemes were formulated in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India ("SEBI"). Pursuant to the terms of the ESOP Schemes, the Board of Directors of the Company granted 600,000 options to eligible employees on 2 November 2017. The terms of the ESOP Scheme provide that each option entitles the holder to one equity share of ₹ 2 each and that the options can be settled only by way of issue of equity shares. The options vest in a phased manner ranging from 1 to 5 years from the date of grant and the options are entirely time-based with no performance conditions.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(d) The details of options are as follows :

ESOP 2017	As at 31-03-2024		As at 31-03-2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	37,000	2
Exercised during the year	-	-	37,000	2
Exercisable at the end of the year	-	-	-	-

The weighted average share price on the date of exercise of options during the year 31-03-2023 was ₹ 791.43 per share.

There were no stock options granted by the Company during the years ended 31-03-2024 and 31-03-2023. The fair value of stock options granted in earlier years had been measured using the Black–Scholes option pricing model at the date of the grant. The Black-Scholes option pricing model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates.

viii. Dividend paid

Dividends on equity shares were declared and paid by the Company during the year:

	2023-24			2022-23		
	Date of approval of Board of Directors	Dividend per Equity share (₹)	Amount in (₹) million	Date of approval of Board of Directors	Dividend per Equity share (₹)	Amount in (₹) million
First interim dividend	09-08-2023	7.00	1,254	09-08-2022	3.50	639
Second interim dividend	15-11-2023	1.25	224	10-11-2022	0.75	137
Third interim dividend	14-02-2024	1.25	224	09-02-2023	1.25	228
Total			**1,702**			**1,004**

15. Other equity

A Reserve and surplus

	As at 31-03-2024	As at 31-03-2023
Securities premium		
Balance at the beginning of the year	14,065	14,078
Add: Share options exercised	-	34
Less: Buy-back of equity shares during the year	(2,046)	(47)
Balance at the end of the year	12,019	14,065
Capital reserve		
Balance at the beginning of the year	516	516
Add: Transferred during the year	-	-
Balance at the end of the year	516	516
Capital redemption reserve		
Balance at the beginning of the year	11	11

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at 31-03-2024	As at 31-03-2023
Add: Transferred from retained earnings	7	0
Balance at the end of the year	18	11
General reserve		
Balance at the beginning of the year	595	595
Add: Transferred from retained earnings	-	-
Balance at the end of the year	595	595
Share options outstanding account		
Balance at the beginning of the year	-	34
Less: Shares exercised during the year	-	(34)
Add: Employee stock options expense	-	-
Balance at the end of the year	-	-
Retained earnings		
Balance at the beginning of the year	32,923	26,666
Add: Profit for the year	13,883	7,153
Less: Interim dividend	(1,702)	(1,004)
Less: Tax on buy-back of equity shares	(478)	(11)
Less: Transferred to Capital redemption reserve	(7)	(0)
Less: Expenses on buy-back of equity shares	(6)	(16)
Add: Remeasurement of post employement benefit obligation, net of tax	(13)	17
Add: Transfer from FVOCI - equity investments	57	118
Balance at the end of the year	**44,657**	**32,923**
	57,805	**48,110**

B Other items of OCI

	As at 31-03-2024	As at 31-03-2023
FVOCI - Equity instruments		
Balance at the beginning of the year	120	449
Less: Transfer to retained earnings	(57)	(118)
Less: Changes in fair value	97	(236)
Add: Tax impact on the above adjustments	(8)	25
Balance at the end of the year	152	120
Foreign currency translation reserve		
Balance at the beginning of the year	143	(78)
Add : Adjustments during the year	73	221
Balance at the end of the year	216	143
Total other items of OCI	**368**	**263**
Total Other equity	**58,173**	**48,373**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

C Nature and purpose of other reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

Capital reserve

Capital reserve was created on amalgamation of certain entities into the Company in the earlier years and the transactions with shareholders. The Group uses capital reserve for transactions in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve

The Company had purchased its own shares and as per the provision of the applicable laws, a sum equal to the nominal value of the shares so purchased is required to be transferred to the capital redemption reserve. The Group uses capital redemption reserve for transactions in accordance with the provisions of the Companies Act, 2013.

General reserve

The Group generally appropriates a portion of its earnings to the general reserve to be used for contingencies. These reserves are freely available for use by the Group.

Share options outstanding account

This reserve represents the excess of the fair value of the options on the grant date over the exercise price which is accumulated by the Company in respect of all options that have been granted. The Company transfers the proportionate amounts, outstanding in this account, in relation to options exercised to securities premium on the date of exercise of such options.

Fair value through other comprehensive income (FVOCI)

The Group has elected to recognise the change in fair value of certain equity instruments in other comprehensive income. These changes are accumulated within the FVTOCI equity instruments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised.

Retained earnings

Retained earnings mainly represent all current and prior year profits as disclosed in the statement of profit and loss and other comprehensive income pertaining to remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit plan less dividend distribution. The expense towards transaction cost and the tax on buy-back amounting to ₹ 484 (31-03-2023: ₹ 27) has been debited directly to the retained earnings.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

16. Borrowings

	As at 31-03-2024	As at 31-03-2023
Current		
Loan repayable on demand from banks:		
Working capital loans (secured)	1,672	749
Working capital loans (unsecured)	1,960	901
	3,632	**1,650**

Notes:

(i) Working capital loans (secured) represents cash credit, overdraft facility bills discounted with various banks. These working capital loans are secured by joint pari-passu first charge on all the current assets and property, plant and equipment of:

i) Land admeasuring 17.19 acres comprised in survey no. 70 of village Nandikonda, Mandal Peddavoora, District Nalgonda in the State of Telangana together with all buildings and structures thereon and all plant and equipment attached to the earth.

ii) House/premise bearing municipal no. 8-2-120/112/A/33 and 8-2-120/112/A/32 in plot no.100 admeasuring 1,166 sq. yards with all its building and fixed assets situated at Road No.2, Banjara Hills, Hyderabad - 500034.

(ii) Working capital loans (unsecured) represents overdraft facility and bills discounted with various banks.

(iii) The rate of interest applicable was in the range of 3.84% to 8.90% p.a (31-03-2023: 1.21% to 7.20% p.a) for secured borrowings and unsecured working capital loan.

(iv) Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 32.

(v) Quarterly statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of account.

(vi) The Holding Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

(vii) The Group has not availed any specific borrowing during the year.

(viii) There were no delay/ default in repayment of dues or delays in payment of interest to banks.

17. Lease liabilities

	As at 31-03-2024	As at 31-03-2023
Non-current		
Lease liabilities (Refer note 40)	53	11
	53	**11**
Current		
Lease liabilities (Refer note 40)	27	6
	27	**6**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

18. Other financial liabilities

	As at 31-03-2024	As at 31-03-2023
Non-current		
Deposits from customers	40	17
	40	**17**
Current		
Book overdraft	149	94
Capital creditors (refer note 21 for disclosure related to MSME)	328	320
Unpaid dividend	31	37
Payroll related liabilities	513	391
Derivative liability	0	-
Other payables	-	17
	1,021	**859**

Information about Group's exposure to foreign currency and liquidity risks is included in Note 32.

19. Provisions

	As at 31-03-2024	As at 31-03-2023
Non-current		
Provision for employee benefits:		
Provision for gratuity (refer note (a))	266	468
Provision for compensated absences (refer note (b))	418	385
Provision for other long-term employee benefit plan (refer note (c))	25	-
	709	**853**
Current		
Provision for employee benefits:		
Provision for gratuity (refer note (a))	67	52
Provision for compensated absences (refer note (b))	62	55
Provision for other long-term employee benefit plan (refer note (c))	0	-
Other provisions		
Provision for sales returns (refer note (d))	362	62
Provision for litigations (refer note (e))	538	-
	1,029	**169**

(a) Gratuity

The Holding Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lumpsum after deduction of necessary taxes up to a maximum limit of ₹ 2. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Holding Company makes contributions to the Gratuity Fund. The defined benefit plans expose the Holding Company to actuarial risk, interest rate risk and investment risk etc.

Interest Rate Risk: The plan exposes the Holding Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Liquidity Risk: This is the risk that the Holding Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

The following tables sets out the status of the gratuity plan and the reconciliation of opening and closing balances of the present value and defined benefit obligation:

(i) Reconciliation of the present value of defined benefit obligation

	As at 31-03-2024	As at 31-03-2023
Opening balance	733	770
Current service cost	75	68
Interest cost	55	56
Benefits paid	(47)	(139)
Remeasurement or Actuarial gain/ (loss) arising from:		
Experience adjustment	6	(5)
Change in demographic assumptions	-	-
Change in financial assumptions	28	(17)
Closing balance	**850**	**733**

(ii) Reconciliation of present value of plan assets

	As at 31-03-2024	As at 31-03-2023
Opening balance	213	140
Interest income	16	10
Employer contribution	321	198
Benefits paid	(47)	(139)
Return on plan assets, excluding interest income	14	4
Closing balance	**517**	**213**

(iii) Reconciliation of net defined benefit obligation

	As at 31-03-2024	As at 31-03-2023
Present value of funded obligation	850	733
Fair value of plan assets	(517)	(213)
Amount recognised in the balance sheet	**333**	**520**

(iv) Expense recognised in the statement of profit and loss under employee benefits expense:

	For the year ended 31-03-2024	For the year ended 31-03-2023
Current service cost	75	68
Interest cost	55	56
Interest income	(16)	(10)
Net cost	**114**	**114**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(v) Remeasurements recognised in the statement of Other Comprehensive Income

	For the year ended 31-03-2024	For the year ended 31-03-2023
Experience adjustment on funded obligation	34	(22)
Return on plan assets, excluding interest income	(14)	(4)
Net gratuity costs in other comprehensive income	**20**	**(26)**

(vi) Plan assets comprises of the following:

	As at 31-03-2024	As at 31-03-2023
Group gratuity fund managed by LIC	517	213

(vii) Summary of actuarial assumptions:

	As at 31-03-2024	As at 31-03-2023
Discount rate	7.20 %	7.50 %
Salary escalation rate	7.00 %	7.00 %
Attrition rate		
Upto 30 Years	3.00 %	3.00 %
31-44 Years	2.00 %	2.00 %
Above 44 Years	1.00 %	1.00 %
Mortality rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields/rates available on applicable bonds on the current valuation date.

The salary growth indicated above is the Holding Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotion, past experience and other relevant factors such as demand and supply in employment market etc.

Attrition rate indicated above represents the Holding Company's best estimates of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience etc.

Assumption regarding mortality are based on published statistics and mortality tables by Insurance Regulatory and Development Authority of India.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have effected the defined benefit obligations and current service cost by the amounts shown below:

The sensitivity analysis of significant actuarial assumptions as at the end of the period is shown below:

	As at 31-03-2024	As at 31-03-2023
A. Defined benefit obligation without effect of projected salary growth	850	733
Changes in defined benefit obligation due to:		
B. Salary escalation rate		
Salary rate +100 basis points	86	77
Salary rate -100 basis points	(79)	(69)
C. Discount rate		
Discount rate +100 basis points	(88)	(76)
Discount rate -100 basis points	103	91
D. Attrition rate		
Attrition rate +100 basis points	2	4
Attrition rate -100 basis points	(3)	(4)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

There are no changes in the methods and assumptions used in preparing the senitivity anslysis from the previous year.

(ix) Expected contribution

The expected contributions for defined benefit plan for the next financial year will be in line with the contribution for the current year and is expected by the Management to be ₹ 417 (31-03-2023: ₹ 592).

(x) Maturity profile of defined benefit obligation (valued on undiscounted basis):

	As at 31-03-2024	As at 31-03-2023
Within 1 year	67	52
2 to 5 years	188	163
6 to 10 years	311	307
More than 10 years	1,706	1,557

(xi) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 11 years (Previous year: 11 years).

(b) Compensated absences:

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year-end. The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to the statement of profit and loss. The actual liability towards leave obligations as at 31-03-2024 is ₹ 480 (31-03-2023: ₹ 440). Expense recognised in the consolidated statement of profit and loss under employee benefit expense is ₹ 107 (31-03-2023: ₹ 88).

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(c) Provision for other long-term employee benefit plan

	As at 31-03-2024	As at 31-03-2023
Opening balance	-	-
Created during the year	25	-
Utilised during the year	-	-
Closing balance	**25**	**-**

Provision for other long-term employee benefit plan represents provision created for amount payable to the union workers on their retirement.

(d) Provision for sales returns

	As at 31-03-2024	As at 31-03-2023
Opening balance	62	62
Created during the year	300	-
Utilised during the year	-	-
Closing balance	**362**	**62**

Provision for sales return represents the provision for the expected sales returns based on the Company's internal assessment.

(e) Provision for litigations

	As at 31-03-2024	As at 31-03-2023
Opening balance	-	-
Created during the year (included in rates and taxes, refer note 28)	840	-
Utilised during the year	(302)	-
Closing balance	**538**	**-**

Provision for litigations represents provision towards potential liability against various ongoing litigations based on the Company's internal assessment.

20. Other liabilities

	As at 31-03-2024	As at 31-03-2023
Current		
Statutory liabilities	201	193
Advance from customers	853	862
Others	287	353
	1,341	**1,408**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

21. Trade payables

	As at 31-03-2024	As at 31-03-2023
Current		
Total outstanding dues of micro enterprises and small enterprises ('MSME') [Refer note below]	41	54
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,314	2,584
	2,355	**2,638**

Ageing of trade payables as at 31-03-2024

Outstanding for following periods from due date of payment	MSME	Others	Disputed dues -MSME	Disputed dues - others
Unbilled	-	536	-	-
Not due	41	1,044	-	-
Less than 1 year	-	625	-	-
1-2 years	-	27	-	-
2-3 years	-	36	-	-
More than 3 years	-	46	-	-
Total	**41**	**2,314**	**-**	**-**

Ageing of trade payables as at 31-03-2023

Outstanding for following periods from due date of payment	MSME	Others	Disputed dues -MSME	Disputed dues - others
Unbilled	-	146	-	-
Not due	54	1,479	-	-
Less than 1 year	-	858	-	-
1-2 years	-	52	-	-
2-3 years	-	49	-	-
More than 3 years	-	-	-	-
Total	**54**	**2,584**	**-**	**-**

Note:

On the basis of the information and records available with the Management, the outstanding dues to the Micro enterprises and Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) are set out in following disclosure:

Particulars	As at 31-03-2024	As at 31-03-2023
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;		
Principal amount due to micro enterprises and small enterprises (Includes ₹ 45 (31-03-2023 : ₹ 29) shown under capital creditors)	86	83
Interest due on above	-	-
(ii) the amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	As at 31-03-2024	As at 31-03-2023
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group.

Information about the Company's exposure to foreign currency and liquidity risks is included in Note 32.

22. Revenue from operations

	For the year ended 31-03-2024	For the year ended 31-03-2023
Revenue from contracts with customers:		
Sale of products	36,246	26,243
Sale of services	3,533	650
Job work income	9	76
Total (a)	**39,788**	**26,969**
Other operating revenues:		
Export incentives	103	78
Government incentive	71	-
Scrap sales	26	24
Total (b)	**200**	**102**
Total revenue from operations (a+b)	**39,988**	**27,071**
Disaggregation of revenue from contracts with customers		
Revenue based on Geography:		
India	5,676	4,913
USA	28,048	16,060
Rest of the world	6,064	5,996
	39,788	**26,969**
Revenue based on segments/product lines		
Pharmaceuticals	38,705	26,560
Agro Chemicals	1,083	409
	39,788	**26,969**
Timing of revenue recognition:		
Goods transferred at a point in time	36,246	26,243
Services transferred at a point in time	2,107	-
Services transferred over time	1,435	726
	39,788	**26,969**
Reconciliation of revenue from contracts with customer with contract price:		
Revenue as per contracted price	43,118	28,711
Adjusted for:		
Sales returns	(2,922)	(449)
Trade discounts and rebates	(408)	(1,293)
Total revenue from contract with customers	**39,788**	**26,969**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Contract balances

The following table provides information about trade receivables and contract liabilities from contract with customers:

Trade receivables (including unbilled revenue amounting to ₹ 7,156 (31 March 2023: ₹ 4,830) (Refer note 12)	11,889	8,561
Contract liabilities (Refer note 20)	853	862

Contract liabilities resulting from advance payments by customers for delivery of goods and services are predominantly recognised as sales within one year. The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as on 31-03-2024 is ₹ 853 (31-03-2023: ₹ 862) resulting from advance payments and shown under other current liabilities.

23. Other income

	For the year ended 31-03-2024	For the year ended 31-03-2023
Dividend income on equity instruments at FVOCI - investment held at reporting date	3	1
Interest income on financial assets carried at amortised cost	1,010	512
Net gain on sale of property, plant and equipment	-	178
Renewable energy (Wind Power) income	32	14
Foreign exchange gain (net)	103	214
Fair value gain on financial assets measured at FVTPL	4	-
Insurance claim received	43	-
Miscellaneous income	86	127
	1,281	**1,046**

24. Cost of materials consumed

	For the year ended 31-03-2024	For the year ended 31-03-2023
Raw materials consumed	4,738	4,312
Packing materials consumed	487	441
	5,225	**4,753**

25. Changes in inventories of finished goods, work-in-progress and stock-in-trade:

	For the year ended 31-03-2024	For the year ended 31-03-2023
Opening stock:		
- Finished goods	2,788	2,067
- Work-in-progress	1,293	1,750
- Stock-in-trade	78	62
	4,159	**3,879**
Closing stock:		
- Finished goods	2,592	2,788
- Work-in-progress	1,023	1,293
- Stock-in-trade	139	78
	3,754	**4,159**
Currency translation adjustment	(22)	(43)
	427	**(237)**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

26. Employee benefits expense

	For the year ended 31-03-2024	For the year ended 31-03-2023
Salaries, wages and bonus (Refer note (a) below)	4,731	4,380
Contribution to provident fund and other funds (Refer note (b) below)	291	267
Gratuity expense (Refer note 19 (a))	114	114
Staff welfare expenses	114	106
	5,250	**4,867**

Note (a): Employee benefits expense includes compensation amounting to ₹ Nil (31-03-2023: ₹ 291) paid under voluntary retirement scheme during the year.

Note (b): Defined contribution plan:

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance schemes which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contribution to provident fund and employee state insurance schemes charged to the statement of profit and loss is ₹ 274 (31-03-2023: ₹ 245).

27. Finance costs

	For the year ended 31-03-2024	For the year ended 31-03-2023
Interest expense on working capital loans measured at amortised cost	109	92
Other borrowing costs	72	50
Interest expenses on lease liabilities	11	3
	192	**145**

28. Other expenses

	For the year ended 31-03-2024	For the year ended 31-03-2023
Consumption of stores and spares	567	374
Power and fuel	889	819
Rental charges (Refer note 40)	59	49
Repairs and maintenance:	-	
- Buildings	58	52
- Plant and equipments	262	218
- Others	1	1
Insurance	297	276
Rates and taxes	1,303	508
Factory maintenance expenses	383	385
Clinical and analytical charges	475	398
Carriage and freight outward	205	304
Donations*	729	224
Corporate social responsibility (CSR) expenses (Refer note 34)	82	70
Communication expenses	37	41
Office maintenance	71	88

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended 31-03-2024	For the year ended 31-03-2023
Travelling and conveyance	499	371
Legal and professional fees	847	733
Payment to auditors		
- Statutory audit fees including limited reviews	12	13
- Certifications	2	2
- Other services	-	3
- Reimbursement of expenses	1	1
Product development and legal charges	206	10
Director's sitting fee	2	3
Provision for impairment of receivables and advances, net	227	(239)
Bad debts written off	51	108
Property, plant and equipment written off	-	23
Royalty expense	34	25
Sales promotion expenses and other incentives	1,325	657
Research and development expenses	1,211	892
Loss on sale of investments helds at amortised cost	9	-
Net loss on sale of property, plant and equipment	17	-
Fair value loss on Financial assets/Liability measured at FVTPL	2	52
Miscellaneous expenses	195	114
	10,058	**6,575**

*Donations include contribution made to political parties amounting to ₹ 578 representing 16 % of the average net profits of three immediately preceeding financial years which were made prior to the date of judgement by Honourable Supreme Court of India on this matter on 15 February 2024. Based on the legal opinion obtained by the Management, the said contributions made are in compliance with prevailing law at that time and no further contributions were made after the date of judgement. Below are the political party-wise details of such contributions made during the year:

Name of political party	For the year ended 31-03-2024	For the year ended 31-03-2023
Bharatiya Janata Party	105	50
Bharat Rashtra Samithi	100	100
Janasena Party	50	-
All India Congress Committee	120	-
Telugu Desam Party	130	-
Yuvajana Sramika Rythu Congress Party	30	-
Communist Party of India (Marxist)	13	3
Communist Party of India	5	-
Telangana Pradesh Congress Committee	25	-
	578	**153**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

29. Income-tax

(A) Components of Income-tax expenses

	For the year ended 31-03-2024	For the year ended 31-03-2023
(i) Tax expense recognised in profit and loss		
Current tax:		
Current year tax	3,148	1,625
Income-tax for earlier years	17	2
	3,165	**1,627**
Deferred tax charge/(credit) (net):		
Minimum Alternate Tax (MAT) credit recognition (Refer note 29 (D) and (E))	(5)	(536)
Business losses	-	(132)
Origination and reversal of temporary differences	(308)	507
	(313)	**(161)**
Tax expense for the year	**2,852**	**1,466**
(ii) Tax recognised in other comprehensive income		
Items that will not be reclassified to profit or loss		
- Remeasurement of defined benefit liability/(asset)	7	(9)
- Fair value change on Equity instruments through OCI	(8)	25
	(1)	**16**

(B) Reconciliation of effective tax rate

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Group at 34.944% (31-03-2023: 34.944%) and the reported tax expense in the statement profit and loss are as follows:

	For the year ended 31-03-2024	For the year ended 31-03-2023
Profit before tax	**16,735**	**8,619**
Enacted tax rate in India*	34.944%	34.944%
Tax using the Holding Company's domestic tax rate	**5,848**	**3,012**
Tax effect of:		
Expense not deductible for tax purposes	47	41
Additional deduction allowed under Income-tax Act	(5,019)	(2,518)
Effect of change in tax laws and rate in jurisdictions outside India	(3)	(31)
MAT charge for the current year	2,831	1,330
Business losses	(40)	131
Recognition of MAT credit	(5)	(536)
Other timing differences	(824)	35
Tax pertaining to earlier years	17	2
Income tax expense	**2,852**	**1,466**

*The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated by the President of India on 20 September 2019. The Ordinance has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to a domestic company in India to pay income tax at reduced rate of 22% plus applicable surcharge and cess subject to certain conditions. The Holding Company has made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax credit.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(C) Deferred tax assets and liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

	As at 31-03-2024	As at 31-03-2023
Deferred tax assets/(liabilities):		
Minimum Alternate Tax*	1,302	1,297
Business losses	91	131
Trade receivables	446	85
Property, plant and equipment (including right of use assets)	(2,087)	(2,054)
Lease liabilities	9	4
Provision for employee benefits	347	407
Investments	54	(28)
Others	30	34
	192	**(124)**

* As per Indian tax laws, companies are liable for a Minimum Alternate Tax ("MAT" tax) when current tax, as computed under the provisions of the Income-tax Act, 1961 ("Tax Act"), is determined to be below the MAT tax computed under section 115JB of the Tax Act. The excess of MAT tax over current tax is eligible to be carried forward and set-off in the future against the current tax liabilities over a period of 15 years.

The Group offsets tax assets and liabilities year on year basis only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income-tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred tax assets will be recovered.

(D) Movement in deferred tax assets and liabilities

The details of movement in deferred tax assets and liabilities for the year ended 31 March 2024:

	As at 01-04-2023	Recognised in profit and loss (including exchange differences on translation of foreign operations)	Recognised in OCI	As at 31-03-2024
Deferred tax assets/(liabilities):				
Minimum Alternate Tax	1,297	5	-	1,302
Business losses	131	(40)	-	91
Trade receivables	85	361	-	446
Property, plant and equipment (including right of use assets)	(2,054)	(33)	-	(2,087)
Lease liabilities	4	5	-	9
Provision for employee benefits	407	(67)	7	347
Investments	(28)	90	(8)	54
Others	34	(4)	-	30
Net deferred tax assets/(liabilities)	**(124)**	**317**	**(1)**	**192**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The details of movement in deferred tax assets and liabilities for the year ended 31 March 2023:

	As at 01-04-2022	Recognised in profit and loss (including exchange differences on translation of foreign operations)	Recognised in OCI	As at 31-03-2023
Deferred tax assets/(liabilities):				
Minimum Alternate Tax	761	536	-	1,297
Business losses	-	131	-	131
Trade receivables	147	(62)	-	85
Property, plant and equipment (including right of use assets)	(1,555)	(499)	-	(2,054)
Lease liabilities	32	(28)	-	4
Provision for employee benefits	368	48	(9)	407
Investments	(53)	-	25	(28)
Others	-	35	(1)	34
Net deferred tax assets/(liabilities)	**(300)**	**161**	**15**	**(124)**

(E) Unrecognised deferred tax assets

	As at 31-03-2024	As at 31-03-2023
Unrecognised MAT credit entitlement	3,285	1,325
	3,285	**1,325**

The Group did not recognise deferred tax assets of ₹ 3,285, primarily on MAT credit entitlement, because of it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom after taking into consideration the tax holiday units/ benefits available including financial projections, business plans and the availability of sufficient taxable income. The above MAT credit expires at various dates ranging from Assesment year 2029 through 2039.

(F) The Group has established the comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the international transactions and specified domestic transactions entered into with associated enterprises during the financial year and expects such records to be in existence latest by 31 October 2024 as required by law. The management confirms its international transaction are at arms' length price so that aforesaid legislation will not have any impact on the consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

30. Earnings per share (EPS)

	For the year ended 31-03-2024	For the year ended 31-03-2023
Earnings:		
Profit for the year attributable to equity shareholders (a)	13,883	7,153
Shares:		
Number of equity shares at the beginning of the year	18,24,70,115	18,25,20,165
Weighted average number of equity shares issued on exercise of stock options		32,438
Weighted average number of equity shares bought back during the year	(29,74,504)	(238)
Weighted average number of equity shares – Basic (b)	**17,94,95,611**	**18,25,52,365**
Dilutive effect of potential equity shares	-	-
Weighted average number of equity shares – Diluted (c)	**17,94,95,611**	**18,25,52,365**
Earnings per equity share (Face Value of ₹ 2/- each):		
Basic (in ₹) (a/b)	77.34	39.18
Diluted (in ₹) (a/c)	77.34	39.18

31. Financial instruments - fair values

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities including their levels in the fair value hierarchy.

As at 31-03-2024

Particulars	Note	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
A. Financials assets					
Financial assets measured at FVTOCI					
Non-current investments	7	959	-	-	959
Current investments	7	546	546	-	-
Financial assets measured at amortised cost					
Current investments	7	3,889	-	-	-
Loans	8	90	-	-	-
Trade receivables	12	11,889	-	-	-
Cash and cash equivalents	13	704	-	-	-
Bank balances other than cash and cash equivalents	13	8,825	-	-	-
Other financial assets	9	4,967	-	-	-
		31,869	**546**	**-**	**959**
B. Financials liabilities					
Financial liabilities measured at amortised cost					
Borrowings	16	3,632	-	-	-
Lease liabilities	17	80	-	-	-
Trade payables	21	2,355	-	-	-
Other financial liabilities	18	1,061	-	-	-
		7,128	**-**	**-**	**-**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

As at 31-03-2023

Particulars	Note	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
A. Financials assets					
Financial assets measured at FVTOCI					
Non-current investments	7	873	-	-	873
Current investments	7	209	209	-	-
Financial assets measured at amortised cost					
Non-current investments	7	-	-	-	-
Current investments	7	2,841	-	-	-
Loans	8	102	-	-	-
Trade receivables	12	8,561	-	-	-
Cash and cash equivalents	13	1,319	-	-	-
Bank balances other than cash and cash equivalents	13	4,144	-	-	-
Other financial assets	9	3,278	-	-	-
		21,327	**209**	**-**	**873**
B. Financials liabilities					
Financial liabilities measured at amortised cost					
Borrowings	16	1,650	-	-	
Trade payables	21	2,638	-	-	-
Other financial liabilities	18	876	-	-	-
		5,164	**-**	**-**	**-**

The Group's financial liabilities comprise of borrowings from banks, lease liabilities, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade receivables, other financial assets, cash and cash equivalents and other bank balances that derive directly from its operations. The Group also holds certain investments in other entities.

The fair value of cash and cash equivalents, other bank balances, trade receivables, loans, investment in quoted and unquoted debentures and bonds, borrowings, trade payables, other financial assets and other financial liabilities approximate their carrying amount largely due to the nature of these instruments. The Group's loans have been contracted at market rates of interest. Accordingly, the carrying value of such loans approximate fair value.

B. Measurement of fair values

Valuation technique and significant unobservable inputs

Level 1: The fair value of the quoted investments are based on market price at the reporting date.

Level 3: The Investments measured at fair value and falling under fair value hierarchy Level 3 are valued on the basis of valuation reports provided by external valuers with the exception of certain investments, where the impact of fair valuation of investment is considered as insignificant and hence carrying value and fair value is considered as same. The significant unobservable inputs involved are primarily growth rate, discount rate and terminal growth rate. The relationship of significant unobservable value and fair value is as follow:

The estimated fair value will increase/(decrease) if the expected growth rate and terminal rate increases/(decreases);

The estimated fair value will (decrease)/increase if the expected discount rate increases/(decreases)

Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice versa in FY 2023-24 and no transfers in either direction in FY 2022-23

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Change in level 3 fair values

Particulars	Unquoted FVTOCI Equity investments	
	31-03-2024	31-03-2023
Opening balance	873	461
Additions/(Deletions) during the year	86	430
Net change in fair value (recognised in FVTOCI)	-	(18)
Closing balance	**959**	**873**

32. Financial risk management

The Board of Directors of the Group has overall responsibility for the establishment and deployment of risk management framework. The Board of Directors have adopted a Risk Policy, which empowers the management to access and monitor the risk management parameters along with action taken and the same is updated to Board of Directors.

The Group's risk management policies are established to identify and analyse the risks being faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Group oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

A. Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, deposits, loans, trade receivables and trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's entire borrowings carried at amortised cost are variable rate instruments and are subject to fluctuation because of a change in market interest rates. The Company considers the impact of fair value interest rate risk on variable rate borrowings as not material.

The Group's variable rate borrowings are subject to interest rate risk. Below are the details of exposure to fixed rate and variable rate instruments:

Particulars	As at 31-03-2024	As at 31-03-2023
Fixed rate instruments		
Financial assets	16,934	10,032
Variable rate instruments		
Financial liabilities (other than lease liability)	3,632	1,650

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Sensitivity

Particulars	Impact on profit and loss	
	31-03-2024	31-03-2023
1 % increase in interest rate	(36)	(17)
1 % decrease in interest rate	36	17

The interest rate sensitivity is based on the closing balance of loans from banks.

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which sales, purchase are denominated and the respective functional currencies of the Group companies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

The Group's exposure to foreign currency financial assets and financial liabilities expressed in ₹ are as follows:

Financial assets and financial liabilities:

	31-03-2024				31-03-2023			
	Trade receivables*	Borrowings*	Other financial liabilities	Trade payables	Trade receivables*	Borrowings*	Other financial liabilities	Trade payables
- USD	8,564	968	19	93	1,484	616	-	168
- EUR	78	43	4	5	46	-	-	4
- PHP	-	-	-	-	9	-	-	-
- JPY	-	-	0	-	-	-	-	-
- CAD	55	5	-	-	659	33	-	-
- CHF	-	-	1	-	-	-	-	-
- AUD	77	-	-	-	-	-	-	-
- GBP	5	5	-	-	-	-	-	-
- SGD	28	-	-	-	52	-	-	0

* Includes bills discounted which are forming part of trade receivables and current borrowings amounting to ₹ 1,021 (31-03-2023: ₹ 649). These are realised amounts and hence, there is no further foreign currency risk involved.

Foreign currency sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at 31 March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The following table demonstrates the sensitivity to a reasonably possible change in various foreign currencies. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Impact on profit and loss after tax gain/(loss) for the year ended		Impact on equity, net of tax	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Sensitivity				
₹/USD - Appreciate by 10 %	748	70	487	46
₹/EUR - Appreciate by 10 %	3	4	2	3
₹/PHP - Appreciate by 10 %	-	1	-	1
₹/JPY - Appreciate by 10 %	(0)	-	-	-
₹/CAD - Appreciate by 10 %	5	2	3	1
₹/CHF - Appreciate by 10 %	(0)	-	-	-
₹/AUD - Appreciate by 10 %	8	-	-	-
₹/GBP - Appreciate by 10 %	-	-	-	-
₹/SGD - Appreciate by 10 %	3	5	-	-
₹/USD - Depreciate by 10 %	(748)	(70)	(487)	(46)
₹/EUR - Depreciate by 10 %	(3)	(4)	(2)	(3)
₹/PHP - Depreciate by 10 %	-	(1)	-	(1)
₹/JPY - Depreciate by 10 %	0	-	-	-
₹/CAD - Depreciate by 10 %	(5)	(2)	(3)	(1)
₹/CHF - Depreciate by 10 %	0	-	-	-
₹/AUD - Depreciate by 10 %	(8)	-	-	-
₹/GBP - Depreciate by 10 %	-	-	-	-
₹/SGD - Depreciate by 10 %	(3)	(5)	-	-

B. **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	For the year ended 31-03-2024	For the year ended 31-03-2023
Impairment loss on trade receivables and other receivables	98	(239)

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

The maximum exposure to credit risk for trade receivables (Gross) by geographic region is as follows:

	As at 31-03-2024	As at 31-03-2023
India	2,091	1,470
USA	947	1,075
Rest of the world	1,695	1,336
	4,733	**3,881**

The above exposure does not include unbilled revenue.

The exposure to credit risk and ECLs for trade receivables as at 31-03-2024

	Weighted average loss rate	Gross Carrying amount	Loss allowance	Credit impaired
Unbilled	0 %	7,156	-	-
Not due	1 %	3,844	47	47
Less than 6 months	5 %	959	52	52
6 months to 1 year	62 %	73	45	45
1-2 years	100 %	9	9	9
2-3 years	100 %	18	18	18
More than 3 years	100 %	26	26	26
Total		**12,086**	**197**	**197**

The exposure to credit risk and ECLs for trade receivables as at 31-03-2023

	Weighted average loss rate	Gross Carrying amount	Loss allowance	Credit impaired
Unbilled	0 %	4,830	-	-
Not due	1 %	3,107	19	19
Less than 6 months	2 %	578	12	12
6 months to 1 year	27 %	79	21	21
1-2 years	49 %	37	18	18
2-3 years	100 %	79	79	79
More than 3 years	100 %	1	1	1
Total		**8,711**	**150**	**150**

Movement in allowance for credit losses

	As at 31-03-2024	As at 31-03-2023
Balance at the beginning of the year	150	422
Net remeasurement of loss allowance	98	(164)
Amount written off during the year	(51)	(108)
Balance at the end of the year	**197**	**150**

As per simplified approach the Group makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever required.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Other financial assets:

Other financial assets primarily consists of cash and cash equivalents and deposits. Credit risk on cash and cash equivalents and deposits with banks and financial institutions are generally low as the said deposits have been made with the banks and financial institutions who have been assigned high credit rating by international and domestic credit rating agencies. Investments in other entities are strategic investments in the normal course of business of the Group. Loans to related parties are given for business purposes. The Group reassesss the recoverability of loans periodically. Interest recoveries from these loans are regular and there is no interest received defaults.

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entities operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Group's principal sources of liquidity are the cash flows generated from operations. The Group has no long-term borrowings and believes that the working capital is sufficient for its current requirements. Accordingly, no liquidity risk is perceived.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

As at 31-03-2024	Carrying value	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Financial liabilities					
Borrowings	3,632	3,632	-	-	3,632
Trade payables	2,355	2,355	-	-	2,355
Other financial liabilities	1,061	1,021	40	-	1,061
Total	**7,048**	**7,008**	**40**	**-**	**7,048**

As at 31-03-2023	Carrying value	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Financial liabilities					
Borrowings	1,650	1,650	-	-	1,650
Trade payables	2,638	2,638	-	-	2,638
Other financial liabilities	876	859	17	-	876
Total	**5,164**	**5,147**	**17**	**-**	**5,164**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

33. Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Group also proposes to maintain an optimal capital structure to reduce the cost of capital. Hence, the Group may adjust any dividend payments, return capital to shareholders or issue new shares. Total capital is the equity as shown in the Consolidated Balance Sheet. Currently, the Group primarily monitors its capital structure on the basis of gearing ratio. Management is continuously evolving strategies to optimise the returns and reduce the risks. It includes plans to optimise the financial leverage of the Group.

The capital gearing ratio is summarised as follows:

	As at 31-03-2024	As at 31-03-2023
Total borrowings	3,632	1,650
Less: Cash and cash equivalents	(704)	(1,319)
Net debt [A]	**2,928**	**331**
Total equity [B]	58,531	48,738
Total capital [C=A+B]	**61,459**	**49,069**
Gearing ratio (%) [A/C]	5 %	1 %

34. Corporate social responsibility (CSR) expenses

Particulars	For the year ended 31-03-2024	For the year ended 31-03-2023
(a) Amount required to be spent by the Company during the year	79	69
(b) Amount spent during the year:	-	-
(i) Construction or acquistion of any asset	-	-
(ii) On purpose other than (i) above	82	70
(c) Shortfall at the end of the year	-	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	Not applicable	Not applicable
(f) Nature of CSR activities		
Education and infrastructure support, Health, nutrition, water, sanitation and hygiene, Animal Welfare, Support to sports, Rural development, Women empowerment	82	70
(g) Details of related party transactions		
(i) NATCO Trust	79	70
(h) Provision made with respect to a liability through contractual obligation	-	-
(i) Details of unspent obligations	-	-
(j) Amount approved by Board of Directors	101	109

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

35. Related party disclosures, as per Ind AS 24

(a) Names of the related parties and nature of relationship (to the extent transactions have taken place during the year)

Nature of relationship	Names of the related parties
1. Entities in which Directors have control or have significant influence	Time Cap Pharma Labs Private Limited NATCO Trust
2. Key management personnel ("KMP")	
Chairman	Mr. Sreerama Murthy Gubbala (upto 31-03-2024)
Managing Director	Mr. V C Nannapaneni
Chairman and Managing Director	Mr. V C Nannapaneni (w.e.f 01-04-2024)
Director and Chief Executive Officer ("CEO") and Vice Chairman (w.e.f. 01-04-2024)	Mr. Rajeev Nannapaneni
Wholetime Director	Mr. Potluri Prasad Sivaramakrishna
Wholetime Director	Mr. Lingarao Donthineni
Wholetime Director	Dr. Pavan Bhat (w.e.f. 09-08-2022)
Chief Financial Officer	Mr. S.V.V.N. Appa Rao
Company Secretary	Mr. Venkat Ramesh Chekuri
3. Non-Executive Directors and Independent Directors	
Independent Director	Mr. Sreerama Murthy Gubbala (upto 31-03-2024)
Independent Director	Mr. Govinda Prasad Dasu (upto 31-03-2024)
Independent Director	Mr. Umamaheshwarrao Naidu Madireddi
Independent Director	Mr. Venkateswara Rao Thallapaka
Independent Director	Mrs. Leela Digumarti
Independent Director	Mr. Agnihotra Dakshina Murty Chavali (w.e.f. 01-04-2024)
Independent Director	Mr.Vijaya Bhaskar Dronadula (w.e.f. 01-04-2024)

(b) Related party transactions during the year (excluding goods and service tax)

	For the year ended	
	31-03-2024	31-03-2023
Time Cap Pharma Labs Private Limited		
Rental expense	7	7
NATCO Trust		
Donations	5	16
Rental income	0	0
Contribution to corporate social responsibility activities	79	70
Mr. V.C. Nannapaneni		
Managerial remuneration*	23	22
Leave encashment paid	1	1
Gratuity expense	-	-
Compensated absences expense	0	0
Rental expenses	3	3
Commission	75	-

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended	
	31-03-2024	31-03-2023
Mr. Rajeev Nannapaneni		
Managerial remuneration*	21	20
Leave encashment paid	1	1
Gratuity expense	0	0
Compensated absences expense	0	0
Rental expenses	3	3
Commission	75	-
Mr. Potluri Prasad Sivaramakrishna		
Managerial remuneration*	19	19
Leave encashment paid	1	1
Gratuity expense	0	-
Compensated absences expense	0	0
Interest income	-	0
Repayment of loan given including interest	-	0
Mr. Lingarao Donthineni		
Managerial remuneration*	32	32
Leave encashment paid	1	1
Gratuity expense	0	-
Compensated absences expense	0	0
Interest income	1	2
Repayment of loan given including interest	23	6
Dr. Pavan Bhat Ganapati		
Managerial remuneration*	31	41
Perquisite value of ESOPs exercised during the year	-	13
Leave encashment paid	1	1
Gratuity expense	0	0
Compensated absences expense	-	0
Mr. S.V.V.N. Appa Rao		
Remuneration*	13	13
Leave encashment paid	0	0
Gratuity expense	0	-
Compensated absences expense	0	0
Mr. Venkat Ramesh Chekuri		
Remuneration*	3	2
Perquisite value of ESOPs exercised during the year	-	1
Gratuity expense	0	0
Compensated absences expense	0	0
Sitting fees		
Mr. Govinda Prasad Dasu	0	1
Mrs. Leela Digumarti	0	0
Mr. Umamaheshwarrao Naidu Madireddi	0	1
Mr. Sreerama Murthy Gubbala	1	1
Mr. Venkateswara Rao Thallapaka	1	0

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(c) Related party closing balances as on balance sheet date receivable/(payable):

	As at	
	31-03-2024	31-03-2023
Loan receivable		
Mr. Lingarao Donthineni	-	23
Rent Payable		
Mr. V.C. Nannapaneni	(0)	-
Mr. Rajeev Nannapaneni	(0)	-
Time Cap Pharma Labs Private Limited	(1)	-
Remuneration payable		
Mr. V.C. Nannapaneni	(0)	(1)
Mr. Rajeev Nannapaneni	(0)	(0)
Mr. Lingarao Donthineni	(5)	(1)
Mr. Potluri Prasad Sivaramakrishna	(1)	(1)
Dr. Pavan Bhat Ganapati	(6)	(5)
Mr. S.V.N.N. Appa Rao	(2)	(0)
Mr.Venkat Ramesh Chekuri	(0)	(0)
Commission payable		
Mr. V.C. Nannapaneni	(75)	-
Mr. Rajeev Nannapaneni	(75)	-

*The aforesaid amount does not include amounts in respect of payment of insurance costs as the payments are made for the Company as a whole.

36. Segment reporting

Basis for segmentation

The operating segments are reported in a manner consistent with the internal reporting provided to the Company's Chief Operating Decision Maker (CODM). The CODM has been identified as the Chief Executive Officer (CEO) of the Group who reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group on a periodic basis.

The following summary describes the operations in each of the Group's reportable segments:

Pharmaceuticals - Manufacturing and selling of bulk drugs, finished dosage formulations

Agro Chemicals - Manufacturing and selling of Agro chemicals

Information about reportable segments

	For the year ended 31-03-2024	For the year ended 31-03-2023
I. Segment revenue		
a. Pharmaceuticals	38,905	26,662
b. Agro chemicals	1,083	409
	39,988	**27,071**
Add: Unallocated	-	-
Total revenue from operations	**39,988**	**27,071**
II. Segment results		
a. Pharmaceuticals	17,523	8,884
b. Agro chemicals	(596)	(120)
Total segment result	**16,927**	**8,764**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended 31-03-2024	For the year ended 31-03-2023
Less:		
a. Finance cost	(192)	(145)
b. Net unallocated (income)/expenditure	-	-
Total profit before tax	**16,735**	**8,619**
III. Segment assets		
a. Pharmaceuticals	45,650	41,197
b. Agro chemicals	4,238	3,966
Total segment assets	**49,888**	**45,163**
Add: Unallocated	19,175	11,411
Total assets	**69,063**	**56,574**
IV. Segment liabilities		
a. Pharmaceuticals	5,807	5,816
b. Agro chemicals	588	14
Total segment liabilities	**6,395**	**5,830**
Add: Unallocated	4,137	2,006
Total liabilities	**10,532**	**7,836**

Geography-wise details of the Group's revenues from external customers and its non-current assets (other than financial instruments) and revenue from major customers are given below:

i. Revenue from operations:

	For the year ended 31-03-2024	For the year ended 31-03-2023
India	5,876	5,014
USA	28,048	16,060
Rest of the world	6,064	5,997
	39,988	**27,071**

ii. Non-current assets*

	As at 31-03-2024	As at 31-03-2023
India	24,207	22,968
USA	1,836	1,724
Rest of the world	238	220
	26,281	**24,912**

* Non-current assets for this purpose consist of property, plant and equipment, goodwill, Capital work-in-progress and intangible assets.

iii. Major customers

The Group has one customer who contributed more than 10% of the Group's total revenue during the current year and previous year. The revenue from such major customer(s) during the year is ₹ 18,283 (31-03-2023: ₹ 9,592).

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

37. Contingent liabilities and commitments

(a) Commitments

	As at	
	31-03-2024	31-03-2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (including comitment towards purchase of property, plant and equipment, net of advances amounting to ₹ 231 (31-03-2023: ₹ 27)	490	48
Pending export obligation under EPCG Scheme	11	27
Other commitment (refer Note - 1 below)	83	-

Note 1:

The Company has an outstanding commitment of investment for an amount of ₹ 83 (31-03-2023: ₹ Nil) in Cellogen Therapeutics Pvt Ltd as at 31-03-2024

(b) Contingent liabilities

(i)

	As at	
	31-03-2024	31-03-2023
Matters under appeals with tax authorities:		
Disputed Income tax liabilities	-	144
Disputed Indirect tax liabilities	4	2

The Group is contesting the above demand including few land related claims and the management believes that its position will likely be upheld in the appellate process and no expenses has been accrued in the consolidated financial statements for the demand raised/ show cause notice received as the ultimate outcome of these proceedings will not have a material adverse effect on the Group's consolidated financial statements. Pending resolution of the aforesaid respective proceedings, it is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above.

(ii) The Group is contesting certain process and product patent infringement cases filed against it by the innovators in the ordinary course of business. A few of these cases pertain to products already launched by the Group in the market. These cases are pending before different authorities / courts and most of the claims involve complex issues. The outcome from these claims are uncertain due to a number of factors involved in legal trial such as stage of the proceedings and the overall length and extent of pre-trial discovery; the entitlement of the parties to an action to appeal a decision; clarity as to theories of liability; damages and governing law; uncertainties in timing of litigation; and the possible need for further legal proceedings to establish the appropriate amount of damages, if any. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss is difficult to ascertain. Consequently, for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. Further, at present, the management does not expect such liabilities to be significant.

(iii) The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

38. The Group does not have any long-term contracts including derivatives for which there are any material foreseeable losses.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

39. Capital work-in-progress

a) Movement in Capital work-in-progress

	As at	
	31-03-2024	31-03-2023
Opening balance	**643**	**1,295**
Costs incurred towards construction activity	1,751	1,039
Capitalised during the year	(1,021)	(1,691)
Closing balance	**1,373**	**643**

b) Capital work-in-progress aging schedule

As at 31-03-2024

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (*)	1,243	80	34	16	1,373

As at 31-03-2023

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (*)	383	247	13	-	643

(*) Project execution plans are assessed on an annual basis and all the projects are executed as per rolling annual plan.

There are no project whose completion is overdue or has exceeded its cost compared to its original plan.

No projects have been temporarily suspended as at 31-03-2024 and 31-03-2023.

40 Leases

Movement in lease liabilities

	As at	
	31-03-2024	31-03-2023
Balance at the beginning	**17**	**115**
Additions	83	4
Deletions	(9)	(85)
Interest expenses	11	3
Repayment of principal and interest on lease liabilities	(22)	(20)
Balance at the end	**80**	**17**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Undiscounted contractual maturities of lease liabilities

	As at	
	31-03-2024	31-03-2023
Less than one year	31	4
One to five years	57	10
More than five years	378	384
	465	**398**

As at balance sheet date, the Group is not exposed to future cash flows for extension / termination options, residual value guarantees and leases not commenced to which lessee is committed.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The Group has taken certain rented premises on lease with contract terms within one year. These leases are short-term in nature and the Group has elected not to recognise right-of-use-assets and lease liabilities for these assets. The Group has incurred following expenses relating to short-term leases for which the recognition exemption has been applied (Refer note 28).

Rental expense for short-term leases

	For the year ended	
	31-03-2024	31-03-2023
Expense relating to short-term leases (refer note 28)	59	49
	59	**49**

Amounts recognised in the consolidated statement of profit and loss

	For the year ended	
	31-03-2024	31-03-2023
Depreciation on right of use asset	22	21
Interest expense	11	3
	33	**24**

Amounts recognised in the consolidated statement of cash flows

	For the year ended	
	31-03-2024	31-03-2023
Payment of lease liabilities	22	20
Expense relating to short-term leases (refer note 28)	59	49
	81	**69**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Details of Right of use of Assets

	Land	Buildings	Vehicles	Total
A. Cost or Deemed cost (Gross carrying amount)				
As at 01-04-2022	**487**	**60**	**9**	**556**
Additions	-	4	-	4
Disposals	(105)	(6)	-	(111)
Exchange differences on translation of foreign operations		1		1
Balance as at 31-03-2023	**382**	**59**	**9**	**450**
Additions	-	83	-	83
Disposals	(27)	(3)	-	(30)
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at 31-03-2024	**355**	**139**	**9**	**503**
B. Accumulated depreciation				
As at 01-04-2022	**39**	**2**	**6**	**47**
Charge for the year	16	4	1	21
Disposals	(29)	-	-	(29)
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at 31-03-2023	**26**	**6**	**7**	**39**
Charge for the year	5	17	1	22
Disposals	(3)	(6)	-	(9)
Exchange differences on translation of foreign operations	-		-	-
Balance as at 31-03-2024	**27**	**17**	**8**	**52**
C. Net carrying amounts (A-B)				
As at 31-03-2023	**356**	**53**	**2**	**411**
As at 31-03-2024	**328**	**122**	**1**	**451**

41 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III, Division III to the Companies Act, 2013.

For the year ended 31-03-2024

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated OCI	Amount	As a % of consolidated TCI	Amount
Parent company								
NATCO Pharma Limited	96 %	55,922	94 %	13,069	51 %	76	94 %	13,145
Foreign subsidiaries								
NATCO Pharma Inc.	5 %	2,658	-2 %	(251)	0 %	-	-2 %	(251)
NATCO Lifesciences Philippines Inc.	0 %	59	0 %	10	0 %	-	0 %	10
Time Cap Overseas Limited	2 %	1,084	2 %	257	0 %	-	2 %	257
NATCO Pharma (Canada), Inc.	6 %	3,637	4 %	594	0 %	-	4 %	594
NATCO Pharma Asia Pte. Ltd.	0 %	198	0 %	27	0 %	-	0 %	27

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated OCI	Amount	As a % of consolidated TCI	Amount
NATCO Pharma Australia PTY Ltd.	0 %	4	0 %	(5)	0 %	-	0 %	(5)
NATCO Pharma UK Limited	0 %	84	0 %	(44)	0 %	-	0 %	(44)
Non-controlling interests								
Time Cap Overseas Limited	0 %	-	0 %	-	0 %	-	0 %	-
NATCO Pharma (Canada) Inc.	0 %	-	0 %	-	0 %	-	0 %	-
Adjustment arising out of consolidation	-9 %	(5,115)	2 %	226	49 %	73	2 %	299
Total	**100%**	**58,531**	**100%**	**13,883**	**100%**	**149**	**100%**	**14,032**

For the year ended 31-03-2023

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated OCI	Amount	As a % of consolidated TCI	Amount
Parent company								
NATCO Pharma Limited	96 %	47,020	89 %	6,373	-719 %	(194)	86 %	6,179
Foreign subsidiaries								
NATCO Pharma Inc.	5 %	2,459	-1 %	(89)	0 %	-	-1 %	(89)
NATCO Lifesciences Philippines Inc.	0 %	34	0 %	8	0 %	-	0 %	8
Time Cap Overseas Limited	1 %	655	2 %	133	0 %	-	2 %	133
NATCO Pharma (Canada), Inc.	6 %	3,007	9 %	622	0 %	-	9 %	622
NATCO Pharma Asia Pte. Ltd.	0 %	171	1 %	57	0 %	-	1 %	57
NATCO Pharma Australia PTY Ltd.	0 %	3	0 %	(7)	0 %	-	0 %	(7)
Non-controlling interests								
Time Cap Overseas Limited	0 %	-	0 %	-	0 %	-	0 %	-
NATCO Pharma (Canada) Inc.	0 %	-	0 %	-	0 %	-	0 %	-
Adjustment arising out of consolidation	-9 %	(4,611)	1 %	56	819 %	221	4 %	277
Total	**100%**	**48,738**	**100%**	**7,153**	**100%**	**27**	**100%**	**7,180**

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

42 Other Statutory Information

(i) The Holding Company has entered into transactions with the companies struck off as per Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956. Below are the details of balances outstanding for the year ended 31 March 2024:

Name of struck off Company	Nature of transactions with struck-off Company	Balances as at 31 March 2024	Relationship with the Struck off company
Lustre Industries Private Limited	Shares held by struck off company	11800 Shares	Shareholder
Kautilya Venture Company Capital Limited	Shares held by struck off company	2000 Shares	Shareholder
Vaishak Shares Limited	Shares held by struck off company	5 Shares	Shareholder

(ii) a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities (""Intermediaries"") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries) except as disclosed below.

The Group has invested funds to following entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly invest in other entities identified on behalf of the Group (Ultimate Beneficiaries).

Date of investment	Amount of investment	Name of the intermediary	Name of Ultimate Beneficiary	Date of investment in Ultimate Beneficiary
24-08-2023	165	NATCO Pharma Inc	NATCO Pharmaceuticals USA LLC (formerly known as Dash Pharmaceuticals LLC)	25-08-2023
07-11-2023	125	NATCO Pharma Inc		07-11-2023
15-03-2024	125	NATCO Pharma Inc		18-03-2024
03-07-2023	164	Time Cap Overseas Limited	Natcofarma Do Brasil Ltda.,	05-07-2023

The Group has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act, 2013. Such transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

(iii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to Consolidated Financial Statements

(All amounts in ₹ millions, except share data and where otherwise stated)

(iv) The Group does not have any transaction which is not recorded in the books of account and has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).

(v) There are no proceeding initiated or pending against the Company as at 31-03-2024 and as at 31-03-2023 under Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016).

(vi) Compliance with number of layers of companies prescribed under clause (87) of Section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable.

(viii) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(ix) The Group has not traded or invested in Crypto currency or Virtual currency during the current year and previous year.

(x) There are no loans or advances in the nature of loans are granted to promoters, directors, KMP's and related parties (as defined under the Companies Act, 2013) either severally or jointly with any other person, that are:

a) repayable on demand; or

b) without specifying any terms or period of repayment

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/ W-100024

Amit Kumar Bajaj
Partner
Membership Number: 218685

Place: Hyderabad
Date: 27 May 2024

for and on behalf of the Board of Directors
NATCO Pharma Limited
CIN: L24230TG1981PLC003201

V C Nannapaneni
Chairman and Managing Director
DIN: 00183315

Rajeev Nannapaneni
Vice Chairman and Chief Executive Officer
DIN: 00183872

Venkat Ramesh Chekuri
Company Secretary
M. No. ACS41964

S V V N Appa Rao
Chief Financial Officer

Place: Hyderabad
Date: 27 May 2024

Notice to Members

Notice is hereby given that the 41st Annual General Meeting of the members of the Company will be held on Monday, the 30th day of September, 2024 at 11.00 a.m. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of audited Annual Financial Statements for the Financial Year 2023-24**

   To receive, consider and adopt the Audited Financial Statements, both on Standalone and Consolidated basis of the Company for the Financial Year ended March 31, 2024, together with the reports of Board of Directors, and the Auditors and other reports thereon.

2. **To confirm three interim dividends aggregating to ₹9.50 per share paid on equity shares during the Financial Year 2023-24 as dividend for the FY 2023-24.**

3. **Re-appointment of Dr. D. Linga Rao (DIN: 07088404) as a Director liable to retire by rotation**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** Dr. D. Linga Rao (DIN: 07088404) who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, who shall be liable for retirement by rotation."

4. **Re-appointment of Dr. Pavan Ganapati Bhat (DIN: 09691260), as a Director liable to retire by rotation**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** Dr. Pavan Ganapati Bhat (DIN: 09691260) who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, who shall be liable for retirement by rotation."

5. **Appointment of Statutory Auditors**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and Companies (Audit and Auditors) Rules, 2014 thereunder, as amended from time to time, and pursuant to the recommendation of the Audit Committee and Board of Directors of the Company, M/s. B S R and Co (ICAI FRN:128510W) be and is hereby appointed as Statutory Auditors of the Company, to hold office for a period of five (5) years i.e., from the conclusion of this 41st Annual General Meeting till the conclusion of the 46th Annual General Meeting of the Company to be held for the financial year 2028-2029 at such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit, necessary and delegate to any Director(s) or any other officer(s) of the Company for obtaining approvals, if any, in this connection."

SPECIAL BUSINESS:

6. **Ratification of remuneration of Cost Auditors**

   To consider and, if thought fit, with or without modifications, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 ('Act') and Rule 6 of the Companies (Cost Records and Audit) Rules, 2014 and all other applicable provisions, if any, of the Act and the rules made thereunder, as amended from time to time, the remuneration of ₹ 3,00,000/- (Rupees Three Lakhs only) and taxes as applicable plus out of pocket expenses proposed to be paid to M/s. S.S. Zanwar & Associates (Firm Registration No.100283) Cost Auditors who were re-appointed by the Board of Directors of the Company to conduct the Cost Audit for the financial year ending March 31, 2025, be and is hereby ratified.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit, necessary and delegate to any Director(s) or Company Secretary or any other Officer(s) of the Company for obtaining approvals, if any, in this connection."

7. **Appointment of Sri Lakshminarayana Bolisetty (DIN 02766709) to the office of Independent Director**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 152, 160 and all other applicable provisions contained under the Companies Act, 2013 ("Act"), and in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Sri Lakshminarayana Bolisetty (DIN 02766709), who was appointed as an Additional Director by the Board of Directors under Section 161(1) of the said Act and in accordance with the Articles of Association of the Company, effective from August 12, 2024 and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature to the office of Director of the Company, and as recommended by the Nomination and Remuneration Committee, be and is hereby appointed to the office of Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, and in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Sri Lakshminarayana Bolisetty (DIN 02766709) to the office of Independent Director, who meets the criteria of Independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five (5) years commencing from August 12, 2024 to August 11, 2029 as recommended by the Nomination and Remuneration Committee, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps and to do all such acts, deeds, matters and things as may be considered necessaryand delegate to any of the Director(s) or Company Secretary or any other officer(s) of the Company for obtaining approvals, if any, required to give effect to the above resolution"

8. **Appointment of Dr. Kantipudi Suma (DIN 02734369) to the office of Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 160 and all other applicable provisions contained under the Companies Act, 2013 ("Act"), and in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Kantipudi Suma (DIN 02734369), who was appointed as an Additional Director by the Board of Directors under Section 161(1) of the said Act and in accordance with the Articles of Association of the Company, effective August 12, 2024 and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing her candidature to the office of Director of the Company, and as recommended by the Nomination and Remuneration Committee, be and is hereby appointed to the office of Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, and in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Dr. Kantipudi Suma (DIN 02734369) to the office of Independent Director, who meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five (5) years commencing from August 12, 2024 to August 11, 2029 as recommended by the Nomination and Remuneration Committee, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps and to do all such acts, deeds, matters and things as may be considered necessary and delegate to any of the Director(s) or Company Secretary or any other officer(s) of the Company for obtaining approvals, if any, required to give effect to the above resolution."

9. **Appointment of Sri Nitin Jain (DIN 00136245) to the office of Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 160 and all other applicable provisions contained under the Companies Act, 2013 ("Act"), and in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Sri Nitin Jain (DIN 00136245), who was appointed as an Additional Director by the Board of Directors under Section 161(1) of the said Act and in accordance with the Articles of Association of the Company, effective August 12, 2024 and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature to the office of Director of the Company, and as recommended by the Nomination and Remuneration Committee, be and is hereby appointed to the office of Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, and in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Sri Nitin Jain (DIN 00136245) to the office of Independent Director, who meets the criteria of Independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five (5) years commencing from August 12, 2024 to August 11, 2029 as recommended by the Nomination and Remuneration Committee, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps and to do all such acts, deeds, matters and things as may be considered necessary, and delegate to any of the Director(s) or Company Secretary or any other officer(s) of the Company for obtaining approvals, if any, required to give effect to the above resolution."

10. Revision in the remuneration of Sri P.S.R.K. Prasad (DIN: 07011140) Director and Executive Vice President (Corporate Engineering Services) of the Company

To consider and, if thought fit, with or without modifications, to pass the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the Shareholders' Resolution dated March 26, 2024 (passed through postal ballot vide notice dated February 14, 2024), provisions of Sections 196, 197, 198, and all other applicable provisions of the Companies Act, 2013 ("Act") read with the rules made thereunder and the provisions of Schedule V and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and based on the recommendations of the Nomination and Remuneration Committee (NRC), the consent of the members of the Company be and is hereby accorded to revise one of the terms in the appointment of Sri P.S.R.K. Prasad (DIN: 07011140) Director and Executive Vice President (Corporate Engineering Services) i.e., by increasing "the Special incentive from not exceeding 50 % of salary per annum to upto 100 % of salary per annum based on the performance of the Company as well as the Director in Individual capacity during the specified tenure in the said Resolution.

RESOLVED FURTHER THAT other terms of his appointment except above shall stand as it is as specified in the Shareholders' Resolution dated March 26, 2024.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps and do all such acts, deeds, matters and things as may be considered necessary and delegate to any of the Director(s) or Company Secretary or any other officer(s) of the Company for obtaining approvals, if any, required to give effect to the above resolution."

11. Revision in the remuneration of Dr. D. Linga Rao (DIN: 07088404), Director and President (Tech. Affairs) of the Company

To consider and, if thought fit, with or without modifications, to pass the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the Shareholders' Resolution dated March 26, 2024 (passed through postal ballot vide notice dated February 14, 2024), provisions of Sections 196, 197, 198, and all other applicable provisions of the Companies Act, 2013 ("Act") read with the rules made thereunder and the provisions of Schedule V and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and based on the recommendations of the Nomination and Remuneration Committee (NRC), the consent of the members of the Company be and is hereby accorded to revise one of the terms in the appointment of Dr. D. Linga Rao (DIN: 07088404), Director and President (Tech. Affairs) i.e., by increasing "the Special incentive from not exceeding 80 % of salary per annum to upto 100 % of salary per annum based on the performance of the Company as well as the Director in Individual capacity during the specified tenure in the said Resolution.

RESOLVED FURTHER THAT other terms of his appointment except above shall stand as it is as specified in the Shareholders' Resolution dated March 26, 2024.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps and do all such acts, deeds, matters and things as may be considered necessary and delegate to any of the Director(s) or Company Secretary or any other officer(s) of the Company for obtaining approvals, if any, required to give effect to the above resolution."

12. Revision in the remuneration of Dr. Pavan Ganapati Bhat (DIN: 09691260) as Director & Executive Vice President (Technical Operations) of the Company

To consider and, if thought fit, with or without modifications, to pass the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the Shareholders' Resolution dated March 26, 2024 (passed through postal ballot vide notice dated February 14, 2024), provisions of Sections 196, 197, 198, and all other applicable provisions of the Companies Act, 2013 ("Act") read with the rules made thereunder and the provisions of Schedule V and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and based on the recommendations of the Nomination and Remuneration Committee (NRC), the consent of the members of the Company be and is hereby accorded to revise one of the terms in the appointment of Dr. Pavan Ganapati Bhat (DIN: 09691260) as Director & Executive Vice President (Technical Operations) i.e., by increasing "the Special incentive from not exceeding 60 % of salary per annum to upto 100 % of salary per annum based on the performance of the Company as well as the Director in Individual capacity during the specified tenure in the said Resolution.

RESOLVED FURTHER THAT other terms of his appointment except above shall stand as it is as specified in the Shareholders' Resolution dated March 26, 2024.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps and do all such acts, deeds, matters and things as may be considered necessary and delegate to any of the Director(s) or Company Secretary or any other officer(s) of the Company for obtaining approvals, if any, required to give effect to the above resolution."

By Order of the Board
For **NATCO Pharma Limited**

Venkat Ramesh Chekuri
Company Secretary and
Compliance Officer
(ACS: 41964)

Date: 12 August 2024
Place: Hyderabad

NOTES

1. Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No.20/2020 dated May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 10/2021 dated June 23, 2021, General Circular No. 20/2021 dated December 8, 2021, General Circular No. 2/2022 dated May 5, 2022, General Circular No. 10/2022 dated December 28, 2022 and General Circular No.9/2023 dated September 25, 2023 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The detailed procedure for e-voting and participation in the meeting through VC/OAVM is as per Note No. 15 and available at the Company's website www.natcopharma.co.in.

2. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of special businesses is annexed hereto.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Corporate/Institutional Members are encouraged to attend and vote in the AGM held through VC or OAVM. Hence Corporate/Institutional Members authorizing their representative to attend and vote at the AGM through VC / OAVM on its behalf are requested to send a duly certified copy of the Board resolution/power of attorney to the company or upload the same on VC or OAVM portal/ e-voting portal.

5. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the 41st AGM along with the Annual Report for the FY 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories.

   Members may note that the 41st AGM Notice and Annual Report for the FY 2023-24 will also be available on the Company's website i.e., www.natcopharma.co.in, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL https:/www.evoting.nsdl.com.

6. Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. Members holding shares in physical form are requested to notify any change in their address or bank mandates immediately to the Registrars and Share Transfer Agents **M/s. Venture Capital and Corporate Investments Private Ltd., Door No. 4-50/P-II/57/4 & 5th Floors, Plot No. 57, Jayabheri Enclave, Phase II, Gachibowli, Seri Lingampally – 500 032, Telangana, India** and members holding shares in electronic form are requested to notify any change in mailing address or bank mandates to their respective Depository Participants with whom they are maintaining their demat accounts.

8. Members holding shares in electronic form may note that the Bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, if any. The Company or its Registrars and Share Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any changes of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants.

9. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/depositories (in case of shares held in demat mode).

   A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to investor.relations@vccipl.com. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

   Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e., No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to investor.relations@vccipl.com.

10. Relevant documents referred to in Notice are open for inspection by the members at the Registered Office of the Company on all working days, during business hours up to the date of the meeting.

11. Members who have not registered their e-mail addresses so far are requested to register their email addresses for receiving all communications including Annual Report, Notices, Circulars, etc., from the Company in electronic mode.

12. In case of Joint Holders attending the meeting, only such Joint Holder who is first in the order of names will be entitled to vote.

13. The Register of Members and Share Transfer Books will remain closed for 5 (Five) days i.e. from Thursday, September 26, 2024 to Monday, September 30, 2024 (both days inclusive).

14. Members who wish to claim Dividends, which remain unclaimed within a period of seven (7) years are requested to either correspond with the Legal & Secretarial Department at the Company's Registered Office or the Company's Registrars and Share Transfer Agents (i.e., M/s. Venture Capital and Corporate Investments Private Limited). Members are requested to note that dividends not en-cashed or claimed within seven (7) years and 30 days from the date of declaration of the Dividend, will be transferred to the Investor Education and Protection Fund (IEPF) Authority of Government of India as per Section 124(5) of the Companies Act, 2013. In view of this, members are advised to send the un-encashed dividend warrants to the Company or to our Registrars and Share Transfer Agents for issue of new warrants/demand drafts. The Unpaid Dividend, Shares transferred to IEPF Authority are updated in our website http://www.natcopharma.co.in/

15. Instructions for e-voting and joining the AGM are as follows:

A. Voting through electronic means

a) In compliance with the provisions of Sections 108 of the Act, Rules 20 of the Rules, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), MCA Circulars and SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-voting Facility provided by Listed Entities, the Company has provided the facility of remote e-voting to all Members, to enable them to cast their votes electronically. The Company has engaged the services of NSDL to provide remote e-voting facility to its Members.

b) Voting rights of the Members shall be in proportion to the shares held by them in the paid-up equity share capital of the Company as on Friday, September 20, 2024 ("Cut-off date"). Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date will be entitled to cast their votes by remote e-voting. A person who is not a Member as on the Cut-off date should treat this AGM Notice for information purposes only. The remote e-voting period commences from 9.00 a.m. (IST) on Friday, the September 27, 2024 and ends at 5.00 p.m. (IST) on Sunday, the September 29, 2024. The e-voting module shall be disabled by NSDL thereafter. Once the vote on the resolution is cast by the Member, he/she shall not be allowed to change it subsequently.

c) The Company has appointed CS Kiran Kumar Bodla (CP No. 15876), Proprietor, M/s. BK & Associates, Practicing Company Secretaries, Hyderabad as Scrutinizer for conducting the e-voting process in accordance with the law and in a fair and transparent manner.

d) The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC/ OAVM but shall not be entitled to cast their vote again.

e) Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e., Friday, September 20, 2024, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., Friday, September 20, 2024 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-voting system

A) Login method for e-voting for Individual shareholders holding securities in demat mode Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/DPs to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider ("ESP") thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	i) Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. ii) If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp iii) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. iv) Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e., NSDL where the e-Voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e., NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at respective website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542/43

B) Login Method for e-Voting for shareholders and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

1) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3) A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

4) Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

5) Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

6) Password details for shareholders other than Individual shareholders are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

7) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

(a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

(b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

(c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

(d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

8) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

9) Now, you will have to click on "Login" button.

10) After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-voting system.

How to cast your vote electronically and join General Meeting on NSDL e-voting system?

1) After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle.

2) Select "EVEN" of Company for which you wish to cast your vote during the remote e-voting period.

3) Now you are ready for e-voting as the voting page opens.

4) Cast your vote by selecting appropriate options i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5) Upon confirmation, the message "Vote cast successfully" will be displayed and you will receive a confirmation by way of a SMS on your registered mobile number from depository.

6) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

8) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investors@natcopharma.co.in on or before Thursday, the 26th September, 2024 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

General Guidelines for Shareholders

1. Institutional/Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter etc. with the attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mail_bka@yahoo.com with a copy marked to evoting@nsdl.co.in

   Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on https://www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions ("FAQs") for Shareholders and e-voting user manual for Shareholders available at the download section of https://www.evoting.nsdl.com. For any grievances connected with facility for e-voting, please contact NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013, e-mail: evoting@nsdl.co.in, toll free no: 1800 1020 990/1800 224 430.

5. Members are requested to note the following contact details for addressing e-voting related grievances:

   Venkat Ramesh Chekuri
   Company Secretary & Compliance Officer
   NATCO Pharma Limited
   NATCO House, Road No. 2
   Banjara Hills, Hyderabad-500034
   Telangana State, India.
   Phone No.: 040-23547532
   E-mail: investors@natcopharma.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@natcopharma.co.in

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@natcopharma.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

Instructions for members for e-Voting on the day of the AGM are as under:

The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

Instructions for Members for attending the AGM through VC/OAVM are as under:

1) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2) Members are encouraged to join the Meeting through Laptops for better experience.

3) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

16. Brief profile of the Directors seeking appointment/re-appointment at the Annual General Meeting

Name of the Director	1. Dr. D. Linga Rao	2. Dr. Pavan Ganapati Bhat
Category	Director & President (Technical Affairs)	Director & Executive Vice President (Technical Operations)
DIN	07088404	09691260
Birth date and Age	October 29, 1952 and 71 years	April 28, 1968 and 56 years
Qualifications	M.Sc., Ph.D. in Chemistry (JNTU)	Ph.D. (U. of Iowa) in Pharmaceutics, MBA (West Virginia University), Diploma in Leadership & Management (Duquesne University) & Executive course in Mergers & Acquisitions (The Wharton School)
Past experience(s)	Worked with a) Indian Drugs and Pharmaceuticals Limited, (b) Novochem Laboratories Private Limited.	Worked with Mylan USA and Mylan India in various functional areas with increasing responsibilities
Date of first appointment as Director(s)	February 11, 2015	August 9, 2022
Nature of Appointment	Re-appointment pursuant to Director liable to retire by rotation	Re-appointment pursuant to Director liable to retire by rotation
Tenure of Appointment	NA	NA
Percentage of shares held	0.003	0.013
No. of board meetings attended out of 5 (Five) meetings held	5 (Five)	5 (Five)
Remuneration drawn by the Director(s) for Financial Year 2023-24	₹ 33.695 Million	₹32.124 Million
Relationship with other directors or KMP of the Company	Nil	Nil
Directorship in other Companies	Nil	Nil
Membership/ Chairmanship of Committees of other Boards	Nil	Nil

Name of the Director	3. Lakshminarayana Bolisetty	4. Dr. Kantipudi Suma
Category	Additional Director (Non-Executive Independent Director)	Additional Director (Non-Executive Independent Director)
DIN	02766709	02734369
Birth date and Age	June 6, 1952 and 72 Years	March 5, 1965 and 59 Years
Qualifications	Certified Associate of Indian Institute of Bankers (CAIIB), Chartered Financial Analyst (CFA) and Masters in Commerce with First class from Andhra University	1. Bachelor of Medicine & Surgery (MBBS) from Gandhi Medical College, Hyderabad 2. Diploma in Gynecology and Obstetrics from Mysore Medical College, Mysore 3. Post Graduate M.D., Ob-Gyn from JJMMC, Davanagere, Karnataka 4. Fellowship in Reproductive Endocrinology, Infertility & Obstetric Sonography from Mediscan Institute, Chennai 5. Fetal Medicine Diploma from UCL London 6. Diploma in Advanced Endoscopic Surgery and Hysteroscopy from KEIL's School of Endoscopy, Germany 7. Pre-Implantation Genetic Diagnosis & Embryo Biopsy from UCL London
Past experience(s)	Sri B. Lakshminarayana is a Retired General Manager at Corporation Bank (now Union Bank of India), also worked as Chief Executive Officer & Chief Financial Officer at Meliora Asset Reconstruction Company Limited for a period of 6years which deals with buying stressed assets of Banks for Reconstruction and Recovery and was on the Board of ICFAI, Hyderabad for two terms of 3 years each from 1999-2001 and 2010-2012.	Dr. Suma is a renowned Gynaecologist & Infertility specialist is a pioneer in Pre - implantation genetic diagnosis (PGD), In-vitro fertilization (IVF) & Novel Stem cell culturing methodologies. In the last three decades, she has delivered over 5,000 babies and treated over 500 infertility couples. She has also been closely associated in advanced research of cell-based therapies with the Centre for Cellular & Molecular Biology (CCMB) and the Centre for DNA Finger printing and Diagnostics (CDFD).
Date of first appointment as Director(s)	August 12, 2024	August 12, 2024
Nature of Appointment	Appointment as an Independent Director not liable to retire by rotation	Appointment as an Independent Director not liable to retire by rotation
Tenure of Appointment	5 years i.e., from August 12, 2024 to August 11, 2029	5 years i.e., from August 12, 2024 to August 11, 2029
Percentage of shares held	0.00 %	Nil
No. of board meetings attended out of 5 (Five) meetings held	NA	NA
Remuneration drawn by the Director(s) for Financial Year 2023-24	NA	NA
Relationship with other directors or KMP of the Company	Nil	Nil

Name of the Director	3. Lakshminarayana Bolisetty	4. Dr. Kantipudi Suma
Directorship in other Companies	1) B.N. Rathi Securities Limited 2) Kisaan Parivar Industries Limited 3) Sampurn Vyapaar Private Limited 4) Mahathi Infra Services Private Limited 5) B2B Software Technologies Limited	1) Prasad Research Foundation 2) Prasad Property Management Private Limited 3) HSRL Enterprises Private Limited 4) Melite Soft Technologies Private Limited 5) Prasad Hospitals India Private Limited 6) Blue Gene Private Limited
Membership/ Chairmanship of Committees of other Boards	**Member** 1. Member of Audit Committee in B N Rathi Securities Limited. 2. Member of Audit Committee and Shareholders Relationship Committee in Kisaan Parivar Industries Limited 3. Member of Audit Committee in Sampurn Vyapaar Private Limited 4. Member of Audit Committee in B2B Software Technologies Limited	Nil

Name of the Director	5. Sri Nitin Jain
Category	Additional Director (Non-Executive Independent Director)
DIN	00136245
Birth date and Age	June 20, 1965 and 59 Years
Qualifications	Post Graduate Diploma in Management (PGDM) – Finance & Marketing from Indian Institute of Management (IIM), Bangalore and Bachelor of Engineering (BE) – Chemical from National Institute of Technology Rourkela (REC Rourkela), Odisha
Past experience(s)	Sri Nitin Jain has overall experience of 35 years which includes 20+ years of having co-founded and led a mid-sized boutique Investment Banking Practice; a brief stint of about 2 years heading Corporate Finance as part of the Investment Banking initiative at HDFC Bank Ltd. He has the track record of developing and implementing strategic initiatives for capitalizing on emerging opportunities and delivering on growth metrics in sync with evolving business requirements. He has demonstrated leadership and managerial capabilities in achieving Corporate Objectives, implementing strategies & building coalitions to support business growth and implement & manage change to drive organizational performance. Adept at interacting and liaising with C-Level decision makers of companies Pan India having handled multiple transactions from initiation unto closure and building trusted & enduring relationships in the process.
Date of first appointment as Director(s)	August 12, 2024
Nature of Appointment	Appointment as an Independent Director not liable to retire by rotation
Tenure of Appointment	5 years i.e., from August 12, 2024 to August 11, 2029
Percentage of shares held	Nil
No. of board meetings attended out of 5 (Five) meetings held	NA
Remuneration drawn by the Director(s) for Financial Year 2023-24	NA
Relationship with other directors or KMP of the Company	Nil
Directorship in other Companies	NA
Membership/ Chairmanship of Committees of other Boards	Nil

Explanatory statement

(Pursuant to Section 102(1) of the Companies Act, 2013)

ITEM NO. 6

Ratification of remuneration of Cost Auditors

The Board, on the recommendation of the Audit Committee, had approved the re- appointment and remuneration of M/s. S.S. Zanwar & Associates, (Firm Registration No. 100283) Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2025.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rules made thereunder, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought by passing the said Ordinary Resolution ratifying the remuneration payable to Cost Auditors to conduct Cost Audit for the financial year ending March 31, 2025.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the said item of business.

The Board accordingly, recommends the resolution as set out in Item No.6 of the notice for approval of the members.

ITEM NO. 7

Appointment of Sri Lakshminarayana Bolisetty (DIN 02766709) to the office of Independent Director

Pursuant to the provisions of Section 149, 161(1) of the Act read with the Articles of Association of the Company, the Nomination and Remuneration Committee (NRC) of the Company at its meeting held on August 12, 2024 recommended and the Board of Directors at their meeting held on August 12, 2024, approved the appointment of Sri Lakshminarayana Bolisetty (DIN 02766709) as an Additional Director (Independent category) of the Company who shall hold the office of Independent Director of the Company for a period of five (5) consecutive years with effect from August 12, 2024 to August 11, 2029 which is subject to the approval of members of the Company.

Sri Lakshminarayana Bolisetty had an illustrious career in Banking & Financial Sector having headed two important Zones of Corporation Bank namely Hyderabad & Mumbai, also Headed Investment & International Banking Division of the Bank. Also functioned as Head of Inspection & Audit, Chief Compliance Officer, Head of Integrated Treasury of the Bank, Head of Planning & Development, Head of Branch expansion, in the position as General Manager.

He also worked as Company Secretary & Head of Investor Relations Department and handled independently the private placement of equity of Corporation Bank to the extent of 27 % to Life Insurance Corporation of India and due to his interest in academics he handled training classes in banking and investments at Banking Training Colleges and ICFAI University.

He held the position of CEO & CFO at Meliora Asset Reconstruction Company Ltd which deals with Stressed Assets of Banks which was one of the 28 Asset Reconstruction Company's in the country.

More details about Sri Lakshminarayana Bolisetty are provided in the "16. Brief profile of the Directors seeking appointment/ re-appointment at the Annual General Meeting" to the Notice pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by ICSI.

Pursuant to the provisions of Section 160 of the Companies Act, 2013 ("the Act") read with Rules thereunder, any proposal to appoint a Director needs to be approved by the members in their General Meeting. Pursuant to Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. In terms of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the Members by way of Special Resolution is required for appointment / continuation of a non-executive director beyond the age of seventy-five years. Sri Lakshminarayana Bolisetty (DIN 02766709), aged 72 years attains the age of seventy-five years in June, 2027, i.e., during his tenure of the office of Non-Executive Independent Director. Further, in terms of Regulation 25(2A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment, reappointment or removal of an Independent Director shall be subject to the approval of shareholders by way of a special resolution. Accordingly, the appointment of Sri Lakshminarayana Bolisetty requires the approval of the members by way of a special resolution

The Company has received a Notice from a Member in writing under Section 160(1) of the Act, proposing his candidature for the office of Director. The Company has also received from Sri Lakshminarayana Bolisetty (i) consent in writing to act as Director in Form DIR-2; (ii) intimation in Form DIR-8 to the effect that he is not disqualified to act as Director under Section

164(2) of the Act; and (iii) a declaration to the effect that he meets the criteria of Independence;

Hence, in view of the aforementioned provisions, the Company is seeking the approval of its members for appointment of Sri Lakshminarayana Bolisetty, as a Non-Executive Independent Director on the Board of the Company, who shall not be liable to retire by rotation.

A copy of the letter of appointment, setting out the terms and conditions of appointment of Sri Lakshminarayana Bolisetty, and all other documents referred to in the accompanying Notice and this Statement are available for inspection by the members, at the Company's registered office during business hours on all working days from the date of dispatch of this Notice.

Except Sri Lakshminarayana Bolisetty, being an appointee, and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Special Resolution for your consideration and approval.

ITEM NO. 8

Appointment of Dr. K. Suma (DIN 02734369) to the office of Independent Director

Pursuant to the provisions of Section 149, 161(1) of the Act read with the Articles of Association of the Company, the Nomination and Remuneration Committee (NRC) of the Company at its meeting held on August 12, 2024 recommended and the Board of Directors at their meeting held on August 12, 2024, approved the appointment of Dr. K. Suma (DIN 02734369) as an Additional Director (Independent category) of the Company who shall hold the office of Independent Director of the Company for a period of five (5) consecutive years with effect from August 12, 2024 to August 11, 2029 which is subject to the approval of members of the Company.

Dr. Suma is a renowned Gynecologist & Infertility specialist is a pioneer in Pre-implantation genetic diagnosis (PGD), In-vitro fertilization (IVF) & Novel Stem cell culturing methodologies. In the last three decades, she has delivered over 5,000 babies and treated over 500 infertility couples. She has also been closely associated in advanced research of cell-based therapies with the Centre for Cellular & Molecular Biology (CCMB) and the Centre for DNA Finger printing and Diagnostics (CDFD).

She did her Bachelor of Medicine & Surgery (MBBS) from Gandhi Medical College, Hyderabad, Diploma in Gynaecology and Obstetrics from Mysore Medical College, Mysore, Post Graduate M.D., Ob-Gyn from JJMMC, Davanagere, Karnataka, Fellowship in Reproductive Endocrinology, Infertility & Obstetric Sonography from Mediscan Institute, Chennai, Fetal Medicine Diploma from UCL London, Diploma in Advanced Endoscopic Surgery and Hysteroscopy from KEIL's School of Endoscopy, Germany and Pre-Implantation Genetic Diagnosis & Embryo Biopsy from UCL London

More details about Dr. K. Suma are provided in the "16. Brief profile of the Directors seeking appointment/re-appointment at the Annual General Meeting" to the Notice pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standards on General Meetings issued by ICSI.

Pursuant to the provisions of Section 160 of the Companies Act, 2013 ("the Act") read with Rules thereunder, any proposal to appoint a Director needs to be approved by the members in their General Meeting. Pursuant to Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Further, in terms of Regulation 25(2A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the appointment, reappointment or removal of an Independent Director shall be subject to the approval of shareholders by way of a special resolution. Accordingly, the appointment of Dr. K. Suma requires the approval of the members by way of a special resolution

The Company has received a Notice from a Member in writing under Section 160(1) of the Act proposing her candidature for the office of Director. The Company has also received from Dr. K. Suma (i) consent in writing to act as Director in Form DIR-2; (ii) intimation in Form DIR-8 to the effect that she is not disqualified to act as Director under Section 164(2) of the Act; and (iii) a declaration to the effect that she meets the criteria of Independence;

Hence, in view of the aforementioned provisions, the Company is seeking the approval of its members for appointment of Dr. K. Suma, as a Non-Executive Independent Director on the Board of the Company, who shall not be liable to retire by rotation.

A copy of the letter of appointment, setting out the terms and conditions of appointment of Dr. K. Suma, and all other documents referred to in the accompanying Notice and this Statement are available for inspection by the members at the Company's registered office during business hours on all working days from the date of dispatch of this Notice.

Except Dr. K. Suma, being an appointee, and her relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Special Resolution for your consideration and approval.

ITEM NO. 9

Appointment of Sri Nitin Jain (DIN 00136245) to the office of Independent Director

Pursuant to the provisions of Section 149, 161(1) of the Act read with the Articles of Association of the Company, the Nomination and Remuneration Committee (NRC) of the Company at its meeting held on August 12, 2024 recommended and the Board of Directors at their meeting held on August 12, 2024, approved the appointment of Sri Nitin Jain (DIN 00136245) as an Additional Director (Independent category) of the Company who shall hold the office of Independent Director of the Company for a period of five (5) consecutive years with effect from August 12, 2024 to August 11, 2029 which is subject to the approval of members of the Company.

Sri Nitin Jain has overall experience of 35 years which includes 20+ years of having co-founded and led a mid-sized boutique Investment Banking Practice; a brief stint of about 2 years heading Corporate Finance as part of the Investment Banking initiative at HDFC Bank Ltd.

He has the track record of developing and implementing strategic initiatives for capitalizing on emerging opportunities and delivering on growth metrics in sync with evolving business requirements. He has demonstrated leadership and managerial capabilities in achieving Corporate Objectives, implementing strategies & building coalitions to support business growth and implement & manage change to drive organizational performance. Adept at interacting and liaising with C-Level decision makers of companies Pan India having handled multiple transactions from initiation unto closure and building trusted & enduring relationships in the process.

Currently he is the Managing Director at Nine Rivers Capital LLP, Mumbai which offers bespoke advisory solutions to corporates seeking support for equity capital raise, M&A, and valuations. It acts as a trusted independent advisor to its clients, combining sector expertise and sharp execution to deliver successful outcomes.

More details about Sri Nitin Jain are provided in the "16. Brief profile of the Directors seeking appointment/re-appointment at the Annual General Meeting" to the Notice pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standards on General Meetings issued by ICSI.

Pursuant to the provisions of Section 160 of the Companies Act, 2013 ("the Act") read with Rules thereunder, any proposal to appoint a Director needs to be approved by the members in their General Meeting. Pursuant to Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Further, in terms of Regulation 25(2A) of the SEBI Listing Regulations, the appointment, reappointment or removal of an Independent Director shall be subject to the approval of shareholders by way of a special resolution. Accordingly, the appointment of Sri Nitin Jain requires the approval of the members by way of a special resolution.

The Company has received a Notice from a Member in writing under Section 160(1) of the Act proposing his candidature for the office of Director. The Company has also received from Sri Nitin Jain (i) consent in writing to act as Director in Form DIR-2; (ii) intimation in Form DIR-8 to the effect that he is not disqualified to act as Director under Section 164(2) of the Act; and (iii) a declaration to the effect that he meets the criteria of Independence;

Hence, in view of the aforementioned provisions, the Company is seeking the approval of its members for appointment of Sri Nitin Jain, as a Non-Executive Independent Director on the Board of the Company, who shall not be liable to retire by rotation.

A copy of the letter of appointment, setting out the terms and conditions of appointment of Sri Nitin Jain, and all other documents referred to in the accompanying Notice and this Statement are available for inspection by the members, at the Company's registered office during business hours on all working days from the date of dispatch of this Notice.

Except Sri Nitin Jain, being an appointee, and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Special Resolution for your consideration and approval.

ITEM NO. 10

Revision in the remuneration of Sri P.S.R.K. Prasad (DIN: 07011140) Director and Executive Vice President (Corporate Engineering Services) of the Company

Sri P.S.R.K. Prasad, Director and Executive Vice President (Corporate Engineering Services) has over 34 years of experience in various sectors such as textile, chemicals and pharmaceuticals and has been working with our Company for the past 29 years. He has got vast and good knowledge in procuring right equipment(s) and machinery for production processes and to provide all utility services and to see that the resources like manpower, material to be used in an optimum way and to ensure safety of life and property.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors keeping in view the expertise of Sri P.S.R.K. Prasad, Director and Executive Vice President (Corporate Engineering Services) at their meetings held on August 12, 2024 approved for revision in one of the terms of his appointment Resolution dated March 26, 2024 i.e., "to increase the Special incentive from not exceeding 50 % of salary per annum to upto 100 % of salary per annum based on the performance of the Company as well as the Director in Individual capacity during the specified tenure in the said Resolution" which is subject to the approval of the members of the Company.

Shareholders' approval is sought to the proposed revision in the terms of remuneration of Sri P.S.R.K. Prasad, Director and Executive Vice President (Corporate Engineering Services) by way of ordinary resolution under the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

Except Sri P.S.R.K. Prasad and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Ordinary Resolution for your consideration and approval.

ITEM NO. 11

Revision in the remuneration of Dr. D. Linga Rao (DIN: 07088404), Director & President (Tech. Affairs) of the Company

Dr. D. Linga Rao (DIN: 07088404), Director & President (Tech. Affairs) has over 43 years of experience in the pharmaceutical industry and has been working with our Company for over 30 years. He has attained the age of 71 years (DOB: October 29, 1952) as on October 29, 2023. The services of Dr. D. Linga Rao are very much essential for the Company's future prospects and further growth of the Company. He is in-charge of various departments like R&D, Quality Control, Quality Assurance and Regulatory affairs of Chemical Division(s).

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors keeping in view the expertise of Dr. D. Linga Rao, Director & President (Tech. Affairs) at their meetings held on August 12, 2024 approved for revision in one of the terms of his appointment Resolution dated March 26, 2024 i.e., "to increase the Special incentive from not exceeding 80 % of salary per annum to upto 100 % of salary per annum based on the performance of the Company as well as the Director in Individual capacity during the specified tenure in the said Resolution" which is subject to the approval of the members of the Company.

Shareholders' approval is sought to the proposed revision in the terms of remuneration of Dr. D. Linga Rao, Director & President (Technical Affairs) by way of ordinary resolution under the provisions of the Companies Act and the SEBI (LODR) Regulations, 2015.

Except Dr. D. Linga Rao and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Ordinary Resolution for your consideration and approval.

ITEM NO. 12

Revision in the remuneration of Dr. Pavan Ganapati Bhat (DIN: 09691260), Director & Executive Vice President (Technical Operations) of the Company

Dr. Pavan Ganapati Bhat (DIN: 09691260), Director & Executive Vice President (Technical Operations) has over 25+ years of experience in the Pharmaceutical Industry and has been working with our Company for the past 6 years. He is in-charge of various departments like R&D, Regulatory Affairs for Generics, NDDS and NCEs, Intellectual Property Rights of Formulations and Acquisitions.

Dr. Pavan Bhat started his career with Mylan in the USA in Transdermal R&D followed by OSD R&D and in Corporate & Business Development. As part of the Office of the CEO, he was a key member of the acquisition team of Matrix by Mylan followed by being a part of the Integration team. He then relocated to Mylan India where he Headed Mylan's Global External R&D and Regional Business Development. Finally, he was the Head of Regional Operations responsible for Portfolio Selection, Project Management, Supply Chain Management, Launch Management, Logistics and Special Projects and supporting a P&L of $ 1.2 Billion.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors keeping in view the expertise of Dr. Pavan Bhat, Director & Executive Vice President (Technical Operations) at their meetings held on August 12, 2024 approved for revision in one of the terms of his appointment Resolution dated March 26, 2024 i.e., "to increase the Special incentive from not exceeding 60% of salary per annum to upto 100% of salary per annum based on the performance of the Company as well as the Director in Individual capacity during the specified tenure in the said Resolution" which is subject to the approval of the members of the Company.

Shareholders' approval is sought to the proposed revision in the terms of remuneration of Dr. Pavan Bhat, Director & Executive Vice President (Technical Operations) by way of ordinary resolution under the provisions of the Companies Act and the SEBI (LODR) Regulations, 2015.

Except Dr. Pavan Bhat and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Your Board of Directors recommend the Ordinary Resolution for your consideration and approval.

By Order of the Board
For **NATCO Pharma Limited**

Venkat Ramesh Chekuri
Company Secretary and
Compliance Officer
(ACS: 41964)

Date: 12 August 2024
Place: Hyderabad

Notes

Notes

Notes

NATCO

NATCO PHARMA LIMITED

Natco House, Road No. 2, Banjara Hills,
Hyderabad – 500 034, Telangana, India
www.natcopharma.co.in
CIN: L24230TG1981PLC003201

a K&A creation | www.kalolwala.com