



NATCO Pharma Limited

Regd. Office: Natco House, Road No. 2, Banjara Hills, Hyderabad, Telangana - 500 034.
Phone: +91-40-2354 7532, Website : www.natcopharma.co.in, CIN: L24230TG1981PLC003201

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(₹ in millions except per share data)

S.No.	Particulars	Quarter ended			Year ended	
		31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019
		Audited (Refer note 6)	Unaudited	Audited (Refer note 6)	Audited	Audited
	Income					
1	Revenue from operations	4,548	4,822	4,557	19,150	20,945
2	Other income	224	308	310	1,074	1,302
3	Total income (1+2)	4,772	5,130	4,867	20,224	22,247
	Expenses					
	Cost of materials consumed	1,078	757	791	3,290	3,331
	Purchases of stock-in-trade	539	344	75	1,278	550
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(668)	(186)	(196)	(752)	(339)
	Employee benefits expense	816	978	813	3,750	3,559
	Finance costs	35	53	52	215	193
	Depreciation and amortisation expense	305	254	217	998	810
	Other expenses	1,500	1,642	1,591	5,758	5,896
	Total expenses	3,605	3,842	3,343	14,537	14,000
5	Profit before exceptional items and tax (3-4)	1,167	1,288	1,524	5,687	8,247
6	Exceptional items	-	-	-	-	-
7	Profit before tax (5-6)	1,167	1,288	1,524	5,687	8,247
	Tax expense					
	(i) Current tax	222	311	170	1,271	1,883
	(ii) Income-tax for earlier years	40	-	-	40	-
	(iii) Deferred tax charge/(credit)	(27)	(67)	150	(205)	(60)
	Total tax expense	235	244	320	1,106	1,823
9	Profit for the period/year (7-8)	932	1,044	1,204	4,581	6,424
10	Other comprehensive income (net of tax)					
	A. Items that will not be reclassified subsequently to profit or loss					
	Remeasurement of defined benefit plans	(10)	(23)	(64)	(79)	(108)
	Net gains / (losses) from investments in equity instruments designated at Fair value through other comprehensive income (FVTOCI)	(15)	(1)	9	(20)	(1)
	Income-tax relating to items that will not be reclassified to profit or loss	20	4	10	34	24
		(5)	(20)	(45)	(65)	(85)
	B. Items that will be reclassified subsequently to profit or loss					
	Exchange differences on translation of foreign operations	(172)	26	11	(80)	9
		(172)	26	11	(80)	9
	Total other comprehensive income (net of tax)(A+B)	(177)	6	(34)	(145)	(76)
11	Total comprehensive income for the period/ year (9+10)	755	1,050	1,170	4,436	6,348
12	Profit for the period/year attributable to:					
	Owners of the Company	941	1,045	1,208	4,608	6,444
	Non-controlling interests	(9)	(1)	(4)	(27)	(20)
13	Other comprehensive income attributable to:					
	Owners of the Company	(177)	6	(34)	(145)	(76)
	Non-controlling interests	-	-	-	-	-
14	Total comprehensive income attributable to:					
	Owners of the Company	764	1,051	1,174	4,463	6,368
	Non-controlling interests	(9)	(1)	(4)	(27)	(20)
15	Paid-up equity share capital (face value of ₹2 each)	364	364	365	364	365
16	Other equity				37,371	34,525
17	Earnings per share (non-annualised) (face value ₹2 each)					
	Basic (in ₹)	5.17	5.75	6.59	25.33	34.98
	Diluted (in ₹)	5.16	5.73	6.58	25.26	34.87

See accompanying notes to the financial results.





NATCO Pharma Limited

Consolidated Balance Sheet:

(₹ in millions)

	As at 31 March 2020 (Audited)	As at 31 March 2019 (Audited)
I Assets		
(1) Non-current assets		
(a) Property, plant and equipment	15,756	12,185
(b) Capital work-in-progress	5,180	6,376
(c) Intangible assets	88	87
(d) Financial assets		-
(i) Investments	836	199
(ii) Loans	161	119
(iii) Other financial assets	42	66
(e) Other non-current assets	559	527
Total non-current assets	22,622	19,559
(2) Current assets		
(a) Inventories	5,580	5,290
(b) Financial assets		
(i) Investments	287	1,487
(ii) Trade receivables	5,513	5,062
(iii) Cash and cash equivalents	198	283
(iv) Bank balances other than (iii) above	462	2,512
(v) Loans	84	71
(vi) Other financial assets	8,588	6,947
(c) Other current assets	2,544	1,820
Total current assets	23,256	23,472
Total assets	45,878	43,031
II EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity share capital	364	365
(b) Other equity	37,371	34,525
Equity attributable to owners of the Company	37,735	34,890
(c) Non-controlling interest	112	20
Total equity	37,847	34,910
(2) Liabilities		
(A) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	9	-
(ii) Other financial liabilities	8	8
(b) Provisions	902	710
(c) Deferred tax liabilities, net	259	116
Total non-current liabilities	1,178	834
(B) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,150	3,863
(ii) Trade payables		
- Dues of micro and small enterprises	21	79
- Dues of creditors other than micro and small enterprises	2,533	2,091
(iii) Other financial liabilities	825	782
(b) Other current liabilities	134	316
(c) Provisions	105	90
(d) Current tax liabilities, net	85	66
Total current liabilities	6,853	7,287
Total liabilities	8,031	8,121
Total equity and liabilities	45,878	43,031





NATCO Pharma Limited

Consolidated Statement of Cash Flows:

(₹ in millions)

	Year ended	
	31 March 2020 (Audited)	31 March 2019 (Audited)
Cash flows from operating activities:		
Profit before tax	5,687	8,247
Adjustments for:		
Depreciation and amortisation expense	998	810
Finance cost	215	193
Share based payment expense	144	255
Interest income	(791)	(898)
Allowance for credit loss	175	-
Bad debts written off	55	20
Liabilities written back	(29)	-
Profit on sale of property, plant and equipment, net	(163)	(135)
Unrealised foreign exchange gain, net	(64)	(102)
Operating profit before working capital changes	6,227	8,390
Changes in working capital:		
Changes in inventories	(289)	(906)
Changes in trade receivables	(538)	1,388
Changes in loans, financial and other assets	(685)	(76)
Changes in trade payables	417	(512)
Changes in provisions, financial and other liabilities	119	192
Cash generated from operating activities	5,251	8,476
Income taxes paid, net	(1,078)	(1,788)
Net cash generated from operating activities	4,173	6,688
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,558)	(4,566)
Proceeds from sale of property, plant and equipment	222	178
Acquisition of intangible assets	(29)	(51)
Purchase of investments	(673)	(1,121)
Proceeds from sale of investments	1,203	200
Movement in other bank balances, net	2,087	(892)
Loans given to others	-	(20)
Interest received	874	524
Deposits with financial institutions	(1,796)	(374)
Net cash used in investing activities	(1,670)	(6,122)
Cash flows from financing activities		
Proceeds from issue of shares*	1	0
Buy-back of equity shares, including transaction costs	(536)	(1,347)
Contribution from shareholders	474	-
Proceeds from non-controlling interest	119	2
Net proceeds from short-term borrowings	(801)	2,131
Payment of lease liability including interest	(8)	-
Dividends paid including dividend distribution tax	(1,536)	(1,108)
Interest paid	(221)	(187)
Net cash used in financing activities	(2,508)	(509)
Net increase / (decrease) in cash and cash equivalents	(5)	57
Cash and cash equivalents at beginning of the year	283	217
Effect of currency translation adjustment	(80)	9
Cash and cash equivalents at the end of the year	198	283

Reconciliation of financial liabilities forming part of financing activities in accordance with Ind AS 7:

	As at 1 April 2019	Cash flow changes	Non-cash changes	As at 31 March 2020
Short-term borrowings from banks	3,863	(801)	80	3,142
Lease liabilities	20	(8)	5	17

*The numbers are rounded off to nearest million.





NATCO Pharma Limited

Notes to consolidated financial results:

- 1) The consolidated financial results of NATCO Pharma Limited ("the Company") and its subsidiaries (together referred as "the Group") have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India ("Applicable Accounting Framework") and guidelines issued by the Securities and Exchange Board of India ('SEBI').
- 2) The consolidated financial results for the quarter and year ended 31 March 2020 have been reviewed by the Audit Committee of the board and approved by the Board of Directors of the Company at their meeting held on 17 June 2020.
- 3) The results of the Group for the year ended 31 March 2020, have been audited by the Statutory auditors and they have issued an unqualified audit report on the same. The audit report of the statutory auditors is being filed with the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') and is also available on the Company's website.
- 4) The consolidated financial results for the quarter and year ended 31 March 2020 include financial results of the following subsidiaries:

Sr. No	Name of the Entity
1	NATCO Pharma Inc., United States of America
2	Time Cap Overseas Limited, Mauritius
3	NATCO Farma do Brasil Ltda, Brazil (subsidiary of Time Cap Overseas Limited)
4	NATCO Pharma (Canada) Inc., Canada
5	NATCO Pharma Asia Pte. Ltd., Singapore
6	NATCO Pharma Australia Pty Ltd., Australia
7	NATCO Lifesciences Philippines Inc., Philippines

- 5) The operating segment of the Group is identified to be "Pharmaceuticals", as the Chief Operating Decision Maker reviews business performance at an overall Group level as one segment. Therefore, the disclosure as per Regulation 33(1)(e) read with Clause (L) of Schedule IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Group.
- 6) The results for the quarters ended 31 March 2020 and 31 March 2019 are the balancing figures between audited consolidated figures in respect of the full financial years and the published unaudited year to date consolidated figures upto third quarter of the respective financial years. Also, the consolidated figures upto the end of the third quarter were only reviewed and not subjected to audit.
- 7) The Board of Directors of the Company at its meeting held on 5 November 2018 had approved a proposal for buyback of equity shares for an aggregate amount not exceeding ₹2,500 million, at a price not exceeding ₹1,000 per equity share. On conclusion of the buyback by 16 May 2019, the Company has bought a cumulative quantity of 3,000,000 equity shares for an aggregate amount of ₹1,865 million, excluding transaction costs.
- 8) During the year ended 31 March 2020, 305,840 equity shares of ₹ 2 each, fully paid-up, were allotted upon exercise of the vested stock options pursuant to the ESOP 2015, ESOP 2016 and ESOP 2017 schemes resulting in an increase in the paid-up share capital of ₹ 0.61 million and securities premium of ₹ 217 million.
- 9) During the year ended 31 March 2020, pursuant to the Upside Sharing Agreement dated 16 May 2019 entered with CX Securities Limited ("the Investor"), the Group has received a voluntary amount of USD 6.83 million (₹474 million) from an equity participant. In accordance with the Applicable Accounting Framework, the aforementioned gain, received from the equity participant, is recognised as an increase in equity, net of tax.
- 10) In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Group has considered internal and external information while finalising various estimates and recoverability of assets in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. Considering the Group is in the business of manufacturing and supplying of pharmaceutical products which is categorised under essential goods, there has been a minimal disruption with respect to operations including production and distribution activities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to the future economic conditions.
- 11) The Group has adopted Ind AS 116, "Leases" effective 01 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standards) Amendment Rules, 2019, using modified retrospective method. Accordingly, the Group has not restated comparative information. There is no material impact on transition to Ind AS 116 on retained earnings as at 01 April 2019 and the financial results for the year ended 31 March 2020.
- 12) The audited standalone financial results, for the quarter and year ended 31 March 2020 can be viewed on the website of the Company, NSE and BSE at www.natcopharma.co.in, www.nseindia.com, and www.bseindia.com respectively. Information of standalone audited financial results of the Company in terms of Regulation 47(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

(₹ in millions)

Particulars	Quarter ended			Year ended	
	31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019
	Audited	Unaudited	Audited	Audited	Audited
Total revenue from operations	4,201	4,477	4,163	17,902	19,863
Profit before tax	1,239	1,273	1,544	5,831	8,474
Net profit for the period/ year	1,010	1,036	1,234	4,745	6,671
Total comprehensive income	1,012	1,015	1,186	4,681	6,580






NATCO Pharma Limited

Notes to consolidated financial results: (continued)

- 13) The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated by the President of India on 20 September 2019. The Ordinance has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to a domestic company to pay income-tax at reduced rate of 22% plus applicable surcharge and cess subject to certain conditions. The Company has made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until the utilisation of accumulated minimum alternative tax (MAT) credit.
- 14) The Board of Directors in their meeting held on 17 June 2020 have recommended an interim dividend of ₹ 1 per equity share of ₹ 2 each for the financial year ended 31 March 2020.
- 15) Figures for the previous periods/ year have been regrouped, wherever necessary, to correspond with the figures of the current period.

**By order of the Board
For NATCO Pharma Limited**




V C Nannapaneni
Chairman and Managing Director
(DIN: 00183315)

Place: Hyderabad
Date: 17 June 2020



NATCO Pharma Limited

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STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(₹ in millions except share data)

S.No.	Particulars	Quarter ended			Year ended	
		31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019
		Audited (Refer note 5)	Unaudited	Audited (Refer note 5)	Audited	Audited
	Income					
1	Revenue from operations	4,201	4,477	4,163	17,902	19,863
2	Other income	386	309	307	1,238	1,298
3	Total income (1+2)	4,587	4,786	4,470	19,140	21,161
4	Expenses					
	Cost of materials consumed	1,078	757	791	3,290	3,331
	Purchases of stock-in-trade	601	350	9	1,239	315
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(542)	(169)	(192)	(559)	(255)
	Employee benefits expense	768	934	769	3,561	3,402
	Finance costs	35	52	52	206	188
	Depreciation and amortisation expense	298	251	213	981	801
	Other expenses	1,110	1,338	1,284	4,591	4,905
	Total expenses	3,348	3,513	2,926	13,309	12,687
5	Profit before exceptional items and tax (3-4)	1,239	1,273	1,544	5,831	8,474
6	Exceptional items	-	-	-	-	-
7	Profit before tax (5-6)	1,239	1,273	1,544	5,831	8,474
8	Tax expense					
	(i) Current tax	216	304	160	1,251	1,863
	(ii) Income-tax for earlier years	40	-	-	40	-
	(ii) Deferred tax charge /(credit)	(27)	(67)	150	(205)	(60)
	Total tax expense	229	237	310	1,086	1,803
9	Profit for the period/ year (7-8)	1,010	1,036	1,234	4,745	6,671
10	Other comprehensive income (net of tax)					
	Items that will not be reclassified subsequently to profit or loss					
	Remeasurement of defined benefit plans	(10)	(23)	(64)	(79)	(108)
	Net gains / (losses) from investments in equity instruments designated at Fair value through other comprehensive income (FVTOCI)	(8)	(2)	6	(19)	(7)
	Income-tax relating to items that will not be reclassified to profit or loss	20	4	10	34	24
	Total other comprehensive income (net of tax)	2	(21)	(48)	(64)	(91)
11	Total comprehensive income for the period/ year (9+10)	1,012	1,015	1,186	4,681	6,580
12	Paid-up equity share capital (face value of ₹2 each)	364	364	365	364	365
13	Other equity				38,331	35,267
14	Earnings per share (non-annualised) (face value ₹2 each)					
	Basic (in ₹)	5.55	5.70	6.73	26.08	36.22
	Diluted (in ₹)	5.54	5.68	6.72	26.01	36.10

See accompanying notes to the financial results





NATCO Pharma Limited

Standalone Balance Sheet:

(₹ in millions)

	As at 31 March 2020 (Audited)	As at 31 March 2019 (Audited)
I. Assets		
(1) Non-current assets		
(a) Property, plant and equipment	15,657	12,067
(b) Capital work-in-progress	5,178	6,375
(c) Intangible assets	88	82
(d) Investment in subsidiaries	1,025	977
(e) Financial assets		
(i) Investments	836	199
(ii) Loans	684	595
(iii) Other financial assets	41	65
(f) Other non-current assets	559	527
Total non-current assets	24,068	20,887
(2) Current assets		
(a) Inventories	5,244	5,084
(b) Financial assets		
(i) Investments	50	1,268
(ii) Trade receivables	5,367	4,916
(iii) Cash and cash equivalents	79	115
(iv) Bank balances other than (iii) above	462	2,512
(v) Loans	81	70
(vi) Other financial assets	8,612	6,959
(c) Other current assets	2,504	1,750
Total current assets	22,399	22,674
Total assets	46,467	43,561
II. EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity share capital	364	365
(b) Other equity	38,331	35,267
Total of equity	38,695	35,632
(2) Liabilities		
(A) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	9	-
(ii) Other financial liabilities	8	8
(b) Provisions	902	710
(c) Deferred tax liabilities, net	256	113
Total non-current liabilities	1,175	831
(B) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,131	3,845
(ii) Trade payables		
- Dues of micro and small enterprises	21	79
- Dues of creditors other than micro and small enterprises	2,321	1,939
(iii) Other financial liabilities	812	771
(b) Other current liabilities	122	314
(c) Provisions	105	90
(d) Current tax liabilities, net	85	60
Total current liabilities	6,597	7,098
Total liabilities	7,772	7,929
Total equity and liabilities	46,467	43,561



NATCO Pharma Limited

Standalone Statement of Cash Flows:

(₹ in millions)

	Year ended			
	31 March 2020 (Audited)	31 March 2019 (Audited)		
Cash flows from operating activities:				
Profit before tax	5,831	8,474		
Adjustments for:				
Depreciation and amortisation expense	981	801		
Finance costs	206	188		
Share based payment expense	144	253		
Interest income	(816)	(911)		
Allowance for credit losses	175	-		
Bad debts written off	55	20		
Liabilities written back	(29)	-		
Profit on sale of property, plant and equipment, net	(163)	(135)		
Unrealised foreign exchange gain, net	(101)	(95)		
Operating profit before working capital changes	6,283	8,595		
Changes in working capital:				
Changes in inventories	(160)	(825)		
Changes in trade receivables	(538)	1,212		
Changes in loans, financial and other assets	(711)	(13)		
Changes in trade payables	352	(429)		
Changes in provisions, financial and other liabilities	50	197		
Cash generated from operating activities	5,276	8,737		
Income taxes paid, net	(1,051)	(1,749)		
Net cash generated from operating activities	4,225	6,988		
Cash flows from investing activities:				
Purchase of property, plant and equipment	(3,524)	(4,470)		
Proceeds from sale of property, plant and equipment	222	178		
Acquisition of intangible assets	(29)	(48)		
Investments in subsidiaries	(47)	(45)		
Loans given to subsidiary companies	(11)	(398)		
Loans given to others	-	(20)		
Proceeds from sale of investments	1,203	200		
Purchase of investments	(642)	(1,108)		
Movement in other bank balances, net	2,086	(892)		
Interest received	888	525		
Deposits with financial institutions	(1,796)	(374)		
Net cash used in investing activities	(1,650)	(6,452)		
Cash flows from financing activities:				
Proceeds from issue of shares*	1	0		
Buy-back of equity shares, including transaction costs	(536)	(1,347)		
Contribution from shareholders	474	-		
Net proceeds from short-term borrowings	(801)	2,115		
Dividends paid including dividend distribution tax	(1,536)	(1,108)		
Interest paid	(205)	(182)		
Payment of lease liability including interest	(8)	-		
Net cash used in financing activities	(2,611)	(522)		
Net increase / (decrease) in cash and cash equivalents	(36)	14		
Cash and cash equivalents at beginning of the year	115	101		
Cash and cash equivalents at the end of the year	79	115		
Reconciliation of financial liabilities forming part of financing activities in accordance with Ind AS 7:				
	As at 1 April 2019	Cash flow changes	Non-cash changes	As at 31 March 2020
Short-term borrowings from banks	3,845	(801)	79	3,123
Lease liabilities	20	(8)	5	17

*The numbers are rounded off to nearest million.





NATCO Pharma Limited

Notes to the standalone financial results:

- 1) The standalone financial results of NATCO Pharma Limited ("the Company") have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India ("Applicable Accounting Framework") and guidelines issued by the Securities and Exchange Board of India ('SEBI').
- 2) The standalone financial results for the quarter and year ended 31 March 2020 have been reviewed by the Audit Committee of the board and approved by the Board of Directors of the Company at their meeting held on 17 June 2020.
- 3) The operating segment of the Company is identified to be "Pharmaceuticals", as the Chief Operating Decision Maker reviews business performance at an overall Company level as one segment. Therefore, the disclosure as per Regulation 33(1)(e) read with Clause (L) of Schedule IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company.
- 4) The results of the Company for the year ended 31 March 2020, have been audited by the Statutory auditors and they have issued an unqualified audit report on the same. The audit report of the statutory auditors is being filed with the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') and is also available on the Company's website.
- 5) The results for the quarters ended 31 March 2020 and 31 March 2019 are the balancing figures between audited standalone figures in respect of the full financial years and the published unaudited year to date standalone figures upto third quarter of the respective financial years. Also, the standalone figures upto the end of the third quarter were only reviewed and not subjected to audit.
- 6) The Board of Directors of the Company at its meeting held on 5 November 2018 had approved a proposal for buyback of equity shares for an aggregate amount not exceeding ₹2,500 million, at a price not exceeding ₹1,000 per equity share. On conclusion of the buyback by 16 May 2019, the Company has bought a cumulative quantity of 3,000,000 equity shares for an aggregate amount of ₹1,865 million, excluding transaction costs.
- 7) During the year ended 31 March 2020, 305,840 equity shares of ₹ 2 each, fully paid-up, were allotted upon exercise of the vested stock options pursuant to the ESOP 2015, ESOP 2016 and ESOP 2017 schemes resulting in an increase in the paid-up share capital of ₹ 0.61 million and securities premium of ₹ 217 million.
- 8) During the year ended 31 March 2020, pursuant to the Upside Sharing Agreement dated 16 May 2019 entered with CX Securities Limited ("the Investor"), the Company has received a voluntary amount of USD 6.83 million (₹474 million) from the equity participant. In accordance with the Applicable Accounting Framework, the aforementioned gain, received from the equity participant, is recognised as an increase in equity, net of tax.
- 9) In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered internal and external information while finalising various estimates and recoverability of assets in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. Considering the Company is in the business of manufacturing and supplying of pharmaceutical products which is categorised under essential goods, there has been a minimal disruption with respect to operations including production and distribution activities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to the future economic conditions.
- 10) The Company has adopted Ind AS 116, "Leases" effective 01 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standards) Amendment Rules, 2019, using modified retrospective method. Accordingly, the Company has not restated comparative information. There is no material impact on transition to Ind AS 116 on retained earnings as at 01 April 2019 and the financial results for the year ended 31 March 2020.
- 11) The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated by the President of India on 20 September 2019. The Ordinance has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to a domestic company to pay income-tax at reduced rate of 22% plus applicable surcharge and cess subject to certain conditions. The Company has made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit.
- 12) The Board of Directors at their meeting held on 17 June 2020 have recommended an interim dividend of ₹ 1 per equity share of ₹2 each for the year ended 31 March 2020.
- 13) Figures for the previous periods/ year have been regrouped, wherever necessary, to correspond with the figures of the current period.

**By order of the Board
For NATCO Pharma Limited**



V C Nannapaneni
Chairman and Managing Director
(DIN: 00183315)