



Natco Pharma Limited

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9th December, 2024

Corporate Relationship Department
M/s. BSE Limited
Dalal Street, Fort
Mumbai 400001

The Manager - Listing
M/s. National Stock Exchange of India Ltd
"Exchange Plaza", Bandra – Kurla Complex
Bandra (E), Mumbai 400051

Scrip Code: 524816

Scrip Code: NATCOPHARM

Dear Sir/Madam,

Sub:- Company Update - Sustainability Report 2023-24

With reference to the above cited subject, please find attached herewith the Sustainability Report for 2023-24 of NATCO Pharma Limited.

The same is available at <https://www.natcopharma.co.in/investors/sustainability-reports/>

This is for your information and records.

Thanking you,

Yours faithfully,
For NATCO Pharma Limited

Ch. Venkat Ramesh
Company Secretary &
Compliance Officer



Inclusive. Impactful.
Sustainable.



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Message from the Chairman

“Empowering a sustainable tomorrow, today: NATCO Pharma's commitment to a healthier planet and a healthier you!”



DEAR VALUED STAKEHOLDERS,

I am pleased to present our latest Sustainability Report, highlighting our progress and accomplishments in environmental stewardship and social commitment. I am proud to reaffirm our commitment to integrating sustainability into every aspect of our business, recognizing its critical role in benefiting our people, our planet and our business.

In today's era of unprecedented challenges, including climate change, we acknowledge the need for businesses to adopt proactive sustainability measures. At NATCO Pharma, we are resolute in our pursuit of sustainability, driven by our purpose of responding to unmet patient needs and making a positive impact on their lives. Our sustainability framework is built on four pillars: Responsible Business, Responsible Operations, Responsible Employee Engagement and Responsible Societal Actions. We are committed to transparency and integrating sustainability into every aspect of our business, making it a core part of our operations.

Aligned with the United Nations Sustainable Development Goals (SDGs) and guided by the National

Guidelines on Responsible Business Conduct (NGRBC), we integrate these principles into our core business strategies. Our dedicated ESG team drives our commitment to sustainable development, focusing on expanding the use of renewables, enhancing energy efficiency, responsible water and waste management, fostering a safe and inclusive workplace, supporting community development, upholding strong corporate governance and ensuring a sustainable supply chain. We are dedicated to making a positive impact in the communities where we operate and are committed to providing our employees with a secure and inclusive work environment. We have established robust policies covering environmental stewardship, health and safety, human rights, diversity and inclusion.

Recognizing the significance of minimizing our environmental footprint, we are actively implementing initiatives to reduce our carbon emissions. We have made significant progress in increasing our reliance on renewable energy sources, which currently account for 15% of our total energy requirements and 25.8% of our total electricity procurement. **We are committed to further enhancing our renewable**

energy mix to 35% by 2035 and achieving carbon neutrality by 2050.

Our mission is to “Make specialty medicines accessible to all” and we leverage our R&D capabilities to provide high-quality, niche pharmaceutical products at affordable prices. We strive to enhance our product stewardship efforts to ensure the sustainability of our product lifecycle and have developed sustainable processes and technologies to optimize resource utilization.

We have initiated the CII GreenCo rating evaluation for our active pharmaceuticals ingredients Mekaguda facility.

We extend our heartfelt gratitude to our stakeholders for their unwavering support as we continue our journey towards a better and sustainable future for all.

Yours sincerely,

Sri V. C. Nannapaneni
Chairman and Managing Director

Message from the CEO



“Transforming healthcare, transforming lives: NATCO Pharma’s journey toward a sustainable, inclusive and healthier tomorrow!”

DEAR VALUED STAKEHOLDERS,

I am delighted to present NATCO Pharma’s Sustainability Report for the financial year 2024, highlighting our progress and commitment to responsible business practices. As we continue to navigate the complex landscape of healthcare, we remain steadfast in our dedication to creating long-term value for our stakeholders and the environment.

We have made significant strides in reducing our environmental footprint, with a focus on energy conservation, water efficiency and waste reduction. Our efforts have resulted in a notable decrease in greenhouse gas emissions and a reduction in waste generation. In FY 23-24, we recycled more than 90% of the total waste collected in the premises. We also recycled 48% of the entire water consumed in FY 23-24. Our sustainable practices have yielded tangible results, including a significant reduction in our carbon footprint through investments in clean energy, such as solar and wind power.

Our employees are our greatest strength and we prioritize their wellbeing, safety and development. We have implemented

various programs to foster a culture of diversity, equity and inclusion, ensuring a safe and respectful workplace.

We are dedicated to increasing gender diversity in the workplace and we have achieved 10.9% gender diversity in FY 23-24.

We are committed to ethical business practices, transparency and compliance with all regulatory requirements. Our governance structure ensures accountability and responsible decision-making.

We are proud of our initiatives aimed at improving access to both healthcare and education, particularly in rural and underserved areas. Our NATCO Trust programs have significantly improved access to healthcare services, our work at the NATCO Cancer Centre in Guntur General Hospital and our support services in government hospitals like Niloufer in Hyderabad, among others are positively impacting countless lives. In addition to healthcare, we are committed to enhancing education by improving learning outcomes through necessary programmatic and infrastructure interventions. We are also building a new secondary eye care

centre in collaboration with LV Prasad Eye Institute in Andhra Pradesh, further demonstrating our dedication to creating a sustainable and inclusive future for all.

I would like to express my gratitude to our stakeholders, including employees, customers, partners and communities, for their trust and support.

We will continue to innovate, reduce our environmental impact and improve lives through our sustainability efforts.

Yours sincerely,

Sri Rajeev Nannapaneni
Vice Chairman and
Chief Executive Officer

About the Report



REPORTING APPROACH

This report has been prepared in reference with the Global Reporting Initiative (GRI) Universal Standards 2021, focusing on the material aspects of sustainability most relevant to our business. Additionally, it aligns with the Business Responsibility and Sustainability Reporting (BRSR) requirements mandated by the Securities and Exchange Board of India (SEBI). Our report also highlights our contributions towards achieving the diverse objectives outlined in the United Nations Sustainable Development Goals (SDGs).



REPORTING BOUNDARY AND SCOPE

This report is prepared on a Standalone basis. This report represents our sincere effort to communicate our environmental, social and governance (ESG) approach, efforts and performance throughout the reporting period. Through this report, we aim to illustrate our journey of integrating ESG principles into our core business strategy, thereby delivering a shared value proposition for all stakeholders.

REPORTING PERIOD

The information disclosed in the report pertains to the period 1st April 2023–31st March 2024. In specific scenarios, to provide a holistic perspective to the stakeholders, we have conducted trend analysis of data for some key parameters. The trend analysis presented in this report will help us benchmark our progress over the medium and long term. The stakeholders may reach out to Mr. PSRK Prasad, Director and Executive Vice President, (Corporate Engineering Services) psrk@natcopharma.co.in, Mr. Rajesh Chebiam, Executive Vice President (Crop Health Sciences) rajesh.chebiam@natcopharma.co.in to provide feedback and recommendations to enhance our report.

This report includes forward-looking statements that reflect NATCO Pharma's views on future events and performance, based on reasonable assumptions and past performance. However, these statements are subject to risks, uncertainties and changes in industry, market, regulatory and other factors, which may impact actual results and performance.

NATCO Pharma's ESG Highlights for FY 23-24

ENVIRONMENT



ZERO

Safety related incidents



ZERO

Complaints on health, safety or working conditions



25.8%

Electricity used from renewable sources



100%

Workers provided training on human rights



48%

Recycled water used in our facilities



70%

Post-consumer plastic packing material is EPR certified



100%

Organic waste reused by the cement industry



ZERO

Waste to landfill (for Mekaguda facility)



100%

Employees trained on NGRBC principles



90.87%

Total waste collected is recycled

SOCIAL



100%

Employees and workers covered under accident insurance



15%

Inputs directly sourced from MSMEs/small producers



12.53%

Job creation in rural location



100%

Employees and workers paid more than minimum wages



7.32%

Gross wages paid to females as a percentage of total wages paid

GOVERNANCE



10.9%

Female employees



12.7%

Gender diversity at board level



100%

Board members trained on NGRBC principles



100%

Employees covered under maternity benefits



ZERO

Complaints on sexual harassment



ZERO

Complaints on bribery/corruption



ZERO

Complaints on conflict of interest



ZERO

Complaints on human rights aspects



75%

Return to work rate after parental leave

A glance at our performance in FY 23-24



₹41,269 million

Global revenue for FY 23-24

50+

Countries export presence worldwide

4,800+

Strong and motivated employees globally

₹2,694 million

spent in R&D in FY 23-24

25.8%

Renewable energy share

450+

Erudite scientists and experienced researchers

ZERO

Liquid discharge across our major plants (ZLD)

288

International patents filed

204

International patents granted

80+

Active FDFs in India

282

Indian patents filed

111

Indian patents granted

(*does not include US)

NATCO Pharma's Sustainability Framework



Responsible Business

We address the way in which we support access to medicines by strengthening our pipeline of complex and speciality generics, enabled through partnerships and geographic expansion.

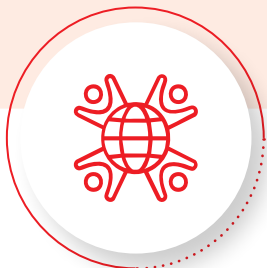


Responsible Operations

We demonstrate environmental conservation, a proactive focus on technology focus, responsible sourcing, product responsibility in line with quality standards and improvement in management systems.

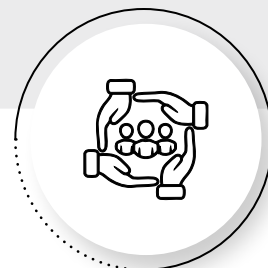
Responsible Societal Actions

Our actions towards systemic support and scalability to ensure a consistent positive impact and continuing proactive engagement with society.



Responsible Employee Engagement

Our process to engage and empower employees through leadership actions and a culture of safety, learning and development as well as value-based work culture



NATCO Pharma's ESG Goals

NGRBC PRINCIPLES	ESG TARGETS	CURRENT PERFORMANCE
<p>Principle 01 Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable.</p>	<ul style="list-style-type: none"> 100% compliance with regulations. 	<ul style="list-style-type: none"> Reported zero incidents for non-compliance with regulations in FY 23-24.
<p>Principle 02 Businesses should provide goods and services in a manner that is sustainable and safe.</p>	<ul style="list-style-type: none"> ISO 14001 – 2015; Environment Management System certification for all our manufacturing facilities by 2025-26 	<ul style="list-style-type: none"> Two API and four Formulations manufacturing facilities are accredited with ISO 14001-2015 Management System standards.
<p>Principle 03 Businesses should respect and promote the wellbeing of all employees, including those in their value chains.</p>	<ul style="list-style-type: none"> Zero reportable incidents ISO 45001 – 2018; Occupational Health and Safety Management Certification for all our manufacturing facilities by 2025-26. Imparting training to employees of 40 hours/person/year by 2025-26. 	<ul style="list-style-type: none"> Zero workplace related injuries observed in FY23-24. Imparted 31 hours/person/year training in 2023-24. Two API and four Formulation manufacturing facilities are accredited with 45001- 2018 Management System standards.
<p>Principle 05 Businesses should respect and promote human rights.</p>	<ul style="list-style-type: none"> Imparting training to employees of 40 hours/person/year by 2025-26. 	<ul style="list-style-type: none"> Imparted 31 hours/person/year training in 2023-24.
<p>Principle 06 Businesses should respect and make efforts to protect and restore the environment.</p>	<ul style="list-style-type: none"> 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. ISO 14001 – 2015; Environment Management System certification for all our manufacturing facilities by 2025-26. 	<ul style="list-style-type: none"> In FY 23-24, 25.8% 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 factories.
<p>Principle 08 Businesses should promote inclusive growth and equitable development.</p>	<ul style="list-style-type: none"> 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. Construction of Secondary Eye Care Centre at Muniapalle, Guntur in collaboration with LVPEI (FY 25) and Extension Block at NATCO Cancer Centre in GGH (FY 27). Improve FLN (Foundational Literacy and Numeracy) outcomes with a partner organisation in 1356 schools in 2 districts of Telangana. 	<ul style="list-style-type: none"> NATCO Trust started the implementation of the pilot initiative in 30+ AWCs in Kothur, Hyderabad and Nagarjunasagar. NATCO Trust signed an MoU with Govt of Andhra Pradesh to build an extension block to the existing NATCO Cancer Centre to add more beds in addition to the existing facility. Our Secondary Eye Care Centre in collaboration with LVPEI in Andhra Pradesh is in the final stages of completion and will be operational as planned in FY 25. As part of the FLN initiative, classroom practices were enhanced, mentor effectiveness improved, teacher trainings were conducted with data informed review practices in Medchal Malkajgiri and Bhadradri Kothagudem districts of Telangana.
<p>Principle 09 Businesses should engage with and provide value to their consumers in a responsible manner.</p>	<ul style="list-style-type: none"> ISO 27001; International Standard for Information Security Management Certification by 2025-26. 	<ul style="list-style-type: none"> Zero customer complaints on data privacy and cybersecurity.

Awards and Accolades



2016

- **Golden Peacock Environment Management Award**
- Winner of **Marketing Excellence Award** from AWACS for Hepcinat as a '**New Introduction of the Year - 2016 in Acute Segment**'
- Winner of **Marketing Excellence Award** from AWACS for Gefitinat as '**Best Specialty Brand**'



2017

- **Golden Peacock Occupational Health and Safety Award**
- **Golden Peacock Innovation Management Award**
- Natco's CEO, Mr. Rajeev Nannapaneni wins "**40 Most Influential Indians Under 40, 2016-17**" award from URS Asia One Magazine.



2018

- Business Today, India chose **Mr. VC Nannapaneni as Best CEO** among Pharmaceutical companies.



2019

- Natco's Chairman, **Shri VC Nannapaneni, was awarded the Best CEO in the Pharma and Healthcare** category at Business Today's MindRush



2020

- "**Golden Peacock Innovation Management Award**" in the Pharma sector
- Confederation of Indian Industry (CII) awarded **Natco Trust for its participation in Haritha Haram**



2021

- IPA Industry **Excellence Award**



2022

- **Corporate Governance Award** by Moneylife Foundation



2023

- **Best CSR Practices Award (Mega)** FY 23-24 by Department of Industries and Commerce, Telangana Government.



About NATCO Pharma

NATCO Pharma Limited is a vertically integrated and R&D focused pharmaceutical Company, engaged in developing, manufacturing and marketing of Finished Dosage Formulations (FDF) and Active Pharmaceutical Ingredients (APIs).

We have successfully demonstrated our capacity to be early entrants in bringing technically challenging products to the market using sustainable approaches that benefit a wide range of people. Leveraging these inherent strengths in chemistry along with understanding of the patent landscape, we have ventured into the agrochemical business, focusing on complex high value products.



Founded in 1981, NATCO has emerged as an established pharmaceutical Company with a presence in formulations and APIs, in both domestic and international markets. We own nine manufacturing facilities across India and two research centers in Telangana. Presently, the finished dosage formulations (FDF) products are primarily marketed in the US, India, Canada, Brazil and over 50 other countries. Additionally, we directly sell API products to select customers worldwide. Our reputation stems from our ability to manufacture high-quality products using cutting-edge manufacturing capabilities.



Our Mission

“Making specialty medicines accessible to all”



Our Values



Integrity



Openness



Creative



Respect



Collaborative



Quality

KEY BUSINESS SEGMENTS

Export Formulations/Subsidiaries

Our Export Formulations/Subsidiaries segment has experienced significant growth in FY24, driven by our emphasis on Para IV and first-to-file molecules. As one of the top 10 generic companies in Canada, a key international market, we have successfully leveraged niche opportunities in the US, Canada, Brazil and other emerging markets. Looking ahead to the next financial year, we are poised to expand our footprint in Southeast Asia, MENA, LATAM and other markets, further solidifying our position.

Domestic Formulations

Our robust brand portfolio, comprising 9 brands with sales exceeding 100 million and 25 brands holding leading market positions, drove out year-on-year growth in domestic markets. We are seeing 60,000 doctors and over 1,000 distributors, supported by a dedicated team of 850+ sales professionals, further solidifying our market presence. Looking ahead, we will continue to invest in patient education and screening camps in FY25, aimed at boosting brand visibility and reinforcing our market leadership.

Active Pharmaceutical Ingredient (API)

In FY 23-24, our R&D efforts concentrated on advancing our complex oncology, CNS and CVS molecules. Our strategic export approach, targeting key markets in the US, EU, Latin America and Rest of the World, drove further growth. With a robust portfolio of 49 active US DMFs, including niche products in development, we are well-positioned for sustainable long-term growth.

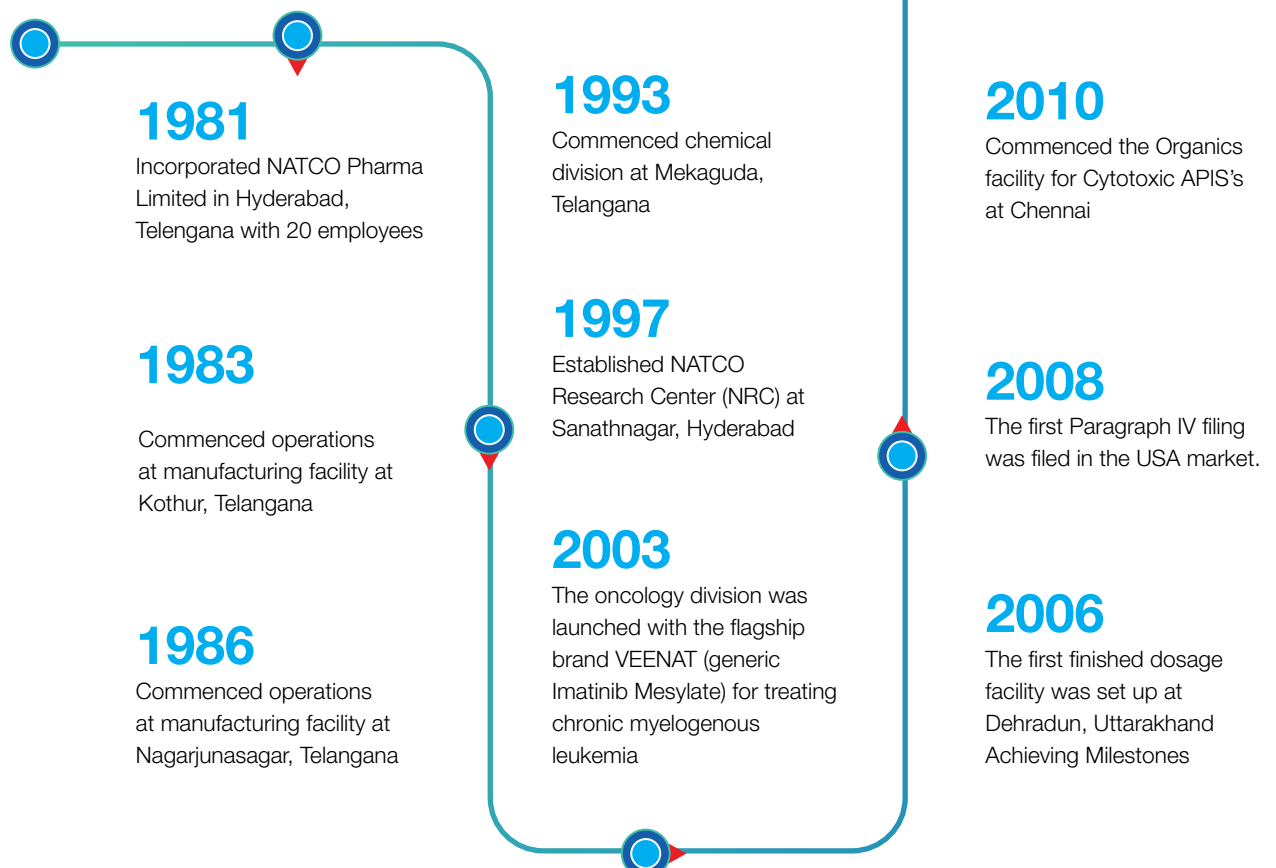
Crop Health Sciences

We have successfully introduced our broad-spectrum insecticide, Chlorantraniliprole (CTPR), across key agricultural regions in India. Going forward, we are committed to expanding our product offerings in bioproducts and pesticides, while further solidifying our market position through the efforts of our extensive 300+ member sales and marketing team.

Our Journey

NATCO Pharma Limited was incorporated in Hyderabad in 1981. With a modest beginning as a single unit with 20 employees, NATCO now operates 9 manufacturing facilities across India, equipped with modern research laboratories and capabilities in New Drug Development, among others.

NATCO family currently consists of more than 4800+ employees and we are ranked among the fastest growing pharmaceutical companies in India. NATCO is well recognized for its innovation in pharmaceutical R&D.



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 in Guwahati, Assam

2016

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

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

2022

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

2022

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

2021

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

2019

NATCO Crop Health Sciences division was launched

2023

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

2023

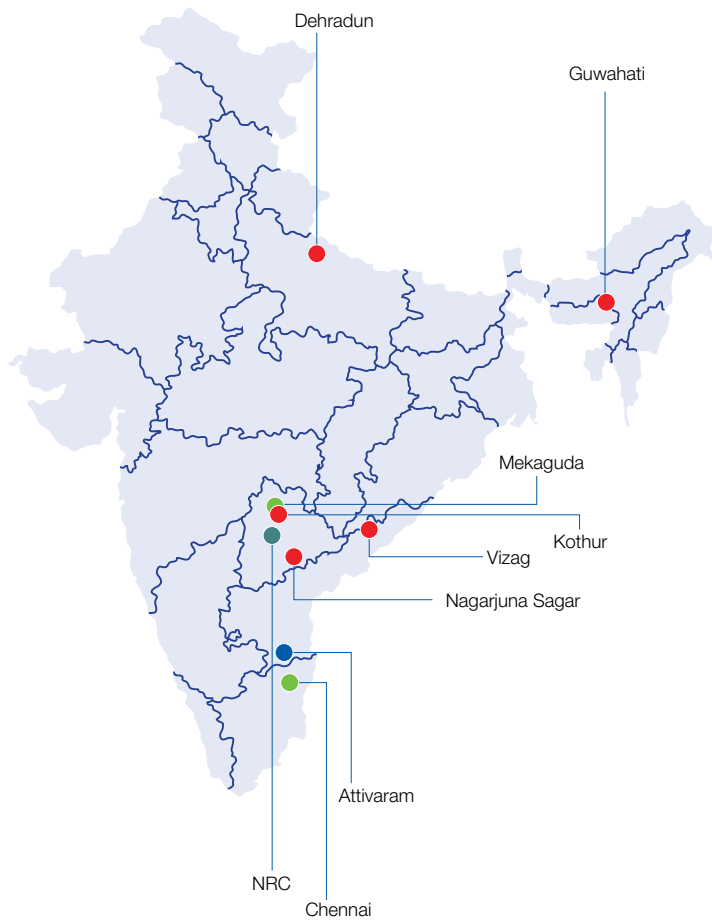
Established 'NATCO Reach' to expand the coverage of Cardiology and Diabetology products in India

Our Facilities

Our strong focus on R&D, a vertically integrated business model and emphasis on developing niche molecules have enabled us to become one of the leading players in the pharmaceutical industry, allowing us to accomplish numerous milestones with agility. Our cutting-edge manufacturing and research facilities have been instrumental in creating value for our customers.

By leveraging our in-house R&D capabilities, advanced operational technologies and streamlined manufacturing processes, we have successfully brought innovative, niche and complex products to market.

Plant and R&D locations in India map



● APIs ● FDFs ● CHS ● R&D



2

API Manufacturing Facilities



5

FDF Manufacturing Facilities



2

Crop Health Sciences Facilities



2

R&D Facilities

PHARMACEUTICALS

APIS

Mekaguda, Telangana

Certifications >	<ul style="list-style-type: none"> • USFDA • PDMA (Japan) • COFEPRIS (Mexico) 	<ul style="list-style-type: none"> • EDQM (Europe) • Korean FDA 	<ul style="list-style-type: none"> • WHO GMP (CDSCO) WHO • EU GMP (Germany) 	<ul style="list-style-type: none"> • AIFA • ISO 14001-2015 • ISO 45001-2018
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Manali, Tamil Nadu

Certifications >	<ul style="list-style-type: none"> • WHO GMP (CDSCO) 	<ul style="list-style-type: none"> • USFDA 	<ul style="list-style-type: none"> • ISO 14001-2015 	<ul style="list-style-type: none"> • ISO 45001-2018 • ISO14001-2015
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FDFS

Kothur, Telangana

Certifications >	<ul style="list-style-type: none"> • WHO GMP (DCA) • USFDA 	<ul style="list-style-type: none"> • German Health Authority 	<ul style="list-style-type: none"> • Australia TGA • ANVISA (Brazil) • MOH Belarus 	<ul style="list-style-type: none"> • Health Canada • ISO 14001-2015 • ISO 45001-2018
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Nagarjuna Sagar, Telangana

Certifications >	<ul style="list-style-type: none"> • WHO GMP • ANVISA 	<ul style="list-style-type: none"> • Kenya MOH • NDA Uganda 	<ul style="list-style-type: none"> • FMHACA Ethiopia • TMDA Tanzania 	<ul style="list-style-type: none"> • Health Canada
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Dehradun, Uttarakhand

Certifications >	<ul style="list-style-type: none"> • WHO GMP 	<ul style="list-style-type: none"> • MOH Netherlands 	<ul style="list-style-type: none"> • FMHACA Ethiopia 	<ul style="list-style-type: none"> • ISO14001-2015 • ISO45001-2018
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Guwahati, Assam

Certifications >	<ul style="list-style-type: none"> • GMP 	<ul style="list-style-type: none"> • ISO14001-2015 	<ul style="list-style-type: none"> • ISO45001-2018
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Visakhapatnam, Andhra Pradesh

Certifications >	<ul style="list-style-type: none"> • USFDA 	<ul style="list-style-type: none"> • ANVISA Brazil 	<ul style="list-style-type: none"> • Health Canada 	<ul style="list-style-type: none"> • ISO14001-2015 • ISO45001-2018
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AGROCHEMICALS

CHS

Attivaram, Andhra Pradesh

Technical Unit and Formulation Unit

Certifications >	<ul style="list-style-type: none"> • Central Insecticide Board, Faridabad
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RESEARCH CENTRES

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

Intellectual Property >	<ul style="list-style-type: none"> • 288 International Patents Filed 	<ul style="list-style-type: none"> • 204 International Patents Granted 	<ul style="list-style-type: none"> • 282 Indian Patents Filed 	<ul style="list-style-type: none"> • 111 Indian Patents Granted
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Our Strengths

Our business model fosters a culture of innovation through collaboration, while our strategies prioritize integrity and agility in all our operations. Guided by a visionary and strategic Board of Directors, we leverage their collective expertise to drive sustainable growth and long-term success.



Our Business

Our products cover three main markets: domestic, international and Crop Health Sciences. We are leaders in generic oncology and are taking steps to expand therapeutic segments with a continued focus on niche products.

DOMESTIC MARKET

In FY24, our domestic business was consistent, driven by the stable oncology business on the back of launch of new products. We concentrated our efforts on leveraging our existing sales force to increase product penetration and expand our reach.

Our marketing and distribution network in India consists of a specialized field force, which enables us to increase the reach of our products in the domestic market. In addition, we also market our products directly to hospitals, which continue to be an important channel of distribution, in India, especially for oncology products. We believe that our extensive distribution network enables us to increase our market share across key therapeutic areas and sustain our leadership position.



40+

Branded generics pipeline



8

New product launches



9 Brands

more than ₹100 million in sales



850+

Salesforce strength



Oncology



We have successfully sustained a robust brand presence in the oncology market over the past few years, thanks to our comprehensive range of products. Our portfolio addresses various types of cancers including leukemia, lymphoma, multiple myeloma, lung, liver, colorectal and others. Our commitment to making cancer treatment accessible and affordable for all remains unwavering and we will continue to expand our product offerings to achieve this goal. In the upcoming financial year, we are poised to introduce 10 new products in the oncology segment, further solidifying our position in this critical market.

Pharma Specialty



Our product portfolio has undergone significant expansion, now encompassing critical care and a range of infectious diseases. This strategic move has yielded impressive results, with both revenue and market share experiencing substantial growth. To further amplify our product's reach, we have strengthened our sales force.

Diabetology



In FY24, we expanded our anti-diabetic portfolio by introducing a range of innovative gliptins, including Linagliptin, Sitagliptin and Vildagliptin, catering to diverse patient needs. Additionally, we launched Dapagliflozin, a highly recommended SGLT2 inhibitor. Looking ahead to FY25, our diabetology segment strategy will prioritize market penetration through our sales and marketing efforts, with a focus on providing a comprehensive suite of medications for diabetologists and endocrinologists.

Cardiology



We enhanced our product offerings by launching cutting-edge solutions in anticoagulant and anti-hypertensive therapy areas. The success of Apigat as a highly prescribed brand enabled us to broaden our market reach and attract new customers. Our strategy in this segment is to drive sales growth by expanding our team and product line. Additionally, we plan to execute a range of initiatives, including awareness campaigns, consumer engagement programs, patient education activities and peer group interactions, to further accelerate sales.

INTERNATIONAL FORMULATIONS

Our international business segment is the primary driver of our revenue, fueling the Company's growth. We have established a robust pipeline of exclusive First-to-File (FTF) and Para IV products, positioning NATCO for sustained growth in the years to come. NATCO Pharma today is leveraging on this expertise to go global by exporting finished dosage products to various markets across the globe. While our key regulated markets are USA, Canada, Brazil; we have established a strong global footprint with presence in over 50 countries.

Through our partnership-driven model, we primarily export by out-licensing our products to multinational companies and those with a strong local/regional presence in the respective geographies. We expect to continue growth by exporting niche and high-value APIs and formulations. Our export business is supported by a strong in-house regulatory team. In addition to the partnerships, we operate in certain key geographies through our subsidiaries.



25

Para IV pipeline



49

Active DMFs



7

New FDFs launched



5+

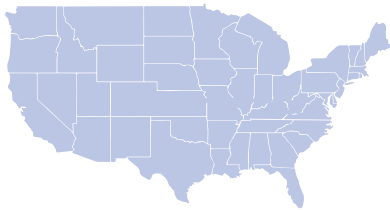
New geographies explored



3

New subsidiaries opened

United States of America



Our Company excels in developing specialized products with complex chemistry and manufacturing processes, creating high barriers to entry. We have a strong pipeline of 25 Para IV applications, with 13 already approved. Our innovative First-to-File (FTF) applications target diabetes, weight loss, ovarian and breast cancer, multiple myeloma and leukemia. Notable FTF filings include Semaglutide for diabetes and weight loss, Olaparib for ovarian and breast cancer and Carfilzomib for multiple myeloma. Our Para IV filings also feature treatments for blood clots, cancer and migraine. To expand globally, we partner with local firms and secure exclusive deals to boost our international filings. We are also in-licensing products to diversify our portfolio and strengthen our market presence.

Thailand, Malaysia and other countries. Our proactive global filing strategy has enabled us to acquire significant market share in Indonesia and Vietnam.

Canada



Our Canadian subsidiary has achieved outstanding performance, surpassing all other subsidiaries. We boast a robust portfolio of over 40 products across four key therapeutic areas: Oncology, Antiviral, Cardiology and CNS. Our growth strategy in Canada has focused on maintaining our market share through our diverse product range, which includes leading treatments in oncology, anti-viral, cardiovascular and CNS therapy. Notably, we hold the largest market share of Lenalidomide, a key contributor to our strong market presence. Other significant products in our portfolio include Eribulin, Pomalidomide, Apixaban and Teriflunomide.

Pharmerging markets and Rest of the World (RoW)

We are expanding our presence in Asia and other Rest of World (RoW) markets. Our entry into China was marked by the launch of Oseltamivir Capsules, our first product in the territory. This was followed by the launch of Abiraterone and Gefitinib tablets in the Oncology segment. We currently have three products awaiting approval. In the Philippines, we are gaining traction in branded oncology generics by offering a range of products at affordable prices. In Singapore, we are servicing government and private tenders with over 10 products. We have also secured tenders in Saudi Arabia, Hong Kong,



₹2,349 million

Revenue

Brazil



In FY24, NATCO maintained its strong performance in Brazil, a key market. We pioneered the launch of a generic Vildagliptin for diabetes treatment. Our dedicated sales team and out-licensing agreements helped us retain a significant

market share of Apixaban. We were also the first to launch generic Gefitinib and Azactidine, contributing to our growth. Our expertise in complex molecule development enabled our generic Oseltamivir to dominate the market. We continue to invest in key therapeutic areas, leveraging our first-to-file strengths and building a robust portfolio, while executing tenders across Brazil.



₹1,749 million

Revenue

CROP HEALTH SCIENCES

In the reporting year, we concentrated on boosting our capacities through strategic investments in facilities and expanding our market presence by hiring direct and indirect employees for our Crop Health Sciences division.

Our product portfolio comprises of two main categories: pesticides and bioproducts. Our priority is to identify and address gaps in our portfolio by leveraging crop phenology analysis, ensuring a comprehensive and effective range of agrochemical solutions.

In FY24, we successfully introduced Chlorantraniliprole (CTPR) based products, which demonstrated strong performance in key agricultural regions across the country. We concentrated on strengthening our internal business processes, ensuring the consistent delivery of high-quality products to farmers.



₹1,083 million

Revenue

FOCUS AREAS FOR UPCOMING YEAR





In the upcoming financial year, our priorities will shift towards innovation, with a focus on developing new products and assessing our current portfolio in relation to crop growth patterns. We will concentrate our resources on strengthening our brand presence and broadening our connections within the agricultural community. Furthermore, we intend to tap into international markets by launching our agrochemical products, thereby maximizing export opportunities and driving growth.



R&D Capabilities

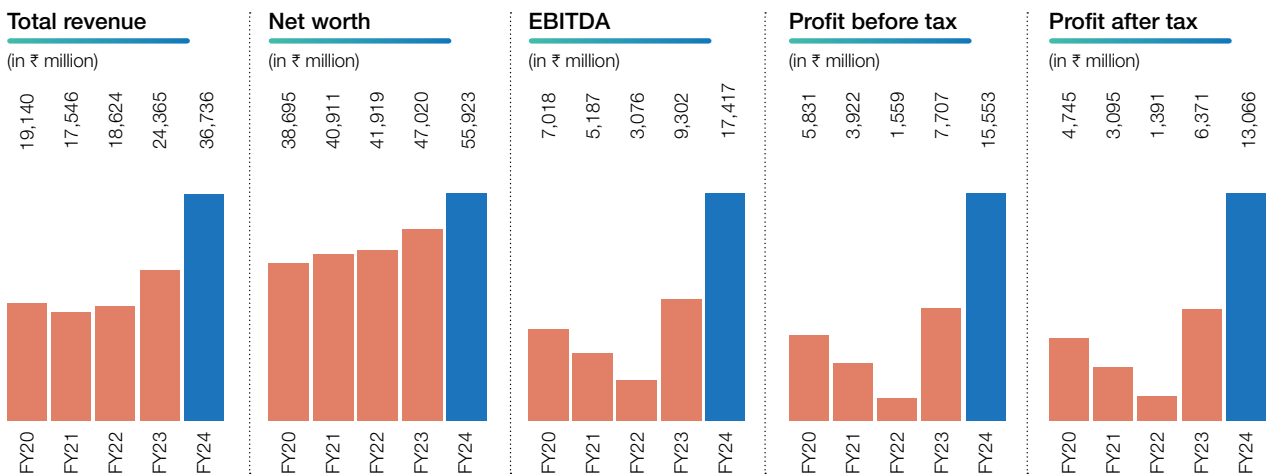
Our cutting-edge research facilities have been instrumental in creating value for our customers. By leveraging advanced operational technologies, in-house R&D capabilities and streamlined manufacturing processes, we have successfully brought innovative, niche and complex products to market. At NATCO, we prioritize research and development, investing ₹2,694 million (7.6% of revenue) in FY24 (world-wide), to drive innovation in pharma and agrochemicals. Our 450-strong team focuses on developing new molecules, adopting advanced technology and ensuring cGMP compliance and business continuity.

In FY 23-24, our major areas of focus were,

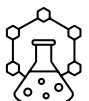

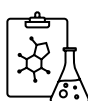

<p>Advancing Oligonucleotides Research</p>  <p>We are expanding into new therapeutic areas, including oligonucleotides research. We are investing in cutting-edge technology and instruments to strengthen our research in oligonucleotides, a promising area that can provide safer treatment options for patients.</p>	<p>Cost Optimization and Sustainability</p>  <p>Our R&D team is dedicated to developing new technologies and scientific approaches that enable us to supply drugs at a lower cost to patients while minimizing environmental impact.</p>	<p>Accelerating New Drug Discovery</p>  <p>Our discovery team is focused on developing innovative cancer therapeutics, leveraging in-house expertise in molecular modelling, medicinal chemistry and other areas, with a focus on oncogenic kinases and immuno-oncology.</p>	<p>Overcoming Technical Challenges</p>  <p>Our R&D team is committed to delivering affordable medicines by navigating complex research and regulatory requirements. We have invested in novel infrastructure, including high-end mass spectrometry and are developing cutting-edge technologies to revolutionize medical treatments.</p>
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OUR FINANCIAL PERFORMANCE FOR FY 23-24

Standalone Financial performance for NATCO Pharma



Segment-wise revenue generation in FY 23-24

 <p>₹ 32,369 mn Export Formulations</p>	 <p>₹ 3,867 mn Domestic Formulations</p>	 <p>₹ 2,492 mn API Formulations</p>	 <p>₹ 1,083 mn Crop Health Sciences</p>
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Stakeholder Engagement and Materiality Analysis



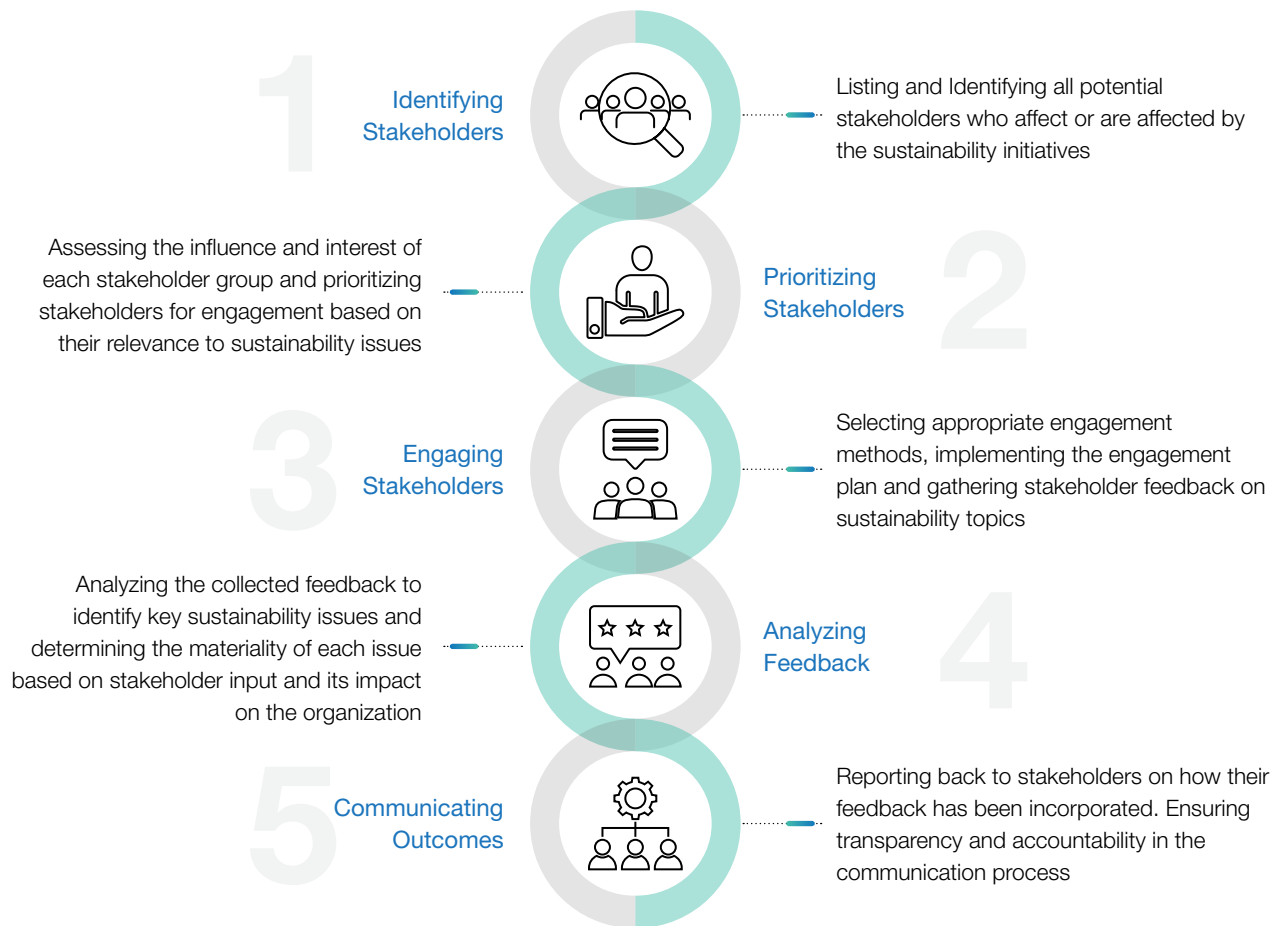
STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

At NATCO Pharma, we believe in fostering a culture of collaboration and inclusion. We engage in ongoing dialogue with a diverse range of stakeholders, actively listening to their needs, aspirations and concerns. These valuable insights inform our strategic decisions, product development and corporate social responsibility initiatives, ensuring that we remain responsive to the needs of our stakeholders. Our stakeholder engagement is a two-way process, facilitated through both formal and informal channels of communication and goes beyond mere formality.












In the contemporary financial environment, characterized by rapid transformation, stakeholder engagement and materiality assessment constitute essential cornerstones for promoting operational sustainability. As a responsible corporate entity, we are dedicated to comprehending and responding to the requirements, expectations and apprehensions of our stakeholders. This section provides a detailed exposition of our methodology for engaging with stakeholders and conducting materiality assessments.

Our Stakeholder Engagement Process

At NATCO Pharma, we prioritize sustainability by focusing on the most critical areas that have an impact on our business and stakeholders. We define materiality as the process of identifying and addressing the issues that matter most to our stakeholders and our organization. Through a collaborative effort, we have identified and categorized key material topics, which form the foundation of our sustainability framework.



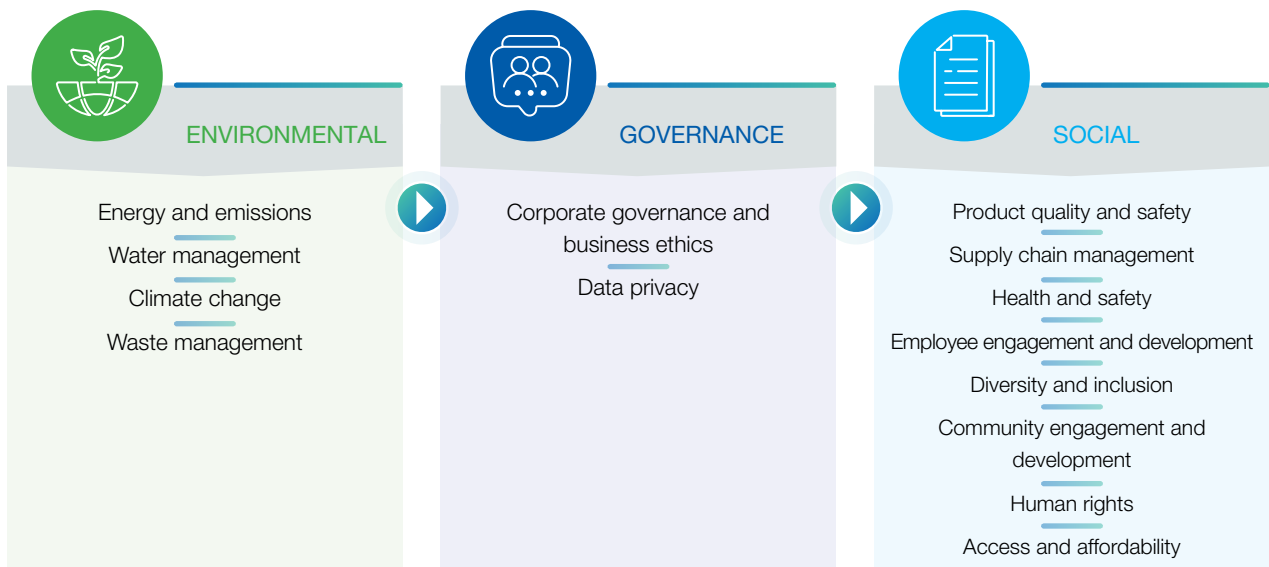
MECHANISM FOR ENGAGING WITH STAKEHOLDERS

Stakeholder Group	Engagement Mechanisms
 Investors and shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Annual report • Investor presentations • Quarterly investor calls • Investor /analyst meet • Company website • Email • Announcements
 Regulators/ Government	<ul style="list-style-type: none"> • Mandatory submissions • Meetings and interactions • Audits
 Suppliers/ Vendors	<ul style="list-style-type: none"> • Regular interaction through phone, e-mail, letters and in person • Supplier audits • Exhibitions and conferences
 Employees and workers	<ul style="list-style-type: none"> • 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 and National Women's Day, among others. • Cultural and other events • Safety meetings
 Patients	<ul style="list-style-type: none"> • Website • NATREACH, Patient Assistance Program (PAP)
 Farmers	<ul style="list-style-type: none"> • Field meetings • Media advertisements • Product demonstrations • Social media
 Local Communities	<ul style="list-style-type: none"> • Personal interactions • Interaction through NATCO trust team • CSR initiatives
 Doctors	<ul style="list-style-type: none"> • Doctor visits/product information/scientific updates • Academic meetings • Patient education through clinicians • Public awareness through clinicians • Website
 Dealers and Distributors	<ul style="list-style-type: none"> • Email • Meetings • Letters • Telephone
 Trade unions	<ul style="list-style-type: none"> • Updating new polices, regulations, benefits or addressing grievances.
 Media	<ul style="list-style-type: none"> • Press releases

MATERIAL ESG TOPICS

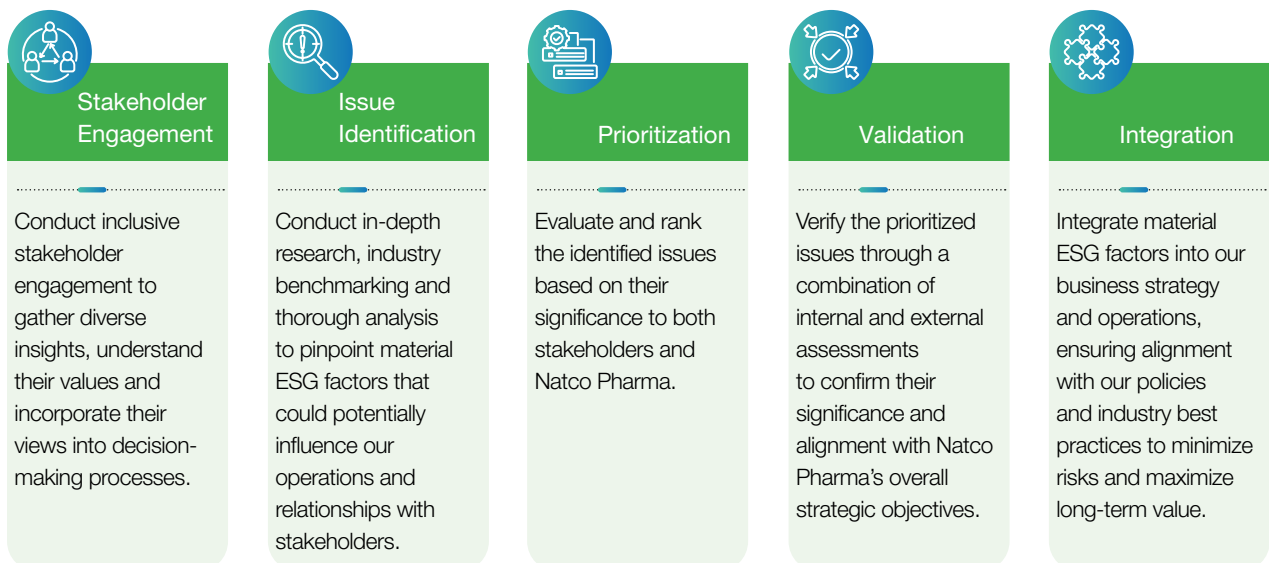
Conducting a thorough materiality assessment is essential for developing a robust sustainability strategy and effective reporting. This process enables us to identify, prioritize and address the most critical Environmental, Social and Governance (ESG) topics that impact our business operations and stakeholders. By doing so, we can develop a comprehensive sustainability strategy that tackles the most pressing issues. Our materiality assessment has identified the following key ESG topics as crucial to our operations and we are committed to addressing them through our sustainability strategy and action plan.

The material topics are determined through a comprehensive approach that involves analyzing industry trends, assessing risks and opportunities, engaging with stakeholders, reviewing global sustainability frameworks and standards as well as benchmarking against peer practices in the Indian and global market.

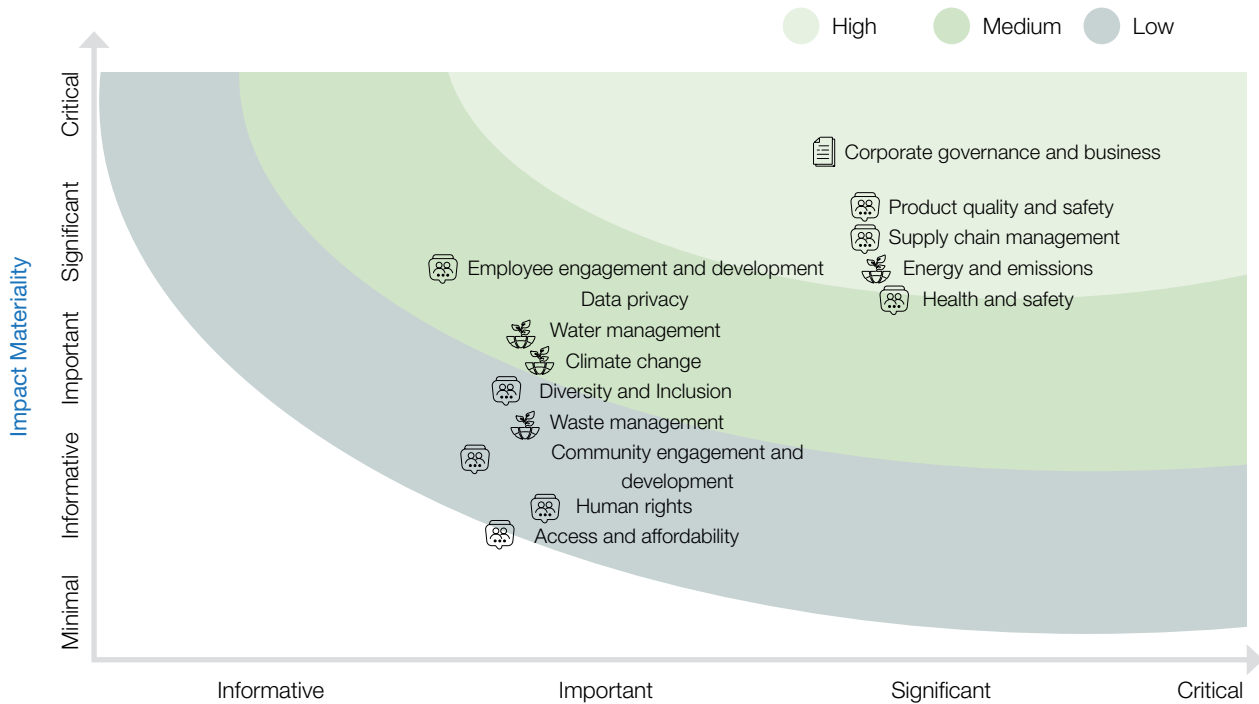


OUR MATERIALITY ASSESSMENT APPROACH

The identification of material issues is paramount to informing our organizational priorities for ESG objectives. Given the diverse stakeholder landscape, it is imperative to remain cognizant of the issues that hold the greatest significance, thereby ensuring that our initiatives are substantive and yield enduring outcomes. Our materiality assessment process entails a rigorous and systematic approach to identify, prioritize and validate the most critical ESG topics pertinent to NATCO Pharma. This methodology comprises the following key steps:



NATCO PHARMA'S MATERIALITY MATRIX



Financial Materiality



High Priority:

Issues that significantly impact business operations, financial performance and stakeholder interest, requiring immediate and strategic attention.

Medium Priority:

Issues that have a moderate impact on the business and stakeholders, requiring proactive management and monitoring.

Low Priority:

Issues with minimal impact on the business and stakeholders, addressed through management and periodic review.







MATERIALITY ASSESSMENT: EFFECTIVELY NAVIGATING THROUGH KEY ESG ASPECTS

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 of Directors, 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 and 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 and Opportunity	We adopt 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.
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 the 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 and Opportunity	Employees are the backbone of our operations and it is our responsibility to prioritise their health, safety and wellbeing. 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 as well as 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 put 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 and Opportunity	We are committed to responsible water stewardship throughout our operations. By proactively managing water usage, we are 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 water usage, wastewater treatment and recycling, rainwater harvesting and reuse as well as complying with water regulations.	Negative: Costs associated with water scarcity, water pollution and fines for non-compliance. Positive: Positive financial outlook driven by our initiatives that generate cost savings and optimise water usage.
9	Climate change	Risk and 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 address climate change impacts. We aim to enhance RE in our energy mix up to 35 % by the end of 2035 and achieve Carbon Neutrality by 2050.	Negative: Costs associated with climate-related damages, regulatory compliance. Positive: Mitigation of 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.
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 are free from 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 foster positive relationships, enhance brand reputation and contribute to social responsibility.	Participating in community outreach programs, supporting local initiatives, listening to community feedback and addressing community needs and concerns.	Positive: Positive societal impact, enhanced community relations and improved brand reputation.
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.

NATCO PHARMA'S CONTRIBUTION TO SDGS

NATCO Pharma is deeply committed to advancing sustainable development and supporting the United Nations' 17 Sustainable Development Goals (SDGs). These globally recognized objectives provide a comprehensive framework for promoting a sustainable future and NATCO Pharma is dedicated to actively contributing to their achievement. Through a multifaceted approach to environmental responsibility, social accountability and economic viability, NATCO Pharma strives to make a significant impact on several SDGs. Our corporate initiatives and strategies are designed to foster inclusive economic growth, social equity and environmental stewardship, thereby reinforcing our commitment to creating a sustainable future for all.

UN SDGs	Our Interventions
 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> We work in the Government Anganwadi Centres by providing supplementary nutrition to pregnant women and lactating mothers by running nutrition centers within the Anganwadis.
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> Our workforce's wellbeing is our priority. We have incorporated stringent Occupational health and safety practices which ensure a safe work environment, reducing accidents and promoting employee health and wellbeing. At NATCO Pharma, two API & four Formulations manufacturing facilities are accredited with ISO 14001-2015 (Environment Management) & ISO 45001-2018 (Occupational Health and Safety Management) System standards. We conduct several activities to provide free quality health services such as NATCO Mobile Health Clinics, NATCO Digital PHC, Construction of NATCO Cancer Centre in GGH, OPD Block in Niloufer Hospital, Pediatric Cancer Ward in MNJ Cancer Hospital and NATCO Eye Centre in Kothur among others. We conduct several activities to improve access to healthcare services, particularly in rural and underserved areas, through medical camps, check-ups, distribution of medicines and awareness campaigns on health-related issues. Making specialty medicines accessible to all.
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> We support early care of pre-school children by supporting Government Anganwadis, Government Primary and High Schools, providing completely free, equitable and quality primary education through our Bal Vikas Kendras, coaching for Gurukul Entrance Examinations, work on foundational literacy and numeracy in Government primary schools, among others to strengthen the Government ecosystems. We also support various infrastructure developments for community schools, colleges and hospitals as a part of our CSR initiatives and contribute to initiatives that benefit society and drive economic growth.
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> We are dedicated towards providing equal opportunities, fair treatment and a supportive environment for everyone, thereby fostering a diverse and inclusive workplace. Our current employees' and workers' gender diversity stands at 10.4% and 12.7% respectively and we are committed to increasing it further. Rural women are empowered through vocational training at tailoring centers in Kothur and Nagarjuna Sagar, enabling them to gain a sustainable means of livelihood.
 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> By minimizing water usage and adopting responsible practices, we have reduced our freshwater consumption. We have implemented Zero Liquid Discharge at four of our manufacturing plants- Mekaguda (450KL/D), Chennai (250 KL/D), Attivaram-Technical Unit (75 KL/D) and Kothur (360 KL/D). Our plants are equipped with Effluent Treatment Plants (ETPs) that treat wastewater to meet on-land irrigation standards, allowing for reuse within the premises for green belt maintenance. We have positively contributed to the setup of RO water plants, development of clean water supply systems, construction of toilets.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> We actively adopt renewable energy sources, invest in energy-efficient technologies and encourage responsible energy consumption practices, contributing to a greener and more environment-friendly future. Our current renewable energy usage accounts for 25.8% of the total energy requirements of our operating locations and we are committed to enhancing the renewable energy component in energy mix to 35% by 2035 and achieving carbon neutrality by 2050.

UN SDGs

Our Interventions



- We prioritize fair labor practices, providing safe and inclusive work environments. We actively promote skill development and vocational training for communities, all while fostering social wellbeing and prosperity.
- The organization provides comprehensive animal welfare support to farmers through regular camps, veterinary services and distribution of essential resources, benefiting over 1500 cattle and 513 farmers in FY 23-24.



- Innovation is a top priority in our business activities, guiding us in developing new products and reassessing our portfolio. We actively invest in sustainable technological advancements, foster innovation in our R&D activities in drug discovery and promote sustainable operations. 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.



- We promote diversity and inclusion, ensuring equal opportunities for all employees. Our employees receive training in several areas like health and safety, skill enhancement, embracing digital technologies and management development programs, among others.



- Reducing greenhouse gas (GHG) emissions intensity and clean energy transition across our business facilities help us secure a balanced portfolio of low carbon energy management. Our current solar energy capacity is 7.05 MW and wind energy capacity is 4.20 MW and we aim to enhance RE in our energy mix up to 35% by end of 2035.



- We focus on reducing and recycling waste, optimizing resource usage, promoting sustainable manufacturing practices and ensuring the production of goods and services that minimize environmental impact.
- We strictly adhere to Central Pollution Control Board's (CPCB) Extended Producer Responsibility (EPR) guidelines, recycling at least 70% of packaging materials from finished products at the end of their life cycle. In FY 23-24, we recycled 142 metric tons of end-of-life plastic waste (including packaging).



UN SDGs

Our Interventions



- We strive to minimize our environmental impact by reducing our carbon emissions, adopting sustainable practices, promoting the use of renewable energy and efficiently managing waste. At NATCO Pharma, we aim to achieve Carbon Neutrality in our operations by 2050.



- We developed green belt at all our plant locations and eco park at one of our API plant, Mekaguda.



- We support initiatives that promote good governance. Upholding legal and ethical standards is central to our operations. We prioritize transparency and ethical conduct, both within our organization and in our interactions with external stakeholders.
- Our Board of Directors comprises of 50% Independent Directors to ensure transparency, integrity and fairness in our business operations.



- We are involved in collaborative efforts with a variety of stakeholders (peer companies, national and state industry associations, government institutions and so forth). Our dedication to sustainable growth drives our proactive approach to conducting sustainable operations.





Responsible Business



RESPONSIBLE BUSINESS

Our responsible business growth strategy is built on three core pillars- Products, Presence and Partnerships, which we deliver in a financially, socially and environmentally responsible manner. This approach represents the essence of sustainability, where our business interests align with the benefits of providing patients to complex and specialty medicines at a lower cost.

Our Triple Bottom Line for Responsible Business

PRODUCTS

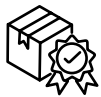
Prioritizing patient-centricity, we strive to make treatments accessible, while remaining receptive to developing innovative solutions that cater to unmet patient needs and improve overall well-being.

PRESENCE

Dedicated to broadening our global footprint by harnessing product development successes in domestic, US and emerging markets, with a significant presence in 50+ countries across key regions worldwide.

PARTNERSHIPS

Harnessing our market presence, regulatory expertise and strategic partnerships to successfully launch complex generics, ensuring accessibility in key therapeutic areas, such as oncology and cardiology, while prioritizing sustainability.



We focus on developing complex products, which are molecules that are difficult to genericize due to their intricate formulation processes, delivery methods or active ingredients. We are also investing in research and development of new molecules to expand our pipeline.

NATCO Pharma is a key player in the complex generics market, working to make treatments more accessible for patients with chronic conditions like cancer, hepatitis-C and multiple sclerosis. While we have a strong portfolio in oncology, gastro-hepatology, CNS-multiple sclerosis, cardiology and diabetology. Additionally, we consider opportunities in other therapy areas to build a sustainable product pipeline.



We are expanding our geographical presence with a diverse global product portfolio. As our understanding of diseases and clinical pathways improve, these medicines are being used to treat chronic conditions affecting millions of patients worldwide, increasing the need to reach patients globally.

We are committed to expanding our geographical reach by leveraging our product development outcomes in domestic, US and emerging markets. Our products are available in over 50+ countries worldwide, with a strong presence in key regions including India, North America, Latin America, Asia Pacific, Southeast Asia and the Middle East. Our growth is driven primarily by India, Canada and Brazil and we are actively expanding our presence in Australia, China, Singapore and some other regions.

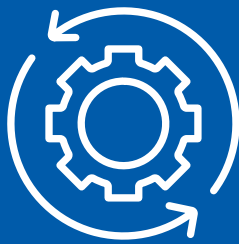


We form partnerships that leverage our expertise in complex drug development to bring products to market. While genericization is desirable, it comes with significant scientific and regulatory challenges, which we overcome through collaborations with global pharmaceutical companies.

To successfully launch complex generics, we leverage a range of strengths, including market presence and regulatory expertise, through strategic partnerships. Our approach combines backward integration of critical supplies with a focus on front-end sustainability, enabling us to accelerate the development of complex generic molecules.

NATCO Pharma is a member of various industry associations, including national-level organizations such as Federation of Indian Chambers of Commerce & Industry (FICCI), Bulk Drug Manufacturers Association of India (BDMA), Indian Pharmaceutical Alliance (IPA), Indian Drug Manufacturing Association (IDMA), Confederation of Indian Industry (CII) and Pharmaceuticals Export Promotion Council of India (PHARMEXCIL), Crop Care Federation of India (CCFI) as well as Agro Chem Federation of India (ACFI). Additionally, the Company is also part of state-level associations like Federation of Telangana Chambers of Commerce and Industry (FTCCI) and Hyderabad Management Association (HMA).

The key highlights of our business in FY 23-24 is given in the 'A glance at our performance in FY 23-24 section of the report.



Responsible Operations



RESPONSIBLE OPERATIONS

As a responsible corporate citizen, responsible operations are a critical aspect of our business operations. We recognize that our activities have a direct impact on the environment and therefore, we are committed to taking proactive steps to minimize our ecological footprint. By integrating environmental considerations into our decision-making processes, we strive to reduce our carbon footprint, conserve natural resources and promote sustainable practices.

Our Action Plan

In an era where climate change poses one of the greatest challenges to our planet, NATCO Pharma recognizes the urgent need for a robust action plan that not only addresses environmental concerns but also aligns with our commitment to sustainable development. A proactive approach to climate action is essential not only for the health of our planet but

also for the resilience and longevity of our business. By implementing strategic initiatives, we aim to significantly reduce our environmental footprint and contribute positively to the communities we serve. Our action plan is based on the following pillars,

Tech that transforms

Strong emphasis on technology, which drives our research and manufacturing processes enables us to meet stringent quality standards, fosters environmental sustainability and ensures the safety of our facilities.

Conserve to Preserve

Promoting sustainable growth through responsible resource use, including water conservation, energy efficiency, GHG reduction and innovative waste management solutions that reduce, reuse and recycle.

Always Improving

Embracing a culture of continuous improvement is essential to achieving excellence in product development and manufacturing, ensuring quality standards are consistently met

Responsible by Design

Prioritizing our commitment to our customers, partners and patients throughout the entire life cycle of a product, ensuring their needs are met at every stage.



Based on our action plan, we are constantly working on the following areas to strengthen our commitment towards sustainability.

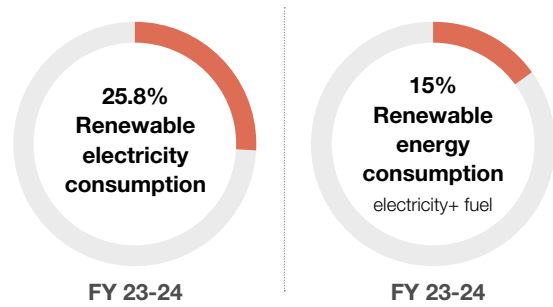
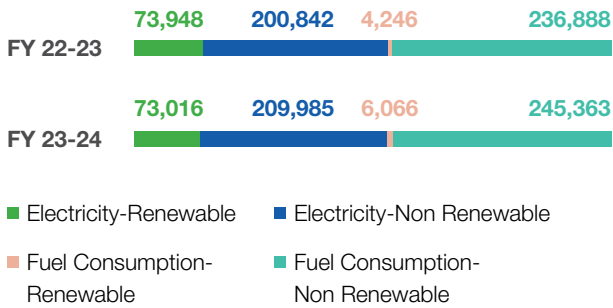
ENERGY AND EMISSIONS

We recognize the critical importance of energy management in minimizing our environmental footprint and optimizing operational costs. A comprehensive energy management strategy involves the meticulous monitoring, control and optimization of energy consumption to reduce waste and maximize efficiency. By adopting sustainable energy practices, we can significantly reduce our reliance on non-renewable energy sources, lower greenhouse gas emissions and contribute to a cleaner environment.

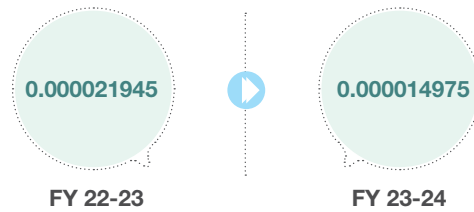
Energy Consumption

At NATCO Pharma, we are committed to minimizing our environmental footprint by reducing energy consumption and promoting sustainability throughout our operations. Our energy consumption metrics is given below,

Electricity and Fuel Consumption (in GJ)



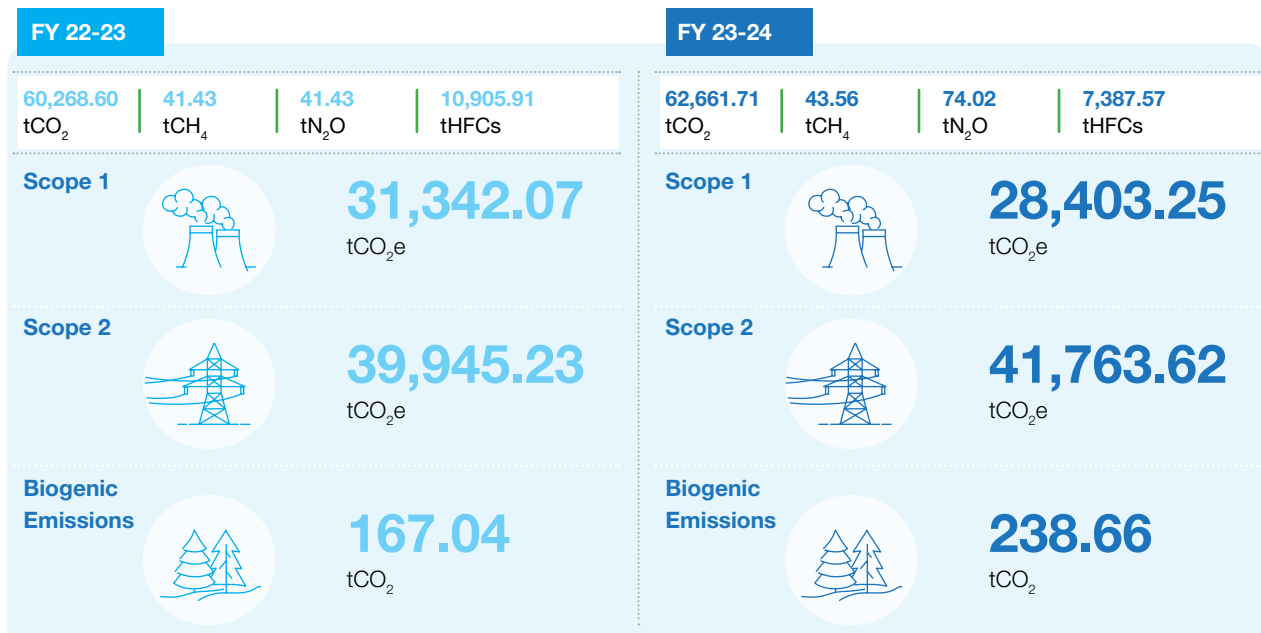
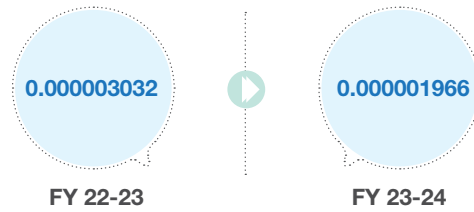
Energy intensity per INR crore of turnover



GHG Emissions

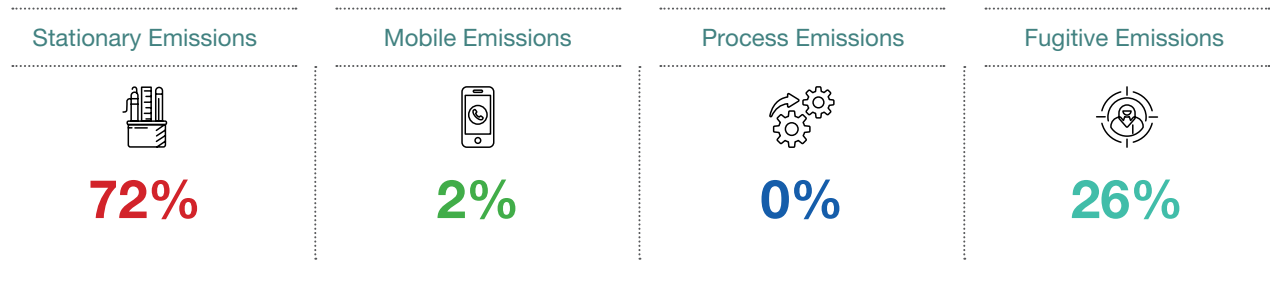
NATCO Pharma recognizes the critical role it plays in mitigating the impact of its operations on the environment. Effective emissions management is crucial not only to reduce the Company's carbon footprint but also to minimize its impact on the environment, ensure compliance with regulations and promote a healthier planet for future generations. GHG emissions calculations were based on emission factors from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6).

Emissions intensity per INR crore of turnover

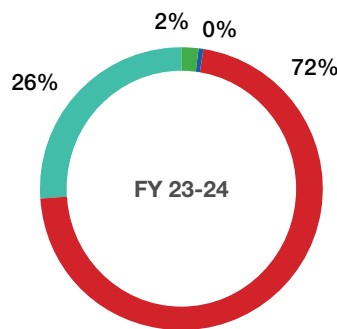


Scope 1 Emissions

Emissions resulting directly from the sources that are controlled or owned by the organization. This includes,



The breakup of scope 1 emissions for FY 23-24 is as follows-



Scope 2 emissions

Indirect emissions associated with the generation of electricity purchased and consumed by all the business units and corporate offices of NATCO Pharma, for its operations. This includes electricity purchased and consumed from Grid (all plants and corporate) and DG Sets (all formulation units, APIs, research centers and corporate offices).

Biogenic Emissions

Biogenic emissions refer to emissions released because of the combustion of biomass (wood, agro residue and so forth) fuel. At our Attivaram unit, we have introduced a briquette-fired boiler, a cleaner and more eco-friendly alternative which results in some biogenic emissions, which are very less compared to conventional boilers.

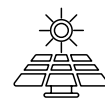
Our initiatives to reduce emissions

In our unwavering commitment to sustainability and environmental stewardship, we have strategically identified and implemented a series of comprehensive initiatives aimed at energy efficiency and conservation, ultimately leading to reduced GHG emissions.

Our initiatives include the following:

a. Renewable Energy Sourcing and Integration

Recognizing the pivotal role of energy in our operations, we have prioritized the integration of renewable energy sources into our energy portfolio. By generating and procuring electricity from renewable sources, such as solar and wind, we are aligning our energy consumption practices with our sustainability objectives.



7.05 MW

Solar energy capacity



4.2 MW

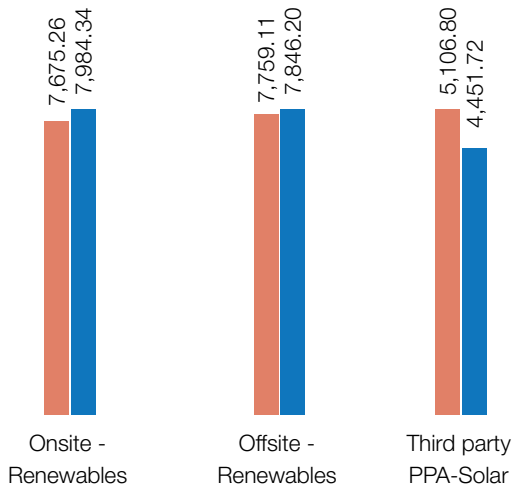
Wind energy capacity



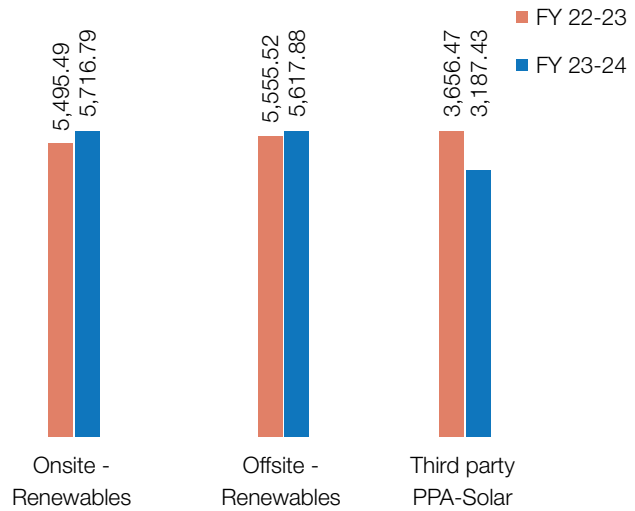
14,522 tCO₂e

GHG emissions reduced

Breakup of RE sources (MWh)



Source wise emission reduction (tCO₂e)



We aim to achieve **100%** renewable energy components of electrical energy in energy mix by 2050.



^ Solar and wind power plant at NATCO pharma

b. Use of Sustainable Energy Sources

As part of our dedication to sustainable energy, we have taken several steps to reduce our environmental footprint. At our Attivaram unit, we have introduced a briquette-fired boiler, a cleaner and more eco-friendly alternative. We have taken initiatives to replace fossil fuels (diesel/furnace oil) with cleaner fuels such as CNG/PNG in boilers at Kothur, Vizag and Chennai units which has led to reduction in GHG emissions as well as savings in steam cost.



^ Use of Green Fuels (Briquette fired boiler) at NATCO Pharma

c. Installation of an auto tube cleaning system for heat exchangers

Our API manufacturing facility has seen a 10% annual energy reduction in its chilling system owing to the installation of an auto tube cleaning system for heat exchangers.

- Improvement of refrigeration systems with Auto Tube Cleaning System.
- Efficiency Improvement of refrigeration system (10-15%).

d. Energy Efficient Compressors

We have upgraded to energy-efficient compressors and protocols for our Air Handling Units (AHU) to ensure energy usage is tailored to our specific needs, leading to significant energy, water and cost savings. We have replaced power-intensive reciprocating refrigeration compressors with energy-efficient screw compressors for Brine and chilled water refrigeration systems. In Vizag facility, by revisiting the operational protocols in the chiller set points, resulted into reduction of 241 tons of carbon emissions.

e. Energy Efficiency and Conservation Efforts:

We are committed to reducing our energy consumption through operational efficiencies, energy audits and the adoption of advanced technologies. Our goal is to continuously improve energy performance across all our facilities.

Key Initiatives:



Energy efficient chillers

Variable Frequency Drives (VFDs):

Installed VFDs for all continuous running motors of 5HP and above, AHUs and so forth to optimize energy consumption.

LED Lighting:

Converted CFL-based lighting to LED-based lighting, reducing energy consumption.

Power Quality Improvement:

Installed active harmonic filters at electrical substation areas to maintain a power factor of 0.99, improving power quality and reducing energy loss.

Energy-Efficient Refrigeration:

Installed VFD modulators for 22 screw compressors to reduce energy consumption during non-peak loads on refrigeration units.

Efficient Blowers:

Replaced belt drive blowers with plug-type blowers for AHU units, reducing energy consumption.

Daylight Harvesting:

Installed daylight harvesting systems in godowns to reduce artificial lighting needs.

Rooftop Turbo Ventilators:

Installed rooftop turbo ventilators on all godowns to reduce energy consumption and improve ventilation.

Steam Recovery:

Installed flash jet pumps for flash steam and steam condensate recovery, reducing energy losses.

Alternate Grid Supply:

Implemented alternate grid supply to avoid DG set operation during power failures, reducing energy consumption and emissions.

Usage of Electric vehicles:

We have 6 electric cars and 4 electric bikes as part of our procurement policy.

Energy-Efficient Equipment:

Installed BEE star-rated electrical equipment and IE-3 motors instead of IE-1 motors to reduce energy consumption.

Reducing paper consumption:

At our Vizag unit, we implemented e-signatures replacing manual monitoring. We are implementing online verification. Resulting in the reduction of about 45,000 A4 sheets.

Air Emissions

Parameter	Unit of Measurement	FY 23-24	FY 22-23
NOx	metric tonnes	0.29883	1.94248
SOx	metric tonnes	0.27431	2.64890
Particulate matter (PM)	metric tonnes	0.50796	0.80217
Volatile Organic Compounds (VOC)	ppm	<5	<5
Carbon Monoxide	metric tonnes	0.00275	0.07461

WATER CONSERVATION AND RECYCLING

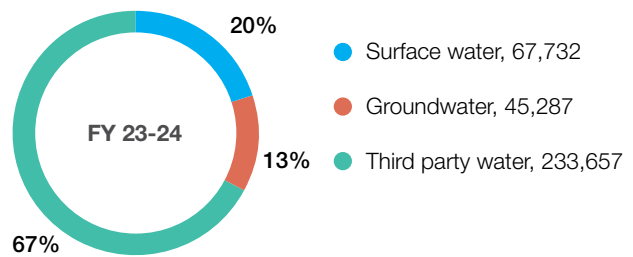
At NATCO Pharma, we recognize the critical importance of high-quality water in our production operations. As a responsible corporate citizen, we are deeply committed to water stewardship and sustainability, acknowledging that any disruption to our water supply could have far-reaching consequences.

Managing Water Effectively

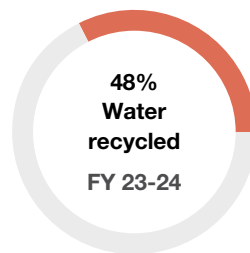
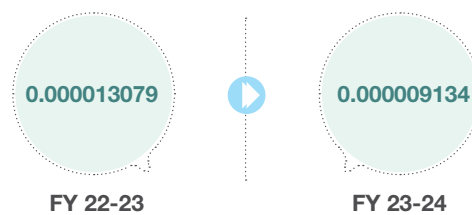
Our water conservation efforts

We have implemented a robust water conservation system across all our manufacturing facilities, R&D centers and corporate offices to minimize freshwater demand and maximize water reuse. We recycled close to 48% water in our premises in FY 23-24. Our digital flow meters, installed at each source and consumption point, provide real-time monitoring and analysis of water consumption levels. Furthermore, our wastewater recycling plants utilize multi-stage processes to treat and recycle water, making it safe for reuse and discharge.

Water Withdrawal (in Kiloliters)



Water intensity per INR crore of turnover



Water Management Initiatives

- Steam Condensate Recovery system:** Steam condensate recovery across various equipment, including ATFD, MEE, paddle dryer and others, resulted in a 3,797 kiloliters reduction in water consumption in FY 23-24. (system efficiency improved by 18-20%)
- AHU Condensate Collection & Reuse:** AHU Condensate Collection tank was installed in production area block at Chennai plant to collect and reuse the condensate water. In FY 23-24, 550KL of AHU condensate water was collected and reused.
- Water Consumption Audits:** Water usage was audited at regular intervals for identifying leaks and monitoring pipe flow rates. Resulting in reduction in water consumption.

Water Conservation at different facilities

5

Large facilities

Zero liquid discharge

3

Plants

Onsite treatment and reuse for campus utilities

2

Plants

Effluents are sent to a third-party Common Effluent Treatment Plant (CETP)

Wastewater Management

Since 2003, we have shown our commitment to sustainable water practices by following local regulations and implementing systems to recycle wastewater. At our Mekaguda site, we have consistently upgraded our facilities to improve the quality of recycled water by converting Effluent Treatment Plants (ETPs) into Zero Liquid Discharge (ZLD) plants.

Our ZLD systems treat all wastewater on-site, ensuring that nothing is released outside. We have implemented ZLD at four of our manufacturing locations: Mekaguda (450 KL/D), Chennai (250 KL/D), Attivaram-Technical Unit (75 KL/D) and Kothur (360 KL/D). Additionally, three other plants are equipped with ETPs that treat wastewater for safe on-site reuse, such as for maintaining green areas. Two more plants collaborate with Common Effluent Treatment Plants (CETPs) to ensure their wastewater is safely treated and disposed of. These efforts highlight our commitment to responsible wastewater management.

Rainwater Harvesting system

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



Run-off rainwater re-used for greenbelt



Runoff rainwater recharged to aquifers



Rainwater harvesting facility at Kothur unit

Success story of our Rainwater Harvesting facility at Kothur



At our Kothur facility, the rainwater collection system was installed on a rooftop, with downpipes conveying rainwater to a 5 KL HDPE tank. A strainer was used to filter out dust and unwanted particles from the rainwater. A 5HP pump was used to pump the water and a flow meter was installed to monitor water consumption. The rainwater collection system has been successful in collecting 20 KL of rainwater to date.

Water Management initiatives at Chennai Plant



At our Chennai facility, two Rainwater Harvesting and Reuse stations have been installed, one at the admin block with a roof catchment area of 500 square meters and a tank capacity of 15KL and another at the Powerhouse block with a roof catchment area of 400 sq. m. and a tank capacity of 10 kiloliters. The total annual expected rainwater collection from these stations is approximately 720 cubic meters.



^ Rainwater harvesting facility at Chennai unit

Success story of our Rainwater Harvesting facility at Mekaguda



Our facilities achieved success with a rooftop rainwater harvesting system, collecting around 3,377 KL of rainwater harvesting data is from Mekaguda only from rooftops and reusing it for boiler operations, which led to a decrease in freshwater demand during the reporting year. We also collected about 900KL of water and reused it for washroom and gardening purposes at our Vizag plant. About 10,000KL of runoff rainwater is re-used for greenbelt during FY 23-24. To further improve our rainwater management, we built two more tanks with a combined capacity of 25,000 KL and set up a distribution system.

^ Rainwater harvesting facility at Mekaguda unit



Success story of our Rainwater Harvesting facility at Vizag



Natco Pharma Limited, Visakhapatnam, has successfully implemented a rainwater harvesting system, collecting surface runoff from roads and diverting it into an underground storage tank via PVC pipes and a filtration bed, to reduce demand for imported water and promote water and energy conservation. The system has a capacity to collect 3,00,000 liters of water per hour during good rainfall, with an investment of ₹1,70,000 and a cost saving of ₹41,700 per 300,000 liters, resulting in a ROI of 4 rainfalls. As a result of these initiatives, we have reduced water bills, reduced demand for imported water, promoted water and energy conservation, reduced soil erosion, stormwater runoff and flooding as well as access to a free and mineral-free source of water.



^ ETP-ZLD system at Mekaguda

ETP-ZLD Facility at Mekaguda unit



We adopted a ZLD system at our Mekaguda facility in 2003 as a voluntary initiative and delinked from CETP in 2006. The Company installed a three-stage RO system, polishing RO system and ECOT system to improve water recovery and reduce thermal evaporation system loads. A sludge decanter and dryer were also installed in 2016 to utilize sludge as an alternate fuel in cement kilns.

About 88% of pure water is recovered from three stage RO plants. ZLD system implementation has resulted in significant environmental benefits. The system has reduced freshwater demand while producing good quality water for recycling and utilizing sludge as an alternate fuel.

Best practices in Water Management



^ Awareness programs held in Kothur facility



^ Drip Irrigation and sprinkler system for greenbelt



1. **Water Consumption Analysis:** A thorough analysis of direct and indirect water usage was conducted across departments, identifying areas of opportunities for improvement and reduce freshwater consumption through recycling options.
2. **Installation of flow meters:** Flow meters were installed to measure water consumption and flow rate, providing accurate data on water usage.
3. **Awareness programs:** We organized water-saving awareness programs for gardeners and end-users in landscaping areas, educating them on responsible water consumption and optimal usage to promote a culture of water conservation.
4. **Leak Detection and Maintenance:** We implemented a proactive maintenance program to detect and fix leaks, reducing water wastage. We also prepared and followed a checklist to maintain and monitor the leakages very frequently to reduce the wastage and optimal usage of water.
5. **Water utilization for gardening:** We utilized processed and recycled water for gardening and landscaping, minimizing freshwater consumption and promoting water conservation.

With the above initiatives, we are able to reduce fresh water usage for gardening and domestic purposes by about 66%.

WASTE MANAGEMENT

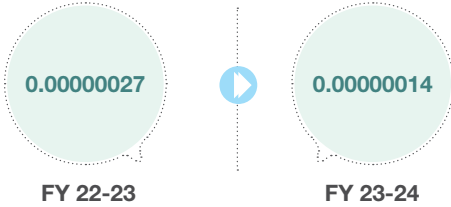
Effective waste management is vital to our business, as it directly affects our regulatory compliance, environmental footprint, operational efficiency and cost savings. As a responsible business, we prioritize the wellbeing of nearby communities, ensuring long-term sustainability, mitigating risks and protecting public health and safety. The Company adheres to green chemistry principles during product development, focusing on high atom economy, low waste generation and the use of safer chemicals. We implement a rigorous waste segregation and disposal system at all our facilities, categorizing waste and disposing of it in an environmentally responsible manner. NATCO Pharma measures its battery waste by tracking the number of batteries disposed, with a total of 712 batteries discarded in FY 22-23 and 520 batteries in FY 23-24.



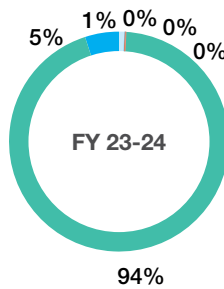
ZERO

waste to landfill status
(for Mekaguda facility)

Waste intensity per INR crore of turnover

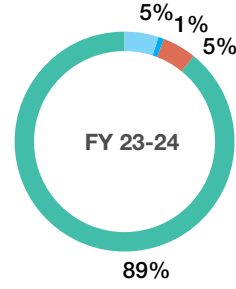


Waste generated (in metric tons)



- Plastic waste, 42.8
- E-waste, 6.52
- Construction and demolition waste, 5
- Bio-medical waste, 21.35
- Other hazardous waste, 4623.3
- Other non-hazardous waste, 241.67

Waste treatment (in metric tons)



- Reused
- Incineration
- Landfill
- Recycled

Our Waste Management Initiatives

3R Principles:

We strengthened our commitment to waste utilization by adopting practices like reuse, recovery, reprocessing, recycling, co-processing and conversion into alternative fuels, instead of disposing of waste through landfills or incineration.

Treating Hazardous Waste:

For hazardous waste disposal, NATCO Pharma collaborates with authorized cement industries for co-processing, TSDFs (Treatment, Storage and Disposal Facilities) for safe disposal, authorized re-processors for used oil, recycling/dismantling facilities for e-waste, authorized recyclers or manufacturers for used batteries through a buy-back program.

Treating Non-hazardous Waste:

For non-hazardous waste disposal, NATCO Pharma sends garbage/general waste (combustible) to authorized pre-processing facilities for initial processing before co-processing in cement kilns, paper waste from the Research Centre to ITC for recycling, metal scrap (SS/MS) to recyclers, HDPE carboys/drums to end users or recyclers, glass waste to recyclers and biodegradable waste from the canteen to organic waste converters, which is then used as manure for the green belt.

Our packaging initiatives

In line with the Extended Producer Responsibility (EPR) regulations and guidelines set by the Central Pollution Control Board (CPCB), we have procured EPR certificates for 142 tons of plastic packaging waste across various categories, demonstrating our commitment to sustainable practices.

We optimized the usage of packaging material by implementing bulk packing, reusing and recycling packing material wherever possible.



^ Bio-Mechanical waste composter at Chennai

Handling of food waste with Bio-Mechanical waste composter at Chennai



A bio-mechanical waste composter has been installed to effectively manage food waste and generate organic manure, which is then utilized for greenbelt development. A 150 kg/day capacity food waste and organic waste composter machine has been installed to treat the in-house canteen food waste.

Spill Management

Effluent collection and management systems are in place at the source of generation, where they are stored in above-ground tanks. From these tanks, the effluents are pumped to the Effluent Treatment Plant (ETP) through above-ground High-Density Polyethylene (HDPE) pipes. All effluent collection, storage and treatment tanks are constructed above ground to ensure optimal safety and containment. Additionally, dyke

walls have been erected around all chemical storage tanks to prevent any potential spills or leaks. Spill containment pallets are utilized for storing chemical drums and carboys and spill kits are strategically located at all storage sites. Furthermore, a comprehensive spill containment procedure is in place and all employees have received training on spill containment as part of the facility's emergency preparedness program.

WASTE TO WEALTH



^ Sulphuric acid to gypsum conversion

Converting spent sulphuric acid to gypsum at Mekaguda



A waste-to-wealth initiative was successfully implemented, where spent sulphuric acid generated from the manufacturing process of four products was segregated, collected and converted into useful gypsum. This innovative approach not only reduced the sulphate levels in effluent, thereby minimizing scaling potential in RO&MEE systems but also resulted in the sale of approximately 28 tons of gypsum to cement industries as a raw material in FY 23-24.



^ Sludge decanter at Chennai unit

Adopting new technologies



Sludge Decanter was used for dewatering the ETP sludge at our Chennai unit ETP-ZLD which is an energy intensive equipment (7.5KW/hr) and got output sludge cake moisture content of 80%. We had replaced the sludge decanter with energy efficient Sludge dewatering screw press (0.75KW/hr) with low moisture content sludge cake (<50%) resulting in sludge volume reduction, low energy consumption and corresponding amount of GHG emissions reduced.





Safe Disposal of expired medicines & E-waste from employees Residences

- To create awareness on safe disposal of expired medicines and e-wastes generated from employee residences.
- Employees will drop their wastes in the respective drop boxes placed at the main gate.
- EHS team will collect and safely dispose them to the authorized disposal facilities.

PRODUCT RESPONSIBILITY

At NATCO Pharma, we recognize the significance of sustainability in our journey towards a more environmentally responsible future. When introducing new products, we tackle critical challenges such as chemistry evaluation, patent navigation for risk-free launch and selection of suitable technology for finished dosage and manufacturability. To overcome these challenges, we strategically partner with both back-end and front-end collaborators, especially for critical products. In preparation for sales, we leverage the expertise of our marketing partners. By nurturing our ongoing collaborations, we ensure business continuity and uphold these valuable partnerships. We majorly focus on following areas to ensure responsible product delivery.



- Quality Manufacturing:** Ensuring patient safety is our top priority and we are dedicated to upholding the highest levels of product quality through a rigorous quality management system and a culture that puts quality at the forefront.
- Quality Sourcing:** We source our materials from qualified suppliers, who undergo a rigorous screening process. Our sourcing strategy involves carefully selecting and screening partners for each project, including dual sourcing for critical products. Regular audits of their manufacturing sites are crucial in selecting and monitoring our suppliers, as well as ensuring a steady supply of high-quality raw materials.
- Quality Assurance- Kothur Unit:** We have established robust internal processes to enable prompt and effective recall when required.
- Training – LMS (compliance wire -UL):** Effective training management is facilitated through our IT-enabled Learning Management System (LMS) by UL, ensuring streamlined, compliant and efficient training delivery, tracking and evaluation across all operational levels.

Good Manufacturing Practices (GMP)

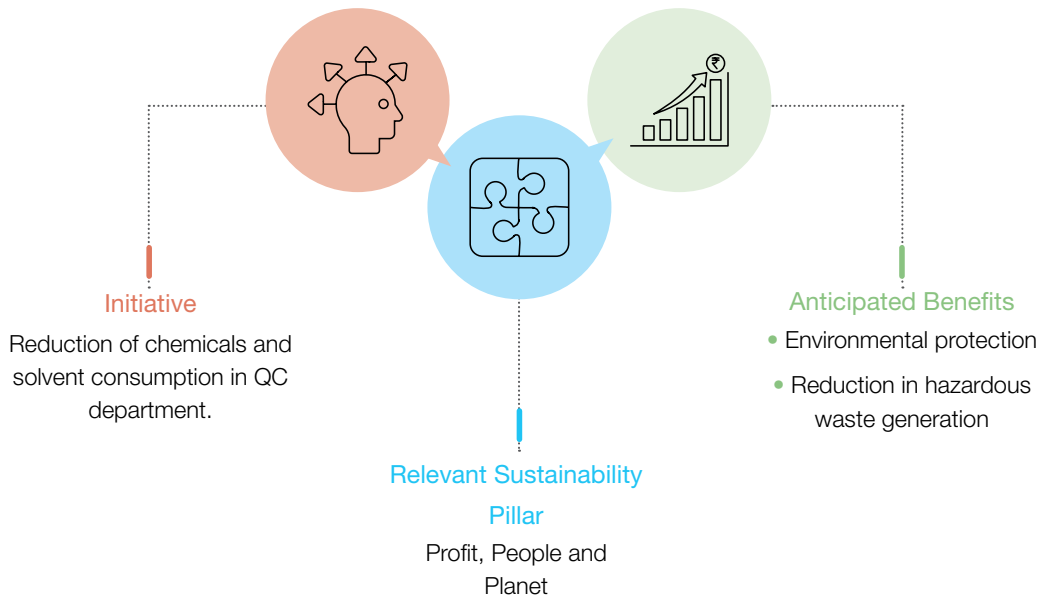
- We ensure the quality of our products through rigorous testing of raw materials and finished goods.
- We validate our manufacturing processes to guarantee consistency and excellence.

Internal Audits and Management Reviews

- We perform regular internal audits to ensure our operations meet the highest standards.
- We conduct management reviews to identify areas for improvement and implement necessary changes.

Continuous Improvement

- We periodically review and update our standard operating procedures to maintain good manufacturing practices and foster a culture of excellence through regular team meetings (shift huddles) and on-site observations (Gemba walks).



e. **Pharmacovigilance:** We operate a comprehensive pharmacovigilance system, compliant with regulatory requirements, to ensure the ongoing safety of our medicines. Our team of qualified professionals is dedicated to monitoring and responding to safety concerns, implementing timely and effective risk mitigation measures as needed.

f. **Life Cycle Analysis:** Through Life Cycle Assessment (LCA), we quantify and analyze the environmental effects of our products, pinpoint areas of high impact and uncover opportunities for improvement. In FY24, we are conducting Life Cycle Assessment (LCA) studies on one of our products- Apixaban. The studies involve a comprehensive cradle-to-gate assessment of the product. This assessment spans the entire product lifecycle, capturing emissions from raw material production to the point where the product is ready for use, just before transportation.



BIODIVERSITY

We acknowledge the importance of biodiversity in ensuring a thriving planet for future generations. To promote biodiversity conservation, we adopt sustainable land use practices and support habitat restoration initiatives. By incorporating biodiversity considerations into our decision-making processes, we strive to maintain ecological balance.

Our efforts have yielded tangible results, with a significant increase in tree plantations at our sites. While our manufacturing locations are not situated in areas with high conservation value or endangered species, we remain committed to undertaking projects that have a positive impact on biodiversity.



^ 'Eco-forest' project implemented in Mekaguda unit

Greenbelt development at Mekaguda



Natco's Mekaguda unit has embarked on an innovative afforestation project, 'Eco Forest', utilizing the Miyawaki concept to create a dense, multi-layered forest with native species. The project includes a diverse range of native trees, such as Neem, Banyan and Peepal as well as fruit-bearing trees like Mango, Sapota and Guava. With a total of 5600 trees, the project is expected to reduce CO₂ emissions by approximately 112 metric tons per year.



NAVIGATING THE PATH TO A RESPONSIBLE SUPPLY CHAIN

We have outlined our expectations from vendors and suppliers to ensure our entire value chain adheres to our standards. We regularly communicate these expectations through awareness programs, which may be conducted on-site or shared through updates, such as informing suppliers about our plastic waste management policy or the conditions for contractor Environment, Health and Safety (EHS) agreements.

Our Sustainable Procurement policy ensures that we conduct business with integrity, transparency and honesty. We adhere

to human rights standards, promoting fair treatment of workers, prohibiting child labor, forced labor and discrimination in employment practices. We strive to create a safe and inclusive work environment for all.

In FY 23-24, we procured 15% of our input materials from local MSMEs/ small producers.



Continuous Improvement

We recognize that a single achievement is not sufficient. Instead, we prioritize continuous improvement as a crucial element. While some improvements may be gradual and others may be groundbreaking, our focus is on empowering people to identify and implement ongoing improvement projects. We believe that continuous improvement has the potential to drive significant positive change in areas such as infrastructure upgrades, equipment design. The results of these efforts will lead to enhancements in safety, environmental management, energy efficiency, cost reduction and overall process improvement.



Responsible Employee Engagement



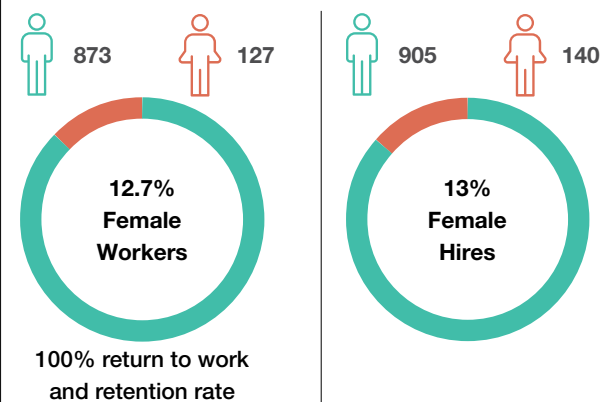
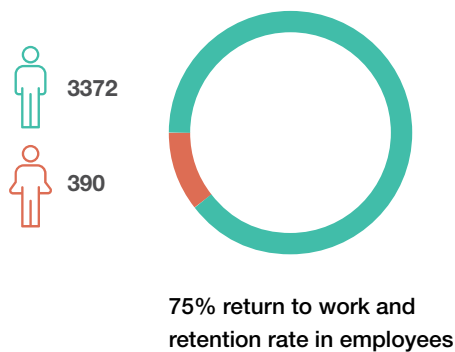
At NATCO Pharma, we are committed to empowering every individual to reach their full potential. We strive to create a work environment where everyone feels valued, heard and respected and where continuous learning and growth are encouraged. Through investments in learning, professional development and skill-building, we are dedicated to helping our employees thrive and succeed in their careers.

CREATING AN INCLUSIVE WORK SPACE FOR OUR EMPLOYEES

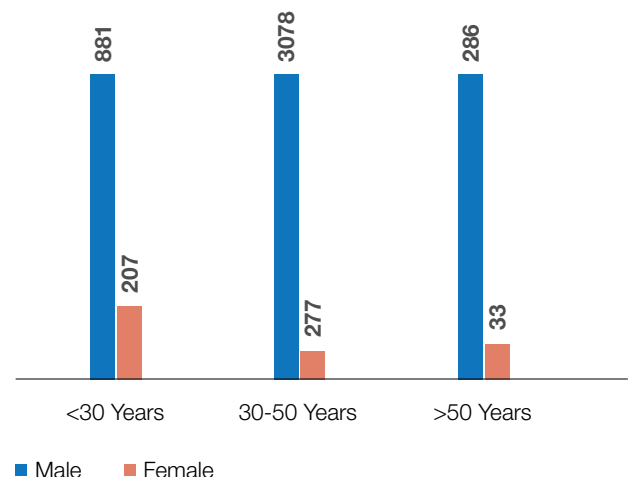
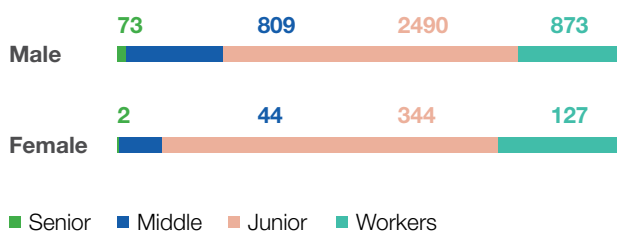
Fostering a diverse and inclusive work environment is crucial for driving creativity, innovation and employee satisfaction. By embracing diversity, we enhance decision-making and create a culture of belonging. We recognize that a diverse workforce brings a wealth of perspectives that strengthen our organization. Over the past year, we have implemented various initiatives to promote diversity and inclusion, including targeted hiring practices, sensitization programs, effective communication and policy reforms.

Our workforce is composed of 10.9% women employees and 12.7% in women workers with a continuous commitment to increasing this percentage. In the reporting year, we hired 1045 new employees, out of which 140 were female employees.

Furthermore, we are working to make our workplace more inclusive by increasing the representation of women in non-traditional roles, such as manufacturing and sales. To achieve this, we are providing realistic job previews, policy support and gender sensitization workshops focused on allyship, ensuring a more inclusive and supportive work environment.

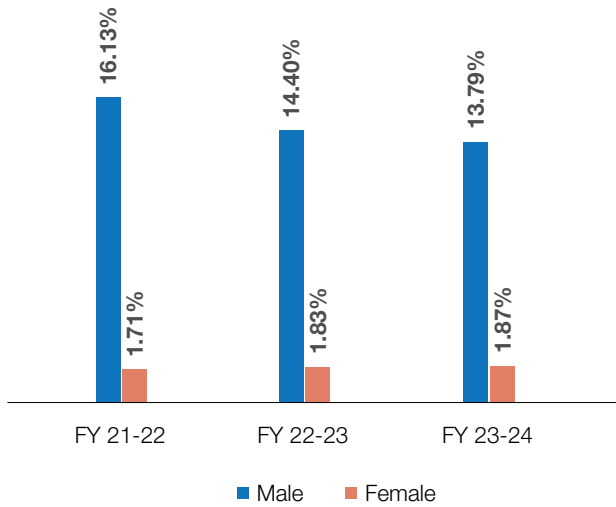


Employee and workers' split by position and age (numbers in million)

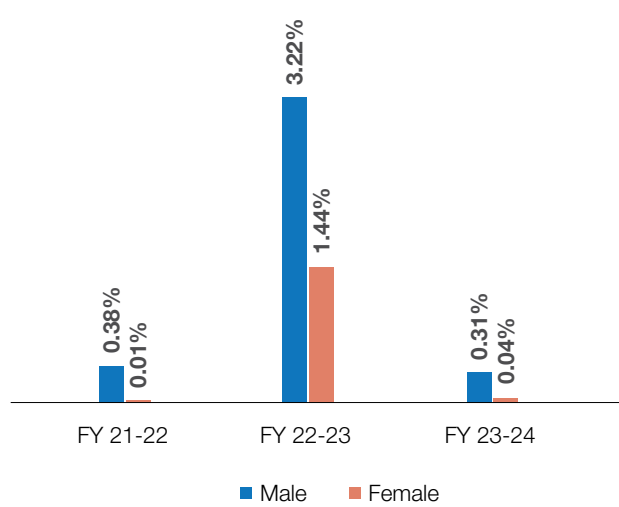


Turnover rate of employees and workers

Turnover rate of permanent employees



Turnover rate of permanent workers



ANNUAL COMPENSATION

Our compensation ratios reflect our dedication to promoting inclusion and fairness. We strive to ensure that all employees are paid equally for equal work, regardless of their gender, level or role, across the entire organization. We negotiate and finalize wage agreements in accordance with Section 12(3) or Section 18(1) of the Industrial Disputes Act, considering the local industrial relations dynamics of each specific unit.



7.32%

Gross wages paid to females as a percent of total wages paid



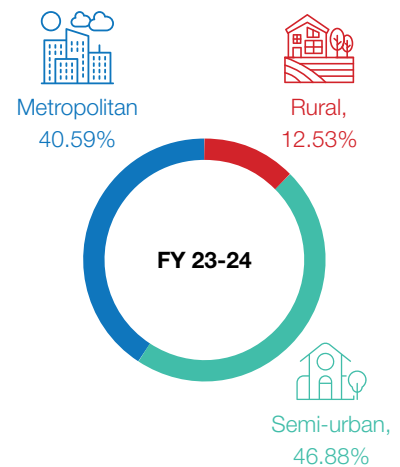
100%

Employees and workers paid more than minimum wages

Category-wise median remuneration

Category	MALE		FEMALE	
	Number	Median remuneration (₹ in millions)	Number	Median remuneration (₹ in millions)
Board of Directors	9	33	1	0
Key Managerial Personnel	2	7.9	0	0
Employees other than BoD and KMP	3365	0.6	390	0.4
Workers	473	0.5	50	0.4

Region-wise wage distribution



In the event of significant operational changes, we provide a minimum notice period ensuring employees are informed and prepared. Trainees receive 7 days' notice, while others receive 3 months', except Field Sales and Marketing, who get 1 month. This approach promotes transparency and fairness in our communication.

EMPLOYEE WELLBEING

At NATCO Pharma, ensuring the wellbeing of our employees is the cornerstone of our commitment to fostering a supportive and productive workplace. We believe that a healthy, engaged and motivated workforce is essential to our success. Our approach to employee wellbeing encompasses comprehensive employee benefits and wellbeing practices to ensure a supportive work environment that promotes work-life balance, fostering strong connections to the Company's vision and values, maintaining open relationships with management and offering career development opportunities.



100%

Employees and workers covered for provident funds



Employee Benefits

Compensated absences (EL)

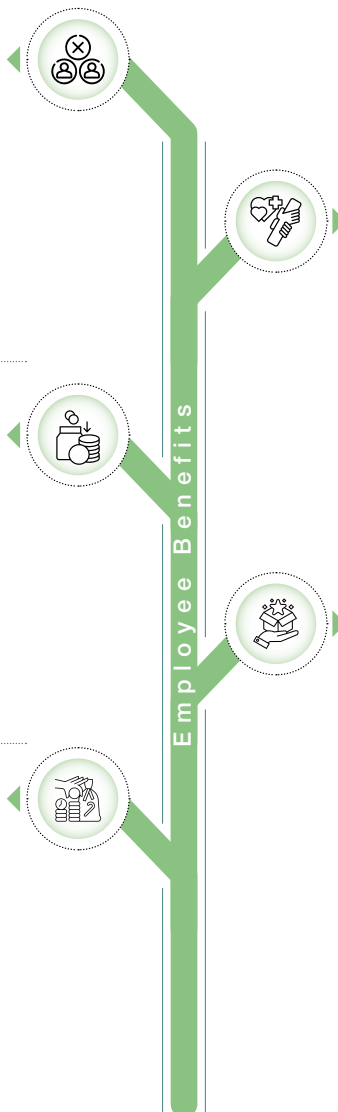
The Company calculates the accrual for unused leave by determining the total available leave balance for each employee as of year-end. The value of leave balances that can be carried over is then actuarially valued as of the end of the year and recorded as an expense on the profit and loss statement.

Gratuity

The Company has enrolled in a group gratuity plan with Life Insurance Corporation of India (LIC), which provides eligible employees with a lump-sum gratuity payment (as per the act) upon resignation, retirement or death, subject to applicable taxes, up to a maximum amount of ₹ 20 lakh.

Provident Fund

The Company contributes a predetermined percentage of employee salaries to provident fund and employee state insurance schemes, which are defined contribution plans, on behalf of eligible employees.



Transition Assistance

In addition to our regular retirement benefits, we provide transition assistance to ensure a smooth and financially secure transition into retirement.

Incentives

Performance-based bonuses and rewards to recognize employee achievements.

Employee Wellbeing Practices

NATCO Pharma prioritizes the wellbeing of its employees, providing comprehensive benefits such as health insurance, accident insurance and maternity benefits. Additionally, the organization fosters a supportive work environment,

encouraging employees to provide feedback and suggestions for improvement. By doing so, it creates a workplace where employees can thrive, unleash their full potential and experience a connected, efficient and joyful work life.



^ Women's Day celebrations held in our premises



^ Women's Day celebrations held in our premises



^ Breast Cancer Awareness session



^ Blood donation drive



Occupational Health Center: Each operational site has a qualified doctor and nurses available around the clock to monitor the health of our employees. The sites are equipped with fully functional Occupational Health Centres.



Health camps: We organize specialised medical services and wellness camps for employees.



Daycare facilities: Day care (Creche) facilities are available at the formulation's facilities (Kothur and Nagarjuna Sagar), Vizag and R&D Center.



Health checkups: To ensure the wellbeing of our employees, we conduct annual medical health checks. We have a tie-up with NanoHealth Care, a reputed healthcare provider, to provide comprehensive medical check-ups for our employees.



Group Life Term Policy: If an employee passes away during his service in the Company, their colleagues in the same unit will donate one day's salary and the Company will contribute twice the collected amount.



Group Medical Insurance: We provide comprehensive health insurance schemes to every employee in line with our Group Medical Insurance policy and Employee State Insurance Scheme.

CULTIVATING STRONG WORKPLACE CONNECTIONS

NATCOConnect, our intranet launched in 2016, is a centralized platform for internal communication, fostering collaboration and connection among employees. It enables efficient communication, sharing industry insights, Company news and

updates. The user-friendly interface provides easy access to employee applications, policies and Company information, while also recognizing employee milestones as well as sharing internal and external news.



▲ Glimpses of Employee Engagement at NATCO Pharma

OCCUPATIONAL HEALTH AND SAFETY

The wellbeing of our employees is our top priority as they are the foundation of our operations.

As a pharmaceutical Company, we are committed to providing a safe and healthy work environment for our employees. Currently, two API and four Formulations manufacturing facilities are accredited with ISO14001-2015 & ISO 45001-2018 Management System standards.

We have a dedicated EHS policy in place, following which we provide a safe and healthy work environment for our employees and a clean environment for the surrounding community. We strive to meet the highest standards in plant design, equipment selection, maintenance and operations. To ensure the effective implementation of this policy, we have established a robust EHS Management System, backed by a well-defined organizational structure, to ensure safe and sustainable operations.




ZERO
 Workplace related accidents recorded

Safety in our Operations

To ensure safe operations, we utilize a range of risk analysis tools, including EHS by design checklists, risk-based exposure assessments, HAZOPs, HIRA, QRA, walkthrough observations, plant safety inspections as well as internal and external safety audits.

We have a systematic process in place to identify and assess work-related hazards on a regular and ad-hoc basis. Routine activities are covered under HIRA, while non-routine activities are managed through our work permit system.

Any changes to processes or facilities are carefully assessed and implemented through our Change Management System to maintain a safe work environment.

To safeguard our employees, we enforce strict administrative controls, engineering controls, a work permit system and provide our workforce with the necessary personal protective equipment across all our facilities.

Our site leadership teams proactively identify and address unsafe acts and conditions.



▲ EHS awareness posters at our Chennai unit

Our Workforce's Contribution towards Safety

Building a safety-oriented mindset in our workforce is at the core of our safety management system. We strive to create a safe and healthy work environment by identifying and mitigating hazards, eliminating at-risk behaviors and promoting overall wellness through a proactive approach to occupational health and safety risk management.

To achieve this, we prioritize employee engagement and participation in shaping a robust safety culture. We also undertake the following initiatives to imbibe a safe culture for our employees across all our units:

- Combining informal initiatives, such as toolbox talks, with formal procedures to ensure a comprehensive safety strategy.
- Educating employees on the importance of integrating proactive safety practices into their daily routines. Moreover, we encourage them to report any safety concerns, near misses and suggestions for improvement and provide a supportive work environment that empowers them to innovate and implement new ideas.
- Raising awareness and building capabilities among employees, contractors and business partners on safety, health and environmental issues through targeted training programs.
- Fostering collaboration among diverse teams and encouraging employee input on EHS matters to promote a culture of collective decision-making and shared responsibility.



^ Safety trainings held in our premises



^ Safety week celebrations held in our premises

Ensuring Safety, Hygiene and Compliance

In the pharmaceutical industry, maintaining a clean and hygienic environment is crucial to ensure the quality and safety of products. Employee hygiene plays a vital role in preventing contamination and ensuring compliance with Good Manufacturing Practices (GMPs).

We ensure a safe and healthy workplace through various measures. These include leadership commitment, line management ownership, employee involvement and awareness. The facilities are equipped with fire hydrant systems, smoke detection and alarm systems and sprinkler systems as well as nitrogen systems. Additionally, NATCO Pharma conducts pre-start safety reviews to identify hazards and ensure necessary safety controls are in place. Furthermore, the organization prioritizes housekeeping, implementing it with discipline to demonstrate the transfer of learning into the workplace.

HUMAN CAPITAL DEVELOPMENT

At NATCO Pharma, we recognize that human capital development is a vital strategic investment in our workforce as it is a key driver of our organization's success. It plays a crucial role in enhancing productivity, retention and overall organizational performance. Our human capital development initiatives encompass a range of practices and policies designed to upgrade the skills, knowledge and abilities of our employees, ensuring they are aligned with our business values and goals. By prioritizing human capital development, we aim to cultivate a culture of continuous learning, innovation and high performance, which is essential for our long-term growth, sustainability and mission fulfillment.

Our training approach begins with a thorough need analysis, which informs the development of our annual training calendar.

Our training programs cover a range of topics, including-

Quality and Compliance: Current good manufacturing process, good laboratory practices and good documentation practices

Safety: Behavior-based safety training, EHS competency development for line managers and specialized training in areas such as fire safety, first aid and electrical safety

Behavioral: Business communication, technical writing, conflict management and leadership development

Emotional Quotient (EQ)

We prioritize EI training to empower managers to build high-performing teams, foster trust and cultivate self-awareness, empathy and effective communication.

Management Development Programme (MDP)

Develops managerial excellence, focusing on stakeholder relationships, collaboration and long-term success through effective leadership skills.

Field Force Training

Comprehensive training, including field coaching, self-study and refresher training to enhance selling skills and product knowledge.

Leadership Retreat

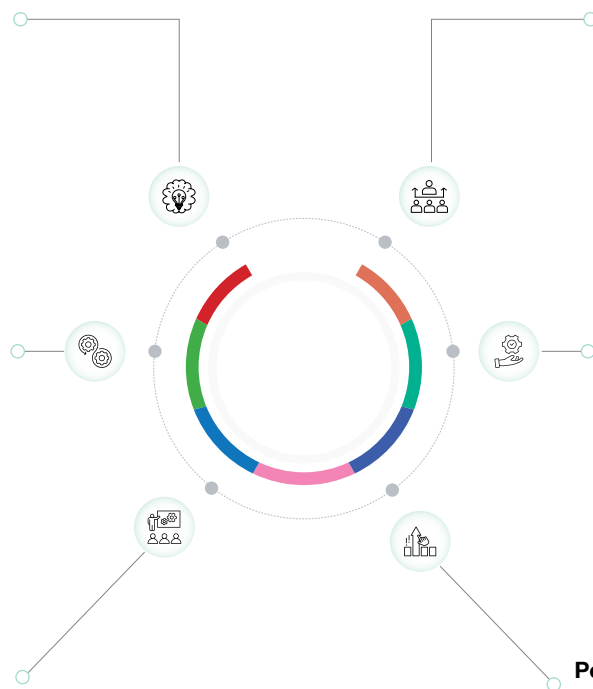
Senior leaders gathering for a strategic workshop, the Leadership Retreat, to exchange ideas, enhance leadership skills and drive organizational growth.

Induction program for new joiners

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

Performance improvement plan for non-performers

Performance improvement plan for non-performers



In FY 23-24, every employee dedicated 31 hours to training and development, demonstrating our commitment to learning and growth.



^ Training programs held in our premises

Training programs for security personnels

In the reporting period, a total of 183 security personnel underwent various training sessions, accumulating a total of 341 training hours. The training topics included fire extinguisher operations, fire hydrant operations, SCBA operations, OSEP plan, fire alarm system handling, mock

drills, first aid and ERT (Emergency Respond Team) training. Additionally, training on vehicle entry procedures was also conducted. These training sessions aimed to enhance the security personnel's skills and preparedness in responding to emergencies and ensuring a safe environment.



Training programs held for security personnel in our premises

DRIVING EXCELLENCE THROUGH PERFORMANCE MANAGEMENT

We cultivate a culture of empowerment by by setting goals, performance conversations as well as learning and development opportunities. At the core of our commitment to excellence is delivering exceptional performance. Our Performance Management System prioritizes clarity, coaching and support, ensuring employees have the resources to excel and grow, fostering a culture of continuous improvement.

We believe a robust performance management framework is crucial for a culture of outstanding achievement, growth and employee engagement.

Our approach is built on three principles: clear expectations, regular feedback and development opportunities.

 <p>Ongoing Feedback: Regular feedback mechanisms are in place to recognize and reward outstanding performance as well as identify areas for improvement.</p>	 <p>Comprehensive Performance Reviews: Annual or bi-annual performance reviews provide a thorough assessment of progress, constructive feedback and guidance on future objectives.</p>	 <p>Personalized Career Development Plans: We invest in our employees' personalized career development by creating tailored development plans that help them advance in their careers.</p>
<p>Collaborative Goal Setting: Employees and managers work together to set clear, achievable goals that support the Company's vision.</p> 	 <p>Promotion and Growth Opportunities: Promotions are merit-based, considering individual skills and organizational needs.</p>	

EMBRACING HUMAN RIGHTS: OUR COMMITMENT TO DIGNITY AND RESPECT

At NATCO Pharma, we believe that every individual deserves to be treated with dignity and respect. Thus, we are dedicated to upholding and promoting human rights in every aspect of our operations and business activities. Our commitment is rooted in the principles of natural justice and related legislations.

Our Pledge to Respect and Empower

Our Human Rights Policy protects the fundamental rights and dignity of all individuals, including our employees, contractors, suppliers, customers and the communities we serve. We are committed to fostering a workplace culture that values diversity, equity and inclusion, ensuring that all employees, have equal opportunities for employment, growth and development. By promoting human rights principles and fostering a culture of accountability, transparency and respect, we aim to make a positive impact on the wellbeing and empowerment of individuals and communities worldwide.

Board Oversight

NATCO Pharma's Board of Directors oversees the implementation and effectiveness of our human rights policies, ensuring alignment with regulations and standards.

Internal Processes

We implement human rights with due diligence, defining clear processes for human rights related grievances and addressing it.

- a** **Integration:** We incorporate human rights considerations into every aspect of our business.
- b** **Education and Awareness:** We provide training to different stakeholders, promoting awareness and understanding of human rights.
- c** **Incident Reporting:** If an individual believes they have been discriminated against based on human rights, they should report the incident to the Grievance Redressal Officer, HR Manager or Management via email or open dialogue.
- d** **Remediation:** We have established processes to address and remediate any adverse impacts of our operations on individuals or communities, including a grievance redressal committee to address complaints.
- e** **Monitoring and Reporting:** We have established mechanisms to monitor human rights performance and report on our progress and efforts to promote human rights in our public disclosures.

CUSTOMER RIGHTS

At NATCO Pharma, we are committed to protecting the data and interests of our customers.

1

Access to Medicines: We are dedicated to ensuring that all customers, including vulnerable and disadvantaged groups, have equal access to our safe, effective and high-quality medicines. We have implemented measures to prevent discrimination and guarantee equal access to our products and services.

2

Product Quality and Services: We ensure that our products are safe, effective and comply with regulatory requirements.

3

Customer Safety: The safety and wellbeing of our customers is our top priority. We design and manufacture our products with safety in mind.

4

Privacy and Data Protection: We respect our customers' right to privacy and data protection. We ensure that any personal data collected is stored and reasonably protected in accordance with applicable laws and regulations, safeguarding it from unauthorized access or misuse.



GRIEVANCE MECHANISMS AND REMEDIATION



Effective Grievance Redressal:

We provide accessible channels for all internal and external stakeholders to report human rights breaches and seek resolution. Our open-door policy ensures that complaints are heard and addressed in a timely and fair manner.



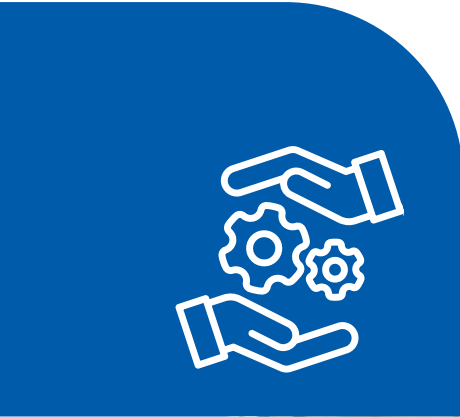
IC-POSH Committee: NATCO Pharma has a policy on the sexual harassment of employees in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.

Prompt Remediation:

We have established procedures to identify and remediate human rights issues promptly and fairly, ensuring that any violations are addressed in a thorough and transparent way.



Whistleblower Protection: Our Whistleblower Policy empowers employees and stakeholders to report human rights violations without fear of retaliation, fostering a culture of accountability and transparency.



Responsible Societal Actions










CORPORATE SOCIAL RESPONSIBILITY

NATCO Pharma Limited is committed to giving back to the community through its robust CSR initiatives. The Company is dedicated to improving access to healthcare in underserved areas, supporting educational programs for underprivileged communities and promoting community development projects. Additionally, Natco Pharma partners with non-profit organizations and its own implementing agency, NATCO Trust, to drive positive change.

Established in 1995, Natco Trust serves as the CSR arm of Natco Pharma Limited, focusing on education, healthcare and livelihood initiatives in Telangana andhra Pradesh, Guwahati, Chennai and Dehradun. Currently, the Trust’s outreach extends to multiple districts, including Hyderabad, Nalgonda, Siddipet, Ranga Reddy, Medchal-Malkajgiri and Bhadradi Kothagudem in Telangana, as well as Guntur, Visakhapatnam and other districts in Andhra Pradesh. In FY 23-24, we carried out Impact Assessment of our CSR activities, which is available at https://www.natcopharma.co.in/wp-content/uploads/2024/05/Impact-Assessment-of-Natco-Pharma-Ltds-CSR-Support_24.05.24.pdf

CSR PROJECTS IN FY 23-24

During FY 23-24, our CSR support has broadly been channelized to the following major projects:

Focus Area	CSR Project	No. of persons benefitted from CSR Projects
	Support to Anganwadi Centres (AWC)- additional volunteer for educational intervention	685 14.35% (% of beneficiaries from vulnerable and marginalized groups)
	Support to Anganwadi Centres (AWC)- other interventions	226 93.79% (% of beneficiaries from vulnerable and marginalized groups)
	Infrastructure support to Anganwadi Centres (AWC)- new building construction	43
	Bala Vikasa Kendra (BVK)- operations and other interventions	25 100% (% of beneficiaries from vulnerable and marginalized groups)
	Bala Vikasa Kendra (BVK)-infrastructure support to Thatigadda Thanda BVK	12 100% (% of beneficiaries from vulnerable and marginalized groups)
	Post-School tuitions for Government school children (Grade 1 to 5)	823 94% (% of beneficiaries from vulnerable and marginalized groups)
	Additional teaching Volunteer-Government primary schools	725

Community Infrastructure

Establishment of RO plants, community infra like panchayati buildings and others.

Livelihoods

Skill development initiatives to empower rural women in tailoring.














Education










Programmatic and infra interventions in anganwadi centers, government schools, partnership with organisations like TFI and CSF, among others.

Health

Infra interventions like NATCO Cancer Centre in Guntur Government Hospital, NATCO Eye Centre in Kothur, Telangana in collaboration with LVPEI, OPD block in Niloufer Hospital and initiatives like mobile health clinics and counsellors in government hospitals, among others.



Focus Area	CSR Project	No. of persons benefitted from CSR Projects
	Government Primary School Prabhat Nagar, Telangana-educational interventions	605
	NATCO Government High School, Borabanda, Hyderabad, Telangana-educational and infrastructural interventions	1,529
	NATCO Zilla Parishadh High School, Kothur, Rangareddy District, Telangana- infrastructure intervention: construction of new school building	596
	NATCO Zilla Parishadh High School, Indiranagar, Siddipet, Telangana-renovation and infrastructure upgrade of the school	1,197
	Additional teaching volunteer for Government High Schools, Telangana	452
	Coaching for Navodaya entrance examinations for Government school children, Andhra Pradesh	15
	Hippocampus School, Rangapur, Rangareddy District, Telangana	1,140 97% (% of beneficiaries from vulnerable and marginalized groups)
	NATCO School of Learning, Gollamudipadu, Guntur District, Andhra Pradesh	419 49.90% (% of beneficiaries from vulnerable and marginalized groups)
	Teach for India fellows in Government primary schools	117
	Education project - Telangana (Bhadradi Kothagudem and Medchal Malkajgiri) in collaboration with Central Square Foundation (CSF)	84,236 37% (% of beneficiaries from vulnerable and marginalized groups)
	NATCO Mobile Health Clinics- Sanjeevini	23,963
	NATCO Digital Primary Health Center (NDPHC), Mekaguda, Rangareddy District, Telangana	16,114
	Counsellors support to Government hospitals in Hyderabad (Gandhi Hospital, Osmania Hospital, Niloufer Hospital and MNJ Cancer Hospital)	373,093

Focus Area	CSR Project	No. of persons benefitted from CSR Projects
	NATCO Eye Center in collaboration with LVPEI	28,136
	NATCO Cancer Center, Guntur Government general hospital	15,300
	Oncology Medicines support to NATCO Cancer Centre, Guntur Government general hospital and MNJ Cancer Hospital (Hyderabad)	6,946
	Veterinary Interventions	110
	Specialized Health Camps - Cancer Screening Camps in collaboration with MNJ Cancer Hospital	419
	Specialized Health Camps - eye screening camp in collaboration with LVPEI	264
	Supplementary Nutrition support for pregnant and lactating mothers	347
	New RO Water Plant, Dhansigh Thanda, Rangareddy District, Telangana	150 100% (% of beneficiaries from vulnerable and marginalized groups)
	NATCO Vocational Training Centres	40

EDUCATION AND INFRASTRUCTURE SUPPORT

At NATCO, we believe that education has the power to transform lives. Through the NATCO Trust, we are committed to empowering education in surrounding villages. Our initiatives support government schools, Anganwadis and notable institutions, providing quality education to thousands of children. Our NATCO High School (now Hippocampus School) in Rangapur, established in 1995, has achieved a remarkable 10th grade graduation rate, while the NATCO School of Learning, founded in 2011, aims to cater to the needs of the rural communities in and around Ponnur. We strive to create an environment where every child can thrive and succeed. By providing necessary resources, skilled teachers and innovative methods, we enhance access to quality education.

In FY 23-24, we extended our support to 6,000+ children and students, as well as 36 teaching volunteers and 5 TFI Fellows.

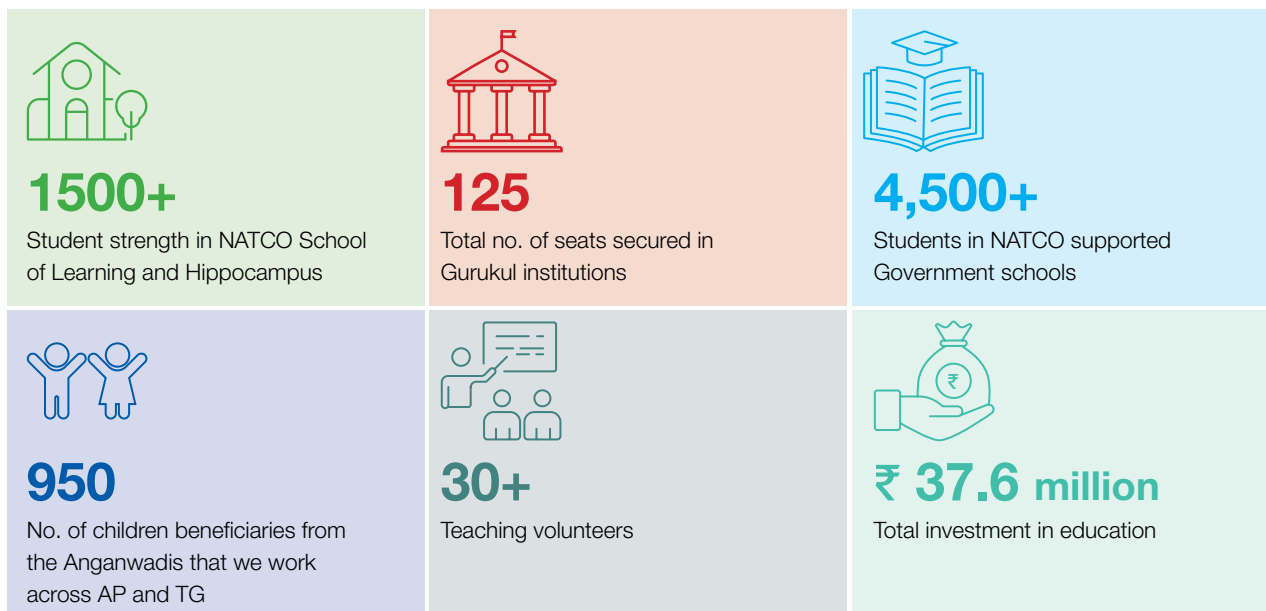
Gurukuls: This year, NATCO Trust successfully provided intensive coaching for Gurukul entrance exams to over 600 government school students, focusing primarily on Class 4 students. 125 students secured seats in Gurukul institutions this academic year. We expanded our program to include applications for minority residential institutions, Eklavya and other competitive entrance exams for residential institutions in Telangana. This initiative aims to provide quality education opportunities to underprivileged communities.

Post-school engagement programs: Our efforts in Nagarjunasagar, Kothur, Mekaguda, Gollamudipadu have achieved outstanding community engagement in post-school engagement programs, wherein the instructors support low-rigor students initially, gradually transitioning the class to engage in peer learning.

Support for government schools: Government schools supported by NATCO Trust have shown significant improvement in the academic performance of their students, particularly in the 10th board exams. The Trust's focused pedagogy has contributed to notable growth in both school readiness and language skills, helping students build a strong foundation for future academic success.

Balvikas Kendra: Our Bala Vikasa Kendra at Thangilla Thanda and Thatigadda Thanda have adopted self-paced, student-centric learning approach by actively involving learning tools and games, charts, shapes, placards, tools, worksheets and sand tracing.

FLN Mission: In FY 23-24, NATCO has partnered with Central Square Foundation (CSF), which works closely with the Telangana District Education Departments to work on the Foundational Literacy and Numeracy (FLN) mission implementation in the Medchal-Malkajiri and Bhadradi Kothagudem districts. This initiative impacts 1300+ primary schools and 84,000+ students.



Activity/TLM kits in an Anganwadi Centre



Interactions with parents at the AWC Salvendriguda



^ Bala Vikasa Kendra in Thangilla Thanda, Nagarjunasagar



^ Post school tuitions at a Government Primary School, Mekaguda



^ Students selected to Gurukuls from Borabanda in Hyderabad



^ Aksharabhyasam program in an AWC

Here is what some of the students at the NATCO supported schools experienced,



“We like that we can learn at our own pace and our doubts are always welcome. We never have to hesitate to ask any question from our teacher.”

D. Tanuja and J. Meenu are 4th grade students receiving Gurukula coaching at the MPPS Nellikal school. They are taught by Mr. Laxman, a NATCO supported teaching volunteer. With the help of the coaching, Tanuja and Meenu have improved significantly in Maths. They feel more confident about taking the Gurukula entrance examination. Both the girls hail from a humble background and hope to fulfill their dreams of higher education through Natco Trust's and the government's support.



HEALTHCARE

NATCO's healthcare projects encompass a broad spectrum of initiatives, including the construction of safe water centers, patient counseling, mobile health centers, nutrition centers, patient waiting halls and hospital wards. Our commitment to improving healthcare is evident in our comprehensive approach, which includes promoting healthy lifestyle practices, raising awareness about nutrition and maternal health and providing support for cancer care.

We have also provided manpower support to 4 major government general hospitals in Hyderabad, benefiting

patients through outpatient services, follow-ups, counseling and additionally, we have established mobile health clinics, reaching 28 remote villages and initiated nutrition centers to support pregnant and lactating mothers, aiming to prevent anemia and malnutrition. We have constructed the 85,000 sq. ft. NATCO Cancer Block at GGH, Guntur, with an investment of approximately ₹ 45 crore. To meet the growing demand, we are now developing an adjacent block that will add 100 more beds. Additionally, we have built a 26,000+ sq. ft. OPD Block at Niloufer Hospital and a Pediatric Oncology Ward at MNJ Cancer Hospital.



“NATCO’s Cancer Block has major hospital facilities like labs, doctors, medicines and wards. Everything here is systematic and very neat and clean. I was diagnosed with CA cervical cancer. Doctors and nurses are also very supportive. They keep asking about how I am feeling. Everything here is top notch.”

B. Jayamma (60-year-old), Patient



Some of the initiatives taken by us include,


**NATCO MOBILE
HEALTH CLINIC**

The Natco Mobile Health Clinic, 'Sanjeevani' provides affordable and quality primary healthcare services to underprivileged areas in Nalgonda and Ranga Reddy districts. In FY 23-24, it has served 28 villages, 6,000+ beneficiaries and 23,900+ consultations.

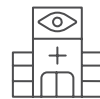
The Natco Digital Primary Healthcare Centre in Mekaguda village, Ranga Reddy district, provides free healthcare services to nearby communities. The centre offers health diagnostic testing, teleconsultation and pharmaceutical support, saving patients an estimated 67,657.5 hours. In FY 23-24, 3,600+ lab investigations were performed, medicines were supplied and 12,400+ consultations were provided.


**NATCO DIGITAL
PRIMARY
HEALTHCARE
CENTRE**

**NATCO TRUST'S
SUPPORT TO
HOSPITALS**

NATCO supports 4 government hospitals in Hyderabad namely Osmania, Gandhi, Niloufer and MNJ Cancer Hospital with personnel, infra and medicines support. This includes construction of OPD block in Niloufer and paediatric cancer care ward in MNJ Cancer Hospital, counsellors and so forth. A total of 3,73,093 patients benefitted from our counselling and OPD guidance services this FY.

NATCO Eye Centre in Kothur aims to provide comprehensive eye care services to underserved populations. 'This Secondary Eye Care Centre of LVPEI' has received infrastructural support and 100% of patients are satisfied with the facilities. It offers free OPD and surgery services to the economically underprivileged, saving them approximately ₹ 20,000/- per cataract surgery. In FY 23-24, 25,350+ OPD consultations and 3,700+ cataracts were treated. A new NATCO Eye Centre is coming up near Ponnur which will be operational in FY 25.


**NATCO Eye Centre
in Collaboration
with LVPEI**

**NATCO TRUST'S
SUPPORT TO
GUNTUR GENERAL
HOSPITAL**

Natco Trust collaborated with the Government of Andhra Pradesh to build the 80,000 sq. ft. Natco Cancer Centre at Guntur General Hospital. The centre provides free cancer treatment to underprivileged communities, serving over thousands of people annually, improving their quality of life and thereby saving lakhs of rupees in NATCO Trust also signed a MoU recently to build an extension block to the main Cancer Block to create provision for 100 more beds.

NATCO Cancer Center

NATCO Trust, in collaboration with the Government of Andhra Pradesh, established the NATCO Cancer Centre at Guntur General Hospital, providing critical cancer care to thousands of patients across the state. As the only 100% level-1 comprehensive cancer care centre in Andhra Pradesh, it has become a lifeline for individuals diagnosed with cancer. To address the growing demand, NATCO Trust has signed a MoU with the Government of Andhra Pradesh to construct a 100-bed extension block, further expanding its capacity to serve underprivileged patients.



4,900+
Chemo cycles



800+
Surgeries



8,000+
Radiation cycles



^ Blood donation activities organised at the Head Office on the occasion of Founder's Day



^ NATCO Mobile Health Clinic in Kothur



VETERINARY SUPPORT

NATCO Trust supports rural animal husbandry in Nandigam and Kothur mandals by providing essential veterinary medicines to dairy farmers. We also organized a veterinary health camp in three villages at Nagarjuna Sagar, benefiting 91 farmers and 2,002 animals. Our veterinary support aims to maintain animal health, welfare and productivity, while ensuring public health and sustainability of animal-related industries. We have a team of six staff members, including a doctor and veterinary assistants, providing support in Mekaguda and collaborate with Government Veterinary Doctors in Nagarjunasagar.

In Mekaguda, dairy farmers have an year-round access to regular supply of essential minerals and vitamins for their cattle. Accordingly 834 cattle received 15,830 litres of oral calcium. This is one of its kind initiative where 50% of the cost is borne by the farmers and 50% by NATCO Trust. Our pharmaceutical and diagnostic support includes treatments for various animal health issues and we provide oral calcium to farmers at 50% discount, resulting in increased milk production and cost savings.



“We are supporting farmers with mineral mixture, oral calcium, treatment and medicines (130+ varieties) for their livestock. We have also started surgeries now. We did a successful limb amputation surgery of a cow for a beneficiary. We have also procured a cow lifting machine. About 70% of the farmers in this region are utilizing our veterinary services. I consider myself very lucky and proud to be part of Natco, giving free of cost/subsidized services to the farmers.”

Dr. Shравan Kumar Reddy,
Natco veterinary doctor



1,500

Cattle benefitted



6,700+

Diary cases treated



100+

Farmers benefitted



₹46,00,000+

Worth medicines donated



Interaction with veterinary beneficiary during field visit



Treated livestock in Kothur Project area

LIVELIHOODS

NATCO Vocational Training Centre (NVTC) in Kothur consistently delivered good training and job work for the local women by leveraging the neighborhood demand. Nagarjunasagar has launched NVTC where the community bears the trainer's costs and space, while Natco provides the machines. This initiative aims to provide employment skills to the women in the region. At NVTC Kothur Garment unit, 1990 uniforms were stitched for Anganwadi children, 990+ school uniforms stitched for ZPHS Kothur and 150+ blouses were stitched for NATCO Kothur Pharma division housekeeping staff.

COMMUNITY INFRASTRUCTURE

NATCO Trust has taken up various projects to enhance community infrastructure setups including schools, hospitals and many more. Glimpses of some of these initiatives are given below,



^ NATCO Govt High School, Borabanda is receiving holistic support from 2008 and the premises nurtures about 2000+ kids currently



^ NATCO ZPHS Indirangar in Siddipet houses 1200+ kids



^ New state-of-the-art AWC in Nandigama, Kothur Project area



^ NATCO Zilla Parishadh High School, Kothur

ENSURING GLOBAL ACCESS TO AFFORDABLE, LIFESAVING MEDICINE

At NATCO Pharma, we believe that good health is a fundamental right and access to affordable medicines is a critical component of achieving this goal. As a responsible pharmaceutical Company, we are dedicated to making life-saving medicines accessible, available and affordable for patients worldwide, particularly in low and middle-income countries where financial limitations often hinder access to essential medications.

We play a vital role in making specialty medicines more accessible by creating affordable alternatives for patients with chronic conditions such as cancer, gastro and multiple sclerosis, who are often unable to afford the original treatments due to high prices. We have implemented access programs, pricing strategies and partnerships to increase affordability and accessibility of medicines.





Our Corporate Governance



CORPORATE GOVERNANCE AND BUSINESS ETHICS

Corporate governance is the cornerstone of NATCO's commitment to maintaining transparency, accountability and integrity in all our operations. It is a critical aspect that ensures our business is conducted in a manner that protects and enhances stakeholder value, promotes ethical conduct and complies with legal and regulatory requirements. Our governance framework is designed to foster a culture of good corporate citizenship, operational excellence and sustainable growth.

NATCO has corporate governance at the heart of its management approach. Our decision-making process hinges on decentralization, empowerment and meritocracy with an aim to enhance shareholder value. Beyond mere adherence to laws and regulations, we hold ourselves to elevated ideals of ethics, integrity and sustainability. We strive to create a meaningful, positive influence on society through every aspect of our business operations.

Adherence to laws, rules and regulations in both principle and practice.



Implementation of robust systems and practices to ensure the protection, promotion and safeguarding of all stakeholders' interests.



Fostering a culture of trust and confidence among stakeholders through transparent and timely disclosure of all relevant information.



GOVERNANCE STRUCTURE

Our governance structure is robust, ensuring effective oversight and strategic direction for the Company. It is designed to support the Company's mission and goals and maintain a prominent level of trust with stakeholders. The primary elements of our governance structure include the Board of Directors and its various committees. Each committee plays a critical role in overseeing specific areas of our operations, ensuring that NATCO adheres to the highest standards of governance. This multi-faceted

approach allows us to address diverse aspects of our business, thereby fostering a culture of transparency, accountability and sustainable growth.

Our approach to corporate governance and the role it plays goes beyond meeting our compliance obligations. We believe that our governance framework supports our high performing and respectful culture and is underpinned by our values of integrity, respect, openness, collaboration, creativity and quality.



BOARD OF DIRECTORS AND EXPERTISE OF THE BOARD

NATCO Pharma is dedicated to maintaining good corporate governance, which is crucial for achieving sustainable performance, long-term growth and increased value for stakeholders. We believe that transparency, a strong and Independent Board, compliance with laws, responsible business practices and accountability are essential for good governance, which enhances our global reputation and maintains shareholder trust. Our purpose guides our decision-making and actions, leading to consistent, competitive, profitable and responsible growth that creates long-term value for our shareholders and stakeholders. Our Board of ten distinguished individuals from diverse backgrounds provide strategic direction to the Company, making informed decisions through independent and objective judgment.



SRI V. C. NANNAPANENI
Chairman and
Managing Director



SRI RAJEEV NANNAPANENI
Vice Chairman and CEO



SRI G. S. MURTHY**
Independent Director



DR. T. V. RAO**
Independent Director



SRI D. VIJAYA BHASKAR^
Independent Director



SRI A.D.M. CHAVALI^
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. G. PRASAD**
Independent Director



**SRI LAKSHMINARAYANA
BOLISETTY^^**
Independent Director



DR. LEELA DIGUMARTI***
Independent Director



DR. KANTIPUDI SUMA^^
Independent Director



SRI NITIN JAIN ^^
Independent Director

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

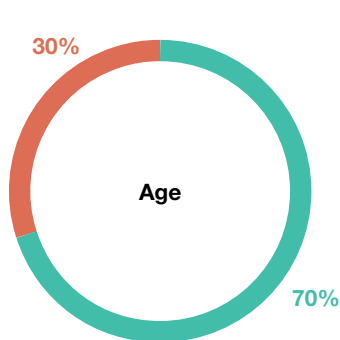
**Sri G.S. Murthy and Sri D.G. Prasad vacated the office upon completion of their 2nd term of 5 (five) years as Independent Directors of the Company w.e.f. 1st April, 2024. Dr.T.V.Rao, vacated the office upon completion of his 2nd term of 5 (five) years as Independent Director of the Company w.e.f. 24th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

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

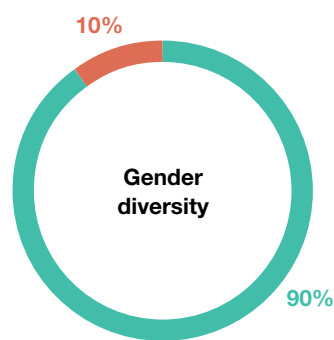
^ The members of the Company appointed Sri A.D.M. Chavali, Sri D. Vijaya Bhaskar as Independent Directors w.e.f. 1st April, 2024.

^^ 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 and the members of the Company have approved the appointment of Directors at their 41st Annual General Meeting held on 30th September, 2024

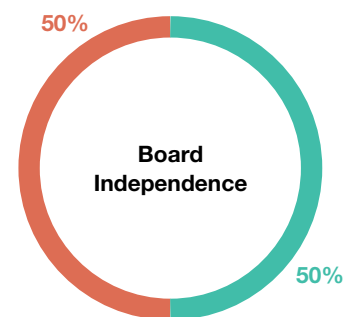
Name of the Director	Position	Meetings Held during Tenure	Meetings Attended
Sri V. C. Nannapaneni	Managing Director	5	5
Sri G.S. Murthy	Chairman, Independent Non-executive Director	5	5
Dr. T.V. Rao	Independent, Non-executive Director	5	5
Sri Rajeev Nannapaneni	Director & Chief Executive Officer	5	5
Sri D.G. Prasad	Independent, Non-executive Director	5	5
Dr. Leela Digumarti	Independent, Non-executive Director	5	3
Sri P.S.R.K. Prasad	Director & Executive Vice President (Corp. Engg. Services)	5	5
Dr. M.U.R. Naidu	Independent, Non-executive Director	5	3
Dr. D. Linga Rao	Director & President (Technical Affairs)	5	5
Dr. Pavan Ganapati Bhat	Director & Executive Vice President (Technical Operations)	5	5



■ >65 years ■ <65 years



■ Male ■ Female



■ Independent directors
■ Non-Independent directors

FAMILIARIZATION PROGRAMS FOR DIRECTORS

The Company's Senior Management team regularly presents to the Board of Directors on the Company's operations, plans, strategies, risks and new initiatives, seeking their input and suggestions. Additionally, the Board members have been provided with various Company policies, including the Code of Conduct for Directors and Senior Management personnel.

The Company's Executive Directors and Key Managerial Personnel conduct regular programs and presentations to familiarize Independent Directors with the Company's strategy, operations and functions. These programs provide an opportunity for Independent Directors to interact with the senior leadership team and understand the Company's business model, operations and services. The Company also circulates news and articles related to the Company and industry and provides regulatory updates from time to time. An introductory familiarization program is conducted for new Independent Directors and the Statutory Auditors of the Company make presentations to the Board of Directors on regulatory changes and their impact on the Company.

KEY QUALIFICATIONS OF THE BOARD

NATCO's Board of Directors is comprised of individuals with diverse skills, educational backgrounds and professional experiences. Every member has in-depth knowledge and expertise in Sustainability and ESG, gained through their professional endeavours. The board's collective expertise is showcased through competency mapping, highlighting each

member's specific areas of strength. The board provides diligent stewardship, overseeing the Company's strategic direction, performance and key policies. With their combined qualifications, skills and experience, the directors make informed decisions, prioritizing the Company's long-term goals and providing effective oversight. This competency mapping highlights the specific areas of expertise held by each board member.



COMPETENCY MAPPING OF NATCO PHARMA'S BOARD OF DIRECTORS

Name of the Director	Competencies
Sri V. C. Nannapaneni	ESG & Sustainability, Global Business, Governance, Leadership, Technology
Sri G.S. Murthy	Governance, Leadership, Technology
Dr. T.V. Rao	ESG & Sustainability, Global Business, Governance, Leadership, Technology
Sri Rajeev Nannapaneni	ESG & Sustainability, Global Business, Governance, Leadership, Technology, Strategy Planning and Marketing
Sri D.G. Prasad	ESG & Sustainability, Global Business, Governance, Leadership, Technology
Dr. Leela Digumarti	Leadership, Technology
Sri P.S.R.K. Prasad	ESG & Sustainability, Global Business, Governance, Leadership, Technology, Strategy Planning and Marketing
Dr. M.U.R. Naidu	Leadership, Technology
Dr. D. Linga Rao	ESG & Sustainability, Global Business, Governance, Leadership, Technology
Dr. Pavan Ganapati Bhat	ESG & Sustainability, Global Business, Governance, Leadership, Technology

BOARD EVALUATION

The Board of Directors conducts an annual self-evaluation, assessing its own performance, as well as that of the Chairman, committees and individual directors. This evaluation process involves various techniques and is carried out by the entire Board, excluding the director being evaluated. Additionally, Independent Directors separately evaluate the Chairman, Non-Independent Directors and the Board as a whole. The Company's remuneration policy, available on its website (<https://www.natcopharma.co.in/wp-content/uploads/2024/08/Remuneration-Policy.pdf>), outlines the compensation framework for Directors, Key Managerial Personnel and Senior Management, as recommended by the Nomination and Remuneration Committee and in accordance with the Companies Act, 2013 (the Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

INDEPENDENT DIRECTORS

Our Independent Directors fulfil the conditions specified in the Act and the listing Regulations as amended and are Independent of the Management. The independent directors play a crucial role in providing unbiased and objective judgment. They ensure that the interests of all stakeholders are protected and that the Company adheres to the highest standards of corporate governance. The independent directors meet regularly to discuss key issues and provide their insights to the Board.

As on March 31, 2024, our Board comprised of 50% independent directors. In Compliance with the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on February 14, 2024.

The Independent Directors of NATCO met to evaluate the performance of both Independent and Non-Independent Directors, as well as the entire

Board, assessed the performance of the Chairman, considering the opinions of both Executive and Non-Executive Directors and evaluated the quality, quantity and timeliness of communication between NATCO's management and the Board.

ENSURING TRANSPARENCY IN OUR ACTIVITIES

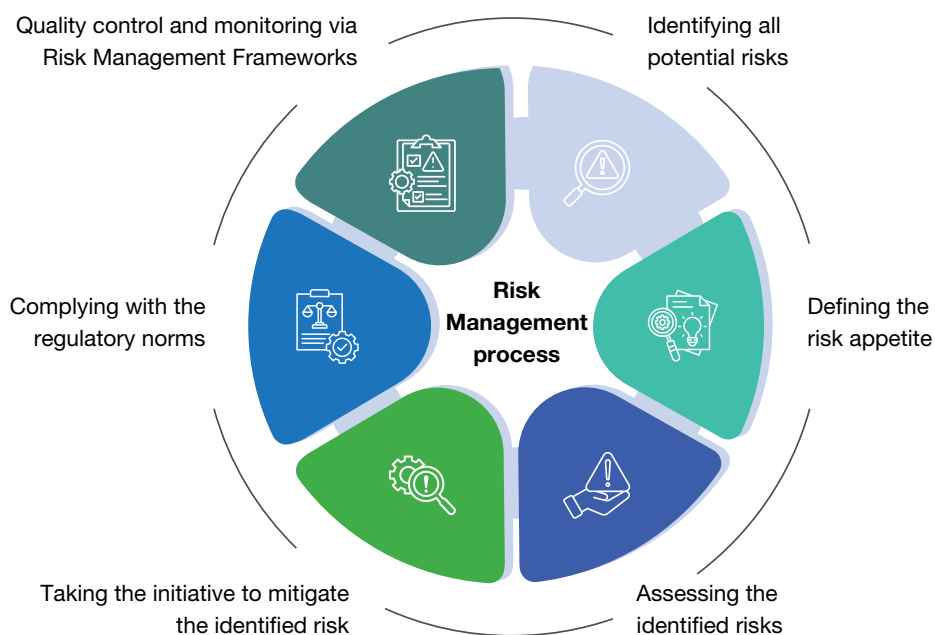
The Company has a formal management policy and system in place to ensure legal compliance and reporting, which enables the Board to regularly review the Company's adherence to applicable laws and take corrective action in case of any non-compliance. We are pleased to report that, over the past three years, there have been no instances of significant non-compliance or penalties imposed by regulatory bodies such as SEBI, Stock Exchanges, or statutory authorities related to capital markets, tax, excise, customs, or other relevant matters. We uphold transparency in all aspects of our business. Our detailed tax related strategies are mentioned in

Independent Auditor's report section of our Annual Report for FY 23-24. This report provides a detailed overview of our tax strategy, practices and guiding principles, demonstrating our dedication to good governance and accountability in our interactions with local authorities in the countries where we operate. Our Annual Report is available at <https://www.natcopharma.co.in/wp-content/uploads/2024/09/Natco-Pharma-AR-2023-24-final-file.pdf>











RISK MANAGEMENT

The pharmaceutical industry is inherently vulnerable to a multitude of challenges, including stringent government regulations, intense competition, cost pressures and manufacturing complexities. To navigate these uncertainties, we employ adaptable strategies that prioritize risk mitigation and proactive contingency planning. Our systematic approach identifies and addresses unique and significant risks, enabling us to minimize potential damage and ensure business continuity.

OUR RISK MANAGEMENT PROCESS



RISK ASSESSMENT AND MITIGATION PLANNING

Risk	Nature of Risk	Control and Action
 Price control risk	<p>Government policies directed at cost control and the adoption of tender systems hinder the process of optimal capitalization of each product.</p>	<p>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.</p>
 Geographic risk	<p>Excessive revenue dependence on one geography can pose a risk to the sustainable growth of the business.</p>	<p>We have expanded our business to multiple countries in different regions around the globe to reduce our dependency on any particular country or region.</p>
 Regulatory risk	<p>Unfavorable inspection reports from the USFDA or other regulatory bodies may impact the operations of the Company.</p>	<p>We have stringent quality control systems that help us comply with the required regulatory norms.</p>
 Health, safety and environment	<p>Non-compliance to any regulations regarding quality, safety or environmental sustainability may adversely impact the business.</p>	<p>Our policies ensure a well-balanced working environment for our employees focusing on their safety and minimizing our environmental impact.</p>
 Patent risk	<p>Adverse patent litigations could affect the timelines of product launches.</p>	<p>Our extensive R&D capabilities and deep understanding of patent landscape litigation are applied with diligence.</p>
 Business portfolio risk	<p>Revenue dependency on limited products or therapeutic segments can be a risk for the sustainable growth of the business.</p>	<p>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.</p>
 Human capital risk	<p>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.</p>	<p>We have people-centric policies and provide them with good working environment. We encourage work-life balance and take care of our employees' wellbeing across all departments, locations and levels. We also provide them with comparable compensation packages to manage employee retention.</p>
 Currency volatility	<p>Fluctuations in foreign currency can pose a risk to the financial stability of the Company.</p>	<p>We have a natural hedge for our imports as the Company is a net exporter.</p>
 Supply chain risk	<p>The geopolitical tensions and climatic conditions may disrupt the supply chain posing a risk to the operations.</p>	<p>We maintain sufficient inventory and monitor our entire supply chain to mitigate any potential risks. We optimize our logistics operations through prior scheduling.</p>
 Climate-related risk	<p>The Company's operations are at risk in regions prone to climatic disasters, posing potential challenges.</p>	<p>We have a robust incident response measure in place to ensure early mitigation of the risk.</p>

BOARD LEVEL COMMITTEES

The Board of Directors of the Company functions as a unified body, while also dividing its responsibilities among various committees to oversee several aspects of business

and governance. Each committee is established with specific terms of reference approved by the Board, which outline the committee's composition, scope of work and decision-making authority.



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:

Name of the director	Position	Meetings Held during Tenure	Meetings Attended
Sri G.S. Murthy	Chairman	4	4
Dr. T.V. Rao	Member	4	4
Sri D.G. Prasad	Member	4	4
Dr. M.U.R. Naidu	Member	4	2

NOMINATION & 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:

Name of the director	Position	Meetings Held during Tenure	Meetings Attended
Dr. T.V. Rao	Chairman	2	2
Sri G.S. Murthy	Member	2	2
Dr. M.U.R. Naidu	Member	2	1

Note: The given composition of Committee(s) is as on 31st March, 2024 and latest composition of Committee(s) is available in the website of the Company at <https://www.natcopharma.co.in/wp-content/uploads/2024/08/Composition-of-Committees-2.pdf>

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:

Name of the director	Position	Meetings Held during Tenure	Meetings Attended
Sri G.S. Murthy	Chairman	2	2
Sri V.C. Nannapaneni	Member	2	2
Sri Rajeev Nannapaneni	Member	2	2
Dr. M.U.R. Naidu	Member	2	1

COMPENSATION COMMITTEE

The Compensation Committee is constituted, inter alia, to consider the 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. Details of composition of the Compensation Committee is as follows,

Name of the director	Position	Meetings Held during Tenure	Meetings Attended
Sri G.S. Murthy	Chairman	No meetings held in FY 23-24.	
Sri V.C. Nannapaneni	Member		
Sri Rajeev Nannapaneni	Member		
Dr. M.U.R. Naidu	Member		
Dr. Leela Digumarti	Member		

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.

Name of the director	Position	Meetings Held during Tenure	Meetings Attended
Sri G.S. Murthy	Chairman	4	4
Sri V.C. Nannapaneni	Member	4	4
Sri Rajeev Nannapaneni	Member	4	4
Dr. Leela Digumarti	Member	4	2

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:

Composition of Risk Management Committee

Name of the director	Position		Meetings Held during Tenure	Meetings Attended
Sri V.C. Nannapaneni	Member	Managing Director	2	2
Sri Rajeev Nannapaneni	Member	Director & Chief Executive Officer	2	1
Dr. M.U.R. Naidu	Member	Independent Director	2	1
Sri P.S.R.K. Prasad	Member	Director & Executive Vice President (Corporate Engineering Services)	2	1
Dr. D. Linga Rao	Member	Director & President (Tech. Affairs)	2	2
Dr. Pavan Ganapati Bhat	Member	Director & Executive Vice President (Technical Operations)	2	1
Sri A. Lakshminarayana	Member	Vice President – HR & OD	2	2
Sri S.V.V.N. Appa Rao	Member	Chief Financial Officer	2	2
Dr. M. Pulla Reddy	Member	Executive Vice President – R&D	2	2
Sri S. Ravi Prakash Reddy	Member	Senior Vice President - Operations	2	1

COMMITTEE DEALING WITH LAND PROPERTY

The Committee Dealing with Land Property was constituted by the Board of Directors to deal with the purchase / sale of the land property of the Company. 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.

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

Name of the director	Position	Meetings Held during Tenure	Meetings Attended
Sri G.S. Murthy	Chairman	2	2
Sri V.C. Nannapaneni	Member	2	2
Sri Rajeev Nannapaneni	Member	2	2

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:

Name of the director	Position	Meetings Held during Tenure	Meetings Attended
Sri V.C. Nannapaneni	Member	2	2
Sri Rajeev Nannapaneni	Member	2	0
Sri P.S.R.K. Prasad	Member	2	2

OTHER COMMITTEES

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 receipt of request.

Internal Complaints Committee

Committee constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. NATCO Pharma 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) is 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 organization at each place of work.

BUSINESS ETHICS

NATCO's unwavering commitment to ethical business practices is a hallmark of its organizational culture, which has consistently prioritized high standards of professionalism, growth and shareholder equity while upholding principles of fairness, ethics and good corporate governance.

Integrity and Ethical Conduct

Integrity is a cornerstone of NATCO's business ethics and we are committed to fostering a culture that upholds the highest ethical standards in all interactions with stakeholders. To maintain these standards, we prioritize building trust and credibility with our stakeholders and protecting our reputation as a responsible and ethical business. To accomplish this, we have established a detailed set of policies and procedures as follows,

Policies	Description
 <p>Risk Management Policy</p>	<p>Describes the Company's approach to identifying, assessing and mitigating risks that could impact our business operations, with the goal of minimizing losses and achieving business objectives.</p>
 <p>Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information</p>	<p>Outlines the guidelines and procedures for NATCO Pharma Limited to ensure timely and adequate disclosure of price sensitive information to investors, in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.</p>
 <p>Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons</p>	<p>Mandatory policy for listed companies and market intermediaries to regulate, monitor and report trading by Designated Persons and ensure fair disclosure of Unpublished Price Sensitive Information (UPSI) to protect shareholder interests.</p>
 <p>Composition of Committees</p>	<p>Outlines the statutory requirement and composition of committees for effective corporate governance</p>
 <p>Whistleblower policy</p>	<p>Policy provides a secure and confidential channel for employees to report unethical practices and misconduct, safeguarding the Company's integrity</p>
 <p>RPT Policy</p>	<p>Envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Laws and Regulations in force.</p>
 <p>Materiality Policy</p>	<p>Describes the guidelines to determine and disclose material events or information that may impact the Company's performance and securities prices, in compliance with SEBI's Listing Obligations and Disclosure Requirements Regulations, 2015.</p>

Policies	Description
 <p>Policy on Preservation of Documents and Archival</p>	<p>Outlines our policy for preserving and archiving documents in compliance with the Companies Act, 2013 and Listing Regulations, 2015, to ensure systematic identification, categorization, maintenance, review, retention and destruction of documents.</p>
 <p>Determination of Material Subsidiaries Policy</p>	<p>Policy for determining material subsidiaries, outlining criteria for materiality, review processes and disclosure requirements in compliance with SEBI regulations.</p>
 <p>Code of Conduct for the Board, Senior Management Personnel and Employee</p>	<p>Outlines the Company's commitment to ethical business practices, compliance with laws and regulations and promotes a culture of honesty, accountability and high ethical standards among its Board Members, Senior Management Personnel and employees.</p>
 <p>Nomination and Remuneration Policy</p>	<p>Outlines the criteria and terms for identifying and remunerating Directors, Key Managerial Personnel and Senior Management, aiming to attract, retain and motivate talent while aligning with the Company's goals and industry practices.</p>
 <p>Dividend Distribution Policy</p>	<p>Provides guidelines for investors for taking well informed investment decisions.</p>
 <p>Stakeholder Grievance Redressal Policy</p>	<p>Outlines our aim to provide all our stakeholders a fair and effective resolution for their grievances.</p>

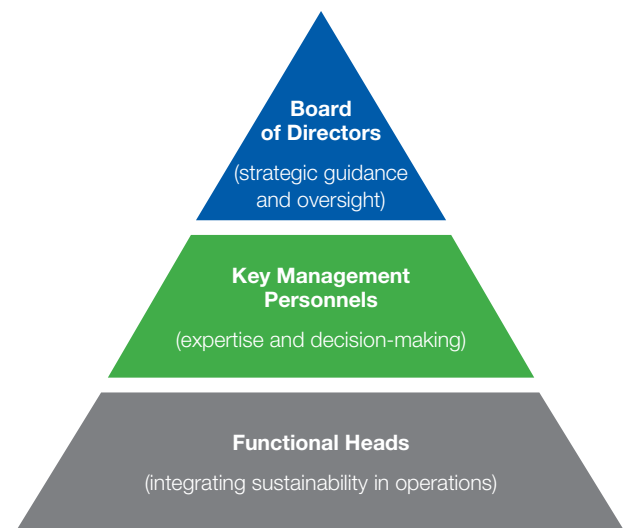
ESG GOVERNANCE

Environmental, Social and Governance (ESG), governance is a critical aspect of our commitment to sustainable and responsible business practices. Our approach to ESG, governance is designed to integrate environmental stewardship, social responsibility and robust governance practices into all aspects of our operations. By embedding ESG principles into our corporate strategy, we aim to create long-term value for our stakeholders and contribute positively to society and the environment. As we continue to evolve and enhance our ESG governance framework, we remain focused on achieving our sustainability objectives and driving positive change in the communities we serve.

Governance Structure for ESG

Our ESG governance framework is supported by a robust governance structure that ensures effective oversight and accountability. The ESG Core Committee is the apex body responsible for decision making on sustainability-related issues within Natco. This committee comprises of a diverse group of stakeholders, including:

- Board of Directors: The Board provides strategic guidance and oversight on sustainability initiatives, ensuring alignment with the Company's vision and values.



- Key Management Personnel (KMPs): KMPs bring their expertise and knowledge of the organization’s operations to the committee, enabling informed decision-making on sustainability matters.
- Functional Heads: Representatives from various departments, such as Environment, Health and Safety (EHS), Procurement and Operations, provide input on sustainability initiatives and ensure that they are integrated into their respective functions.

The Core ESG Committee is responsible for:

- Setting sustainability goals and objectives
- Reviewing and approving sustainability policies and initiatives
- Overseeing the implementation of sustainability projects and programs
- Monitoring and reporting on sustainability performance
- Providing guidance and support to employees on sustainability-related matters

DATA PRIVACY AND CYBERSECURITY

Safeguarding sensitive information and adhering to data privacy laws is crucial for building and maintaining trust, while also mitigating the risk of legal and reputational damage. Implementing robust cybersecurity protocols is vital to prevent data breaches and cyberattacks, which can have severe consequences on business operations and stakeholders.

The Company has a Data Privacy and Cybersecurity policy in place applicable to all the employees, contract staff and vendors who use the IT assets and IT resources of the Company to conduct their work internally or externally. It consists of guiding notes to protect confidentiality and safeguard the sensitive data and personal information of employees and value chain partners, while also shielding IT assets from cyber threats and vulnerabilities.

Furthermore, this policy also focuses on the shared responsibility of every individual in the system to uphold the Company’s highest standards and avoid potential risks. The employees are required to abide by the policy and procedures laid down and therefore ensure the protection of the Confidentiality and Integrity of Information.

During the reporting year, we maintained a strong cyber security posture, with no major security, privacy, or data breach incidents occurring. Additionally, we proactively took necessary measures for our business-critical applications and processes to ensure readiness in the event of an incident.

We prioritize employee education and awareness through regular training programs and sessions, keeping them informed about our Company’s commitment to cybersecurity and its objectives. ISO 27001; International Standard for Information Security Management Certification by 2025-26.



Complaints received on data privacy and cyber security

NATCO Pharma’s policies mapped to BRSR Principles

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.

	Name of the Policy	Weblink
P1	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.

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.

	Name of the Policy	Weblink
P2	EHS Policy	Policy Link
	Sustainable procurement Policy	Policy Link

Businesses should promote the wellbeing of all employees

The Company has adopted various employee-oriented policies in line with the general laws and regulations and sound ethical practices.

	Name of the Policy	Weblink
P3	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

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.

	Name of the Policy	Weblink
P4	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

Businesses should respect and promote human rights

NATCO Pharma strives to safeguard and uphold human rights in all ways possible.

	Name of the Policy	Weblink
P5	Human Rights policy	Policy Link
	Nomination and Remuneration policy	Policy Link
	Equal Opportunity policy	Policy Link
	Stakeholder Grievance Redressal policy	Policy Link

Businesses should respect, protect and make efforts to restore the environment.

The Company takes various sustainability principle into account for restoring the environment.

	Name of the Policy	Weblink
P6	EHS Policy	Policy Link

NATCO Pharma’s policies mapped to BRSR Principles

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.

	Name of the Policy	Weblink
P7	Stakeholder Engagement Policy	Policy Link
	Responsible Advocacy policy	Policy Link

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.

	Name of the Policy	Weblink
P8	Stakeholder Engagement Policy	Policy Link
	CSR policy	Policy Link
	Stakeholder grievance redressal policy	Policy Link

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.

	Name of the Policy	Weblink
P9	Data Privacy and cybersecurity policy	Policy Link
	Stakeholder Engagement policy	Policy Link
	Stakeholder grievance redressal policy	Policy Link

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	2-4 Restatements of information	Reporting Period	4
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Abbreviations

Abbreviation	Full form
AHU	Air Handling Unit
ANVISA (Brazil)	Agência Nacional de Vigilância Sanitária (National Health Surveillance Agency)
API	Active Pharmaceutical Ingredients
ATFD	Acceptance Test Functional Design
AWACS	Advanced Working, Action and Correction System
AWC	Anganwadi Center
BEE	Bureau of Energy Efficiency
BRSR	Business Responsibility and Sustainability Reporting
BVK	Bal Vikas Kendra
CEO	Chief Executive Officer
cGMP	current Good Manufacturing Practice
CH4	Methane
CHS	Crop Health Sciences
CII	Confederation of Indian Industry
CPCB	Central Pollution Control Board
CSR	Corporate Social Responsibility
EHS	Environment Health and Safety
EPR	Extended Producer Responsibility
ESG	Environmental, Social, Governance
ETP	Effluent Treatment plant
EU GMP	European Union Good Manufacturing Practice
FDF	Finished Dosage Formulations
FLN	Foundation Literacy and Numeracy
FMHACA Ethiopia	Food, Medicine and Healthcare Administration and Control Authority of Ethiopia
FTF	First-to-File
GGH	Guntur General Hospital
GMP	Good Manufacturing Practices
GRI	Global Reporting Initiative
HDPE	High Density Polyethylene
HFC	Hydrofluorocarbons
ICDS	Integrated Child Development Services
INR	Indian Rupees
IPA	Indian Pharmaceutical Association
ISO	International Organization for Standardization
Kenya MOH	Ministry of Health of Kenya

Abbreviations

Abbreviation	Full form
kWh	Kilo watt hour
LCA	Life Cycle Assessment
MDP	Management Development Program
MOH Belarus	Ministry of Health of Belarus
MSMEs	Micro, Small and Medium Enterprises
NCC	NATCO Cancer Center
NDA Uganda	National Drug Authority of Uganda
NDPHC	NATCO Digital Primary Health Centre
NLVPEI	NATCO L.V. Prasad Eye Institute
NMHC	NATCO Mobile Health Clinics
NO_x	Nitrogen Oxides
NVTC	NATCO Vocational Training Center
OHS	Occupational Health and Safety
PDMA	Pharmacy and Drug Management Agency
PPA	Power Purchase Agreement
QC	Quality Control
R&D	Research and Development
RO	Reverse Osmosis
RoW	Rest of World
SEBI	Securities and Exchange Board of India
SO_x	Sulphur Oxides
tCO₂	Metric Tons of Carbon Dioxide
TJ	Terajoule
TMDA Tanzania	Tanzania Medicines and Medical Devices Authority
UN SDGs	United Nations Sustainable Development Goals
USFDA	United States Food and Drug Administration
VFD	Variable Frequency Drives
VOC	Volatile Organic Compounds
WHO	World Health Organization
Y-o-Y	Year on year
ZLD	Zero Liquid Discharge
ZPHS	Zila Parishad High School

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