



NATCO PHARMA LIMITED

Corporate Identification Number (CIN): L24230TG1981PLC003201

Registered Office: Natco House, Road No. 2, Banjara Hills, Hyderabad - 500 034, Telangana, India

Telephone: +91 0402354 7532, Fax: +91 0402354 8243; Website: www.natcopharma.co.in; Email: investors@natcopharma.co.in; Company Secretary and Compliance Officer: Mr. M. Adinarayana

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS/BENEFICIAL OWNERS OF EQUITY SHARES OF NATCO PHARMA LIMITED FOR THE BUY-BACK OF EQUITY SHARES FROM THE OPEN MARKET THROUGH STOCK EXCHANGES UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (BUY-BACK OF SECURITIES) REGULATIONS, 2018.

This public announcement (the "Public Announcement") is made in relation to the buy-back of equity shares (as defined below) by Natco Pharma Limited (the "Company") from BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (together, the "Stock Exchanges"), pursuant to the provisions of Regulation 16(iv)(a) read with Regulation 16(iv)(b) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (the "SEBI Buy-Back Regulations"), and contains the disclosures as specified in the applicable provisions of Schedule IV to the SEBI Buy-Back Regulations.

OFFER FOR BUY-BACK OF EQUITY SHARES FROM OPEN MARKET THROUGH STOCK EXCHANGES**1. DETAILS OF BUY-BACK OFFER AND OFFER PRICE**

1.1 The board of directors of the Company (hereinafter referred to as the "Board" or "Board of Directors" which according to context can include a duly constituted buy-back committee of the Company), at their meeting held on November 5, 2018 (the "Board Meeting"), has approved the proposal for buy-back of its own fully paid-up equity shares of face value of ₹ 2 each ("Equity Shares") in accordance with Article 4(b) of the Articles of Association of the Company, the provisions of Sections 68, 69 and 70 of the Companies Act, 2013, as amended ("Companies Act") and the applicable rules thereunder, in compliance with the SEBI Buy-Back Regulations and subject to such other approvals, permissions, sanctions and filings as may be necessary under the SEBI Buy-Back Regulations, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI LODR"), Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), Registrar of Companies, Hyderabad, Telangana (the "ROC"), Stock Exchanges where the Equity Shares of the Company are listed etc. as may be required and further subject to such conditions as may be prescribed while granting such Board approval which may be agreed by the Board of Directors of the Company.

1.2 The Board in the aforementioned meeting, have approved the Buy-back by the Company of its fully paid-up Equity Shares for an aggregate amount not exceeding ₹ 2,500 Millions (Rupees Two Thousand Five Hundred Millions Only) ("Maximum Buy-back Size"), being 8.10% and 8.22% of the total paid-up share capital and free reserves of the Company based on the audited standalone and consolidated financial statements of the Company respectively, as at March 31, 2018 (being the date of the last audited financial statements of the Company), for a price not exceeding ₹ 1,000 (Rupees One Thousand only) per Equity Share ("Maximum Buy-back Price") from all shareholders of the Company excluding promoters, promoter group and persons who are in control of the Company, as the terms are respectively defined in the SEBI Buy-Back Regulations ("Promoters") ("Buy-back"). The Maximum Buy-back Size does not include any other expenses incurred or to be incurred for the Buy-back like filing fees payable to SEBI, Stock Exchanges fees, advisors' fees, public announcement, publication expenses, transaction cost viz., brokerage, applicable taxes such as securities transaction tax, stamp duty, etc., and any other incidental and related expenses ("Transaction Costs"). The Buy-back period extends from November 5, 2018, i.e., the date of the Board approval to the date on which the final payment of consideration for the Equity Shares bought back by the Company is made ("Buy-back Period").

1.3 The aggregate maximum amount of the Buy-back is less than 10% of the total paid-up capital and free reserves of the Company. The Company will comply with the requirement of maintaining a minimum public shareholding of at least 25% of the total paid-up equity share capital of the Company as provided under Regulation 38 of the SEBI LODR during the Buy-back Period and upon completion thereof.

1.4 The Buy-back will be implemented by the Company from its free reserves in accordance with Regulation 4(ix) of the SEBI Buy-back Regulations and in accordance with Regulation 4(iv)(b)(ii) of the SEBI Buy-back Regulations, through open market purchases from the Stock Exchanges, using the order matching mechanism except "all or none" order matching system, as provided under the SEBI Buy-back Regulations. Further, as required under the Companies Act and SEBI Buy-back Regulations, the Company shall not purchase Equity Shares which are locked-in or non-transferable, in the Buy-back, until the pendency of the lock-in or until the Equity Shares become transferable, as applicable. There are no partly paid-up Equity Shares with calls in arrears of the Company.

1.5 A copy of this Public Announcement is available on Company's website (www.natcopharma.co.in) and is expected to be available on the website of SEBI (www.sebi.gov.in) during the Buy-back Period.

2. NECESSITY FOR THE BUY-BACK

2.1 In continuation of the Company's efforts to effectively utilize its resources, it is proposed to Buy-back its own Equity Shares for an aggregate amount not exceeding the Maximum Buy-back Size being 8.10% and 8.22% of the paid-up share capital and free reserves based on the audited financial statements of the Company as at March 31, 2018 on standalone and consolidated basis respectively, from the open market through Stock Exchanges. Having regard to the healthy cash flows that the Company has been able to consistently generate, the future projected cash flows of the Company and the anticipated funds required for capital expenditure and working capital to meet the expected future growth of the Company, the Buy-back is expected to achieve the following objectives:

- Reduce the outstanding number of Equity Shares and consequently increase earnings per share ("EPS") over a period of time;
- Effectively utilize available cash; and
- Improve key return ratios like return on net worth, return on assets etc. over a period of time

The Company believes that the Buy-back will create long term value for shareholders. The Buy-back is not likely to cause any material impact on the profitability/earnings of the Company except a reduction in the investment income, which the Company could have otherwise earned on the amount distributed towards the Buy-back. The Buy-back will not in any manner impair the ability of the Company to pursue growth opportunities or meet its cash requirements for business operations and for continued capital investment, as and when required.

2.2 At the Maximum Buy-back Price and for Maximum Buy-back Size, the indicative maximum number of Equity Shares bought back would be 25,00,000 (Twenty Five Lakhs only) Equity Shares ("Maximum Buy-back Shares").

2.3 Further, in accordance with Regulation 15 of the SEBI Buy-back Regulations, the Company shall utilize at least 50% of the amount earmarked as the Maximum Buy-back Size for the Buy-back, i.e. ₹ 1,250 Millions (Rupees One Thousand Two Hundred and Fifty Millions Only) ("Minimum Buy-back Size") and based on the Minimum Buy-back Size and the Maximum Buy-back Price, the Company will purchase a minimum of 12,50,000 (Twelve Lakhs Fifty Thousand only) Equity Shares ("Minimum Buy-back Shares") in the Buy-back.

2.4 The actual number of Equity Shares bought back during the Buy-back will depend upon the actual price, excluding the Transaction Costs, paid for the Equity Shares bought back and the aggregate consideration paid in the Buy-back, subject to the Maximum Buy-back Size. The actual reduction in outstanding number of Equity Shares would depend upon the price at which the Equity Shares of the Company are traded at the Stock Exchanges as well as the total number of Equity Shares bought back by the Company from the open market through the Stock Exchanges during the Buy-back Period.

3. BASIS FOR ARRIVING AT THE MAXIMUM BUY-BACK PRICE AND OTHER DETAILS

3.1 The Maximum Buy-back Price of ₹ 1,000 (Rupees One Thousand only) per Equity Share has been arrived at after considering various factors, including average of the weekly high and low of the closing share price of the Equity Shares of the Company on the Stock Exchanges, the net worth of the Company and the potential impact of the Buy-back on the EPS of the Company. The Maximum Buy-back Price excludes the Transaction Costs.

3.2 The Maximum Buy-back Price is at a premium of 42.20% and 41.81% over the closing prices on BSE (i.e. ₹ 703.25 (Rupees Seven Hundred Three and Paise Twenty Five only)) and the NSE (i.e. ₹ 705.15 (Rupees Seven Hundred Five and Paise Fifteen only)), respectively, on October 26, 2018 which is one trading day prior to the date on which the notice of the Board Meeting to consider the Buy-back proposal was intimated to the BSE and the NSE. The Maximum Buy-back Price is at a premium of 37.16% and 37.20%, compared to the average of the weekly high and low of the closing prices of the Equity Shares of the Company on the Stock Exchanges during the 2 (two) weeks preceding the date of the Board Meeting on BSE and NSE respectively.

3.3 The Buy-back is proposed to be completed within a maximum period of six (6) months from the date of opening of the Buy-back. Subject to the Maximum Buy-back Price of ₹ 1,000 (Rupees One Thousand only) per Equity Share for the Buy-back and maximum validity period of six (6) months from the date of opening of the Buy-back and achievement of the Minimum Buy-back Size, the actual time frame and the price for the Buy-back will be determined by the Board or the authorized representatives of the Board, at their discretion, in accordance with the SEBI Buy-back Regulations.

However, in accordance with Regulation 19(iii) of the SEBI Buy-back Regulations, Buy-back price for the Equity Shares in physical form will be determined as the volume weighted average price of the Equity Shares bought back, other than in the physical form, during the calendar week in which the Equity Shares in physical form are received by the seller broker or Axis Capital Limited ("Company's Broker") (or in case no Equity Shares are bought back in the normal market during that calendar week, then the previous week when the Company last bought back Equity Shares) and the price of Equity Shares tendered in physical form during the first week of the Buy-back shall be the volume weighted average market price of the Equity Shares of the Company during the preceding calendar week.

3.4 The amount required by the Company for the Buy-back (including the cost of financing the Buy-back and the Transaction Costs) will be from the internal accruals of the Company. The Company confirms that as required under Section 68(2)(d) of the Companies Act and under Regulation 4(ii) of the SEBI Buy-back Regulations, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves post Buy-back.

4. PROMOTER SHAREHOLDING AND OTHER DETAILS

4.1 Details of aggregate shareholding of the promoter, promoter group and of the directors of the corporate promoters, and of persons who are in control of the Company as on the date of Board Meeting approving the Buy-back is as below:

S. No	Name of the Promoters/Promoter Group/Directors of Corporate Promoters/Persons in control	Number of Equity Shares	% Equity Shareholding in the Company
A. PROMOTERS			
1.	Venkaiah Chowdary Nannapaneni HUF	54,40,045	2.94
2.	Durga Devi Nannapaneni	35,39,100	1.92
3.	V C Nannapaneni	3,53,11,270	19.11
4.	Rajeev Nannapaneni	11,28,000	0.61
5.	Neelima Sita Nannapaneni	1,82,960	0.10
6.	Vistra ITCL India Limited (Durga Devi Nannapaneni Trust)	6,00,000	0.32
7.	Vistra ITCL India Limited (Neelima Nannapaneni Trust)	40,82,750	2.21
Total (A)		5,02,84,125	27.21
B. PROMOTER GROUP			
1.	Kantamani Ratna Kumar	1,00,000	0.05
2.	Ramakrishna Rao Nannapaneni	7,46,910	0.40
3.	Devendranth Alapati	15,000	0.01
4.	Bapanna Alapati	18,300	0.01
5.	Bapineedu Tummala	415	Negligible
6.	Tummala Jansi	77,100	0.04
7.	T Ananda Babu	4,73,205	0.26
8.	Vidyardhari Tummala	4,42,200	0.24
9.	T Anila	6,29,920	0.34
10.	Venkata Satya Swathi Kantamani	32,60,000	1.76
11.	Natsoft Information Systems Pvt Ltd	1,57,67,500	8.53
12.	Time Cap Pharma Labs Limited	1,71,57,220	9.29
13.	Natco Aqua Limited	16,000	0.01
14.	NDL Infratech Private Limited	93,750	0.05
Total (B)		3,87,97,520	21.00
Total (A+B)		8,90,81,645	48.21

4.2 Except as disclosed below, the promoter, promoter group and the directors of the corporate promoters, and persons who are in control of the Company have not purchased or sold any Equity Shares during a period of twelve (12) months preceding the date of the Public Announcement i.e. November 6, 2018 and six (6) months preceding the date of the Board Meeting i.e. November 5, 2018:

Name	Aggregate no. of shares purchased or sold	Nature of transaction	Maximum price (₹)	Date of maximum price	Minimum price (₹)	Date of minimum price
Rajeev Nannapaneni	4,00,000	Gift given February 22, 2018	NA	NA	NA	NA
	1,825	Purchase	815.90	February 9, 2018	811.00	February 9, 2018
Kantamani Ratnakumar	667	Sale	824.35	February 12, 2018	818.50	February 12, 2018
	24,667	Purchase	825.10	February 12, 2018	817.20	February 12, 2018
N Ramakrishna Rao	500	Purchase	778.00	February 21, 2018	778.00	February 21, 2018
Venkata Satya Swathi Kantamani	4,00,000	Gift received February 22, 2018	NA	NA	NA	NA
Jhansi Tummala	1,70,000	Gift given October 3, 2018	NA	NA	NA	NA

5. PARTICIPATION BY PROMOTERS

5.1 In accordance with the provisions of Regulation 16(ii) of the SEBI Buy-back Regulations, the Buy-back shall not be made by the Company from the promoters or persons in control of the Company.

Further, in accordance with Regulation 24(i)(e) of the SEBI Buy-back Regulations, the promoters or their associates shall not deal in the shares or other specified securities of the Company in the stock exchange or off-market, including inter-se transfer of shares, during the period from the date of Board approval till the closing of the Buy-back.

6. NO DEFAULTS

6.1 The Company confirms that there are no defaults subsisting in the repayment of deposits or interest payable thereon, redemption of debentures or preference shares, payment of dividend to any shareholder or repayment of any term loan or interest payable thereon to any financial institution or banking company.

7. CONFIRMATION BY THE BOARD OF DIRECTORS OF THE COMPANY

7.1 The Board has confirmed on the date of the Board Meeting, i.e. November 5, 2018 that they have made full inquiry into the affairs and prospects of the Company and that they have formed the opinion:

7.1.1 that immediately following the meeting of the Board of Directors is convened there will be no grounds on which the Company can be found unable to pay its debts;

7.1.2 as regards the Company's prospects for the year immediately following the date that, having regard to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that; and

7.1.3 in forming its opinion aforesaid, the directors shall take into account the liabilities as if the Company was being wound up under the provisions of the Companies Act or the Insolvency and Bankruptcy Code, 2016 (including prospective and contingent liabilities).

8. REPORT BY THE COMPANY'S AUDITORS

8.1 The text of the report dated November 5, 2018 received from M/s Walker Chandio & Co LLP, the statutory auditor of the Company, addressed to the Board of Directors of the Company is reproduced below:

Quote

Independent Auditor's Report on proposed buy-back of equity shares pursuant to the requirements of clause (xi) of the Schedule I to the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018

To
The Board of Directors
Natco Pharma Limited
Natco House, Road No 2
Banjara Hills
Hyderabad
India 500034

1. This report is issued in accordance with the terms of our engagement letter dated 20 September 2018 with Natco Pharma Limited (the "Company").

2. The management of the Company has prepared the accompanying Annexure A- Statement of permissible capital payment as on 31 March 2018 (the "Statement") pursuant to the proposed buy-back of equity shares approved by the Board of Directors of the Company in their meeting held on 5 November 2018, in accordance with the provisions of sections 68, 69 and 70 of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (the "SEBI buy-back regulations"). The Statement contains the computation of amount of permissible capital payment towards buy-back of equity shares in accordance with the requirements of section 68(2)(b)(i) of the Act and based on the latest audited consolidated and standalone financial statements for the year ended 31 March 2018. We have initiated the Statement for the identification purposes only.

Management's Responsibility for the Statement

3. The preparation of the Statement in accordance with the requirements of section 68(2)(b)(i) of the Act and ensuring compliance with the SEBI buy-back regulations, is the responsibility of the management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

4. The Board of Directors is also responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion on reasonable grounds that the Company will be able to pay its debts from the date of Board meeting at which the proposal for buy-back was approved; and will not be rendered insolvent within a period of one year from the date of the Board meeting at which the proposal for buy-back was approved by the Board of Directors of the Company, and in forming the opinion, it has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Act or the Insolvency and Bankruptcy Code 2016

Auditor's Responsibility

5. Pursuant to the requirements of the SEBI buy-back regulations, it is our responsibility to provide reasonable assurance on whether:

- we have inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements for the year ended 31 March 2018;
- the amount of permissible capital payment, as stated in the Statement, has been properly determined considering the audited financial statements for the year ended 31 March 2018 in accordance with section 68(2)(b)(i) of the Act and;
- whether the Board of Directors of the Company, in its meeting dated 5 November 2018, has formed the opinion as specified in clause (x) of Schedule I to the SEBI buy-back regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the aforesaid date.

6. The audited financial statements, referred to in paragraph 5 above, have been audited by us, on which we have issued unmodified audit opinion vide our report dated 23 May 2018. Our audit of these financial statements was conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Such audit was not planned and performed in connection with any transactions to identify matters that maybe of potential interest to third parties.

7. We conducted our examination of the Statement in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' ("Guidance Note"), issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.

9. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the matters mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated with the matters mentioned in paragraph 5 above. We have performed the following procedures in relation to the matters mentioned in paragraph 5 above:

- Inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements for the year ended 31 March 2018;
- Examined authorization for buy back from the Articles of Association of the Company;
- Agreed the balance of the Statement of Profit and Loss, Securities Premium Account and General Reserve as at 31 March 2018 as disclosed in the Statement with the audited financial statements;
- Examined that the ratio of secured and unsecured debt owed by the Company, if any, is not more than twice the capital and its free reserves after such buy-back;
- Examined that all the shares for buy-back are fully paid-up;
- Examined that the amount of capital payment for the buy-back as detailed in the Statement is within the permissible limit computed in accordance with section 68(2)(b)(i) of the Act;
- Inquired if the Board of Directors of the Company, in its meeting held on 5 November 2018 has formed the opinion as specified in Clause (x) of Schedule I to the SEBI buy-back regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the aforesaid date of the board meeting;
- Examined minutes of the meetings of the Board of Directors;
- Examined the Directors' declarations for the purpose of buy-back and solvency of the Company;
- Verified the arithmetical accuracy of the Statement; and
- Obtained appropriate representations from the management of the Company.

Opinion

10. Based on our examination as above and the information, explanations and representations provided to us by the management, in our opinion:

- we have inquired into the state of affairs of the Company in relation to audited standalone and consolidated financial statements for the year ended 31 March 2018;
- the amount of the permissible capital payment towards the proposed buy-back of equity shares as computed in the accompanying Statement, is properly determined in accordance with the requirements of section 68(2)(b)(i) of the Act based on the audited financial statements for the year ended 31 March 2018;
- the Board of Directors of the Company, in its meeting held on 5 November 2018 has formed opinion as specified in clause (x) of Schedule I to the SEBI buy-back regulations, on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the aforesaid date.

Restriction on distribution or use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the provisions of section 68 and other applicable provisions of the Act and the SEBI buy-back regulations, pursuant to the proposed buy-back of equity shares. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have had as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.

12. This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the aforesaid requirements and to include this report, pursuant to the requirements of the SEBI buy-back regulations (a) in the public announcement to be made to the shareholders of the Company, (b) in the draft letter of offer and the letter of offer to be filed with the Registrar of Companies, Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited as required by the SEBI buy-back regulations, (c) the Central Depository Services (India) Limited, National Securities Depository Limited and for providing to the manager to the buy-back, each for the purpose of extinguishment of equity shares. Accordingly, this report may not be suitable for any other purpose, and therefore, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sd/-

Adi P. Sethna

Partner

Membership No:108840

Place: Hyderabad

Date: 5 November 2018

Annexure A

Statement of Permissible Capital Payment for Buy-back of Equity Shares in accordance with the provisions of the Act and the SEBI buy-back Regulations (the "Statement")

(₹ in millions)

Particulars	As at 31 March 2018	
	Standalone	Consolidated
(A) Paid up equity share capital	369	369
(18,44,93,400 equity shares of face value ₹ 2 each)		
(B) Free reserves:		
Securities premium	15,209	15,206
General reserve	595	595
Retained earnings	14,709	30,513
30,040		
Total paid up capital and Free reserves (A) + (B)	30,882	30,409
Permissible capital payment in accordance with proviso to Section 68(2)(b)(i) of the Act requiring Board Resolution (10% of total paid-up equity share capital and free reserves)	3,088	3,041
Buyback size proposed by the Board of Directors vide its resolution dated 5 November 2018, based on the audited financial statements for the year ended 31 March 2018		2,500

Note:

Calculation in respect of permissible capital payment is done on the basis of standalone and consolidated audited financial statements of the Company for the year ended 31 March 2018.

For and behalf of Board of Directors of
NATCO Pharma Limited

Sd/-
V. C Nannapaneni
Chairman and Managing Director

Place: Hyderabad
Date: 5 November 2018

Unquote**9. DATE OF BOARD APPROVAL**

9.1 The Board approval for the Buy-back was granted on November 5, 2018.

10. MINIMUM AND MAXIMUM NUMBER OF EQUITY SHARES PROPOSED TO BE BOUGHT BACK, SOURCES OF FUNDS AND COST OF FINANCING THE BUY-BACK

10.1 Based on the Minimum Buy-back Size and the Maximum Buy-back Price, the Company will purchase a indicative minimum of 12,50,000 (Twelve Lakhs Fifty Thousand only) Equity Shares ("Minimum Buy-back Shares") and based on Maximum Buy-back Size and the Maximum Buy-back Price, the indicative maximum number of Equity Shares bought back would be 25,00,000 (Twenty Five Lakhs only) Equity Shares ("Maximum Buy-back Shares"). If the Equity Shares are bought back at a price below the Maximum Buy-back Price, the actual number of Equity Shares bought back could exceed the indicative Maximum Buy-back Shares or Minimum Buy-back Shares but will always be subject to the Maximum Buy-back Size. Further, the number of Equity Shares bought back will not exceed 25% of the total paid-up equity capital of the Company as on March 31, 2018.

10.2 The Company proposes to implement the Buy-back out of its free reserves. The amount required by the Company for the Buy-back (including the cost of financing the Buy-back and the Transaction Costs) will be invested out of internal accruals of the Company.

10.3 As mentioned in Paragraph 10.1 above, in continuation of the Company's efforts to effectively utilize its resources, it is proposed to Buy-back upto 8.10% and 8.22 % of the paid-up share capital and free reserves based on the audited financial statements of the Company as at March 31, 2018 on standalone and consolidated basis respectively, from the open market through the Stock Exchanges. The Buy-back of Equity Shares will result in a reduction in number of shares accompanied by a likely increase in EPS and return on capital employed. The Company believes that the Buy-back will create long term value for continuing shareholders.

11. PROPOSED TIMETABLE FOR BUY-BACK

Activity	Date
Date of Board Approval	Monday, November 5, 2018
Date of publication of the Public Announcement	November 7, 2018
Date of commencement of the Buy-back	November 19, 2018
Acceptance of Equity Shares accepted in dematerialized mode	Upon the relevant pay-out by the Stock Exchanges.
Verification/Acceptance of Equity Shares accepted in the physical mode	Within fifteen (15) days of the pay-out by the Stock Exchanges.
Extinguishment of Equity Shares/certificates	In case the Equity Shares bought back are in dematerialized form, the same will be extinguished in the manner specified in the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and the bye-laws framed thereunder. In case the Equity Shares bought back are in physical form, the Company shall extinguish and physically destroy the share certificates bought back during the month, on or before the 15 th day of the succeeding month. Provided that, the Company shall ensure that all the Equity Shares bought back are extinguished within seven (7) days of the expiry of the Buy-back Period.
Last Date for the Buy-back	Earlier of: (a) May 18, 2019 (i.e., 6 months from the date of the opening of the Buy-back); or (b) when the Company completes the Buy-back by deploying the amount equivalent to the Maximum Buy-back Size; or (c) at such earlier date as may be determined by the Board or its duly authorized Buy-back committee, after giving notice of such earlier closure, subject to the Company having deployed an amount equivalent to the Minimum Buy-back Size (even if the Maximum Buy-back Size has not been reached or the Maximum Buy-back Shares have not been bought back), however, that all payment obligations relating to the shares bought back shall be completed before the last date for the Buy-back.

12. PROCESS AND METHODOLOGY TO BE ADOPTED FOR THE BUY-BACK

12.1 The Buy-back is open to all eligible shareholders of the Company holding Equity Shares in physical form ("Physical Shares") and to beneficial owners holding Equity Shares in dematerialised form ("Demat Shares").

12.2 Further, as required under the Companies Act and SEBI Buy-back Regulations, the Company shall not purchase Equity Shares which are partly paid-up, Equity Shares with call-in-arrears, locked-in Equity Shares or non-transferable Equity Shares, in the Buy-back, until they become fully paid-up, or until the pendency of the lock-in, or until the Equity Shares become transferable, as applicable.

12.3 The Buy-back will be implemented by the Company by way of open market purchases through the Stock Exchanges, through the order matching mechanism except "all or none" order matching system, as provided under the SEBI Buy-back Regulations.

12.4 For the implementation of the Buy-back, the Company has appointed Axis Capital Limited as the registered broker ("Company's Broker") through whom the purchases and settlements on account of the Buy-back would be made by the Company.

The contact details of the Company's Broker are as follows:



AXIS CAPITAL LIMITED
5th Floor, Axis House,
C-2 Wadia International Centre,
P. B. Marg, Worli, Mumbai - 400 025
Tel: +91 22 4325 2525
Fax: +91 22 4325 5599
Contact Person: Mr. Ram Shinde

12.5 The Equity Shares are traded in compulsory dematerialised mode under the trading code(s) 524816 at BSE and NATCOPHARM at NSE. The ISIN of the Equity Shares of the Company INE987B01026. The Company has made arrangements for shareholders who hold physical shares to participate in the Buy-back as mentioned below. Shareholders holding physical shares can sell their Equity Shares in the separate window created for the physical trading segment by the Stock Exchanges.

12.6 The Company, shall, commencing from November 19, 2018 (i.e., the date of opening of the Buy-back), place "buy" orders on the BSE and/or NSE on the normal trading segment to Buy-back the Equity Shares through the Company's Broker in such quantity and at such price, not exceeding the Maximum Buy-back Price of ₹ 1000 (Rupees One Thousand only) per Equity Share, as it may deem fit, depending upon the prevailing market price of the Equity Shares on the Stock Exchanges. When the Company has placed an order for Buy-back of Equity Shares, the identity of the Company as a purchaser would be available to the market participants of the Stock Exchanges.

12.7 **Procedure for Buy-back of Demat Shares:** Beneficial owners holding Demat Shares who desire to sell their Equity Shares in the Buy-back, would have to do so through their stock broker, who is a registered member of either of the Stock Exchanges by indicating to their broker the details of the equity shares they intend to sell whenever the Company has placed a "buy" order for Buy-back of the equity shares. The Company shall place a "buy" order for Buy-back of Demat Shares, by indicating to the Company's Broker, the number of Equity Shares it intends to buy along with a price for the same. The trade would be executed at the price at which the order matches the price tendered by the beneficial owners and that price would be the Buy-back price for that beneficial owner. The execution of the order, issuance of contract note and delivery of the stock to the member and receipt of payment would be carried out by the Company's Broker in accordance with the requirements of the Stock Exchanges and SEBI.

12.8 It may be noted that a uniform price would not be paid to all the shareholders/beneficial owners pursuant to the Buy-back and that the same would depend on the price at which the trade with that shareholder/beneficial owner was executed on Stock Exchanges.

12.9 **Procedure for Buy-back of Physical Shares:** The Company shall approach the Stock Exchanges for permission to use a separate window for the Buy-back of physical shares in terms of Regulation 19 of the SEBI Buy-back Regulations ("Physical Share Buy-back Window").

12.10 Upon the receipt of the permission from the Stock Exchanges to use their Physical Share Buy-back Window, the Company shall Buy-back the physical shares from the shareholders. The procedure for Buy-back of physical shares in the Physical Share Buy-back Window shall be subject to requirements provided by the Stock Exchanges and any directions in this regard. As per Regulation 19 of the SEBI Buy-back Regulations:

12.10.1 The Physical Share Buy-back Window shall remain open during the Buy-back period, for the Buy-back of physical shares.

12.10.2 Physical shares shall be bought back from eligible shareholders through the Physical Shares Buy-back Window, only after verification of the requisite documents by the investor service centre of the Company ("Investor Service Centre") and on completion of the successful verification, the sale transaction may be executed by the broker appointed by the eligible shareholder or Company's Broker.

12.10.3 The price at which the physical shares are bought back shall be the volume weighted average price of the Equity Shares bought back in demat form, during the calendar week in which such physical shares are received by broker. In case no Equity Shares were bought back in the normal market during the calendar week, the preceding week when the Company last bought back the Equity Shares in demat form would be considered. The price of physical shares tendered during the first calendar week of the Buy-back period shall be the volume weighted average market price of the Equity Shares of the Company during the preceding calendar week.

12.10.4 The sale consideration would be paid immediately after the payout of the Stock Exchange, which in no event will be later than seven (7) days after the date of sale.

12.11 Shareholders holding physical shares and proposing to participate in the Buy-back will be required to submit a complete set of documents for verification procedure to be carried out, including without limitation, the following documents:

- original physical share certificate(s);
- valid share transfer form(s) duly filled, stamped, signed by the transferors (by all the eligible shareholders in case the Equity Shares are in joint names in the same order in which they hold Equity Shares in the Company) as per the specimen signatures lodged with the Company and duly witnessed at the appropriate place authorizing the transfer of the Equity Shares bought back in favour of the Company;
- in case of unregistered shareholder, (a) Original Equity Share certificates accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in, and (b) Original broker contract note of a registered broker of a recognized Stock Exchange in relation to the purchase of the Equity Shares being tendered in this case;
- Know Your Customer (KYC) Form (to be filled and signed only by the first holder), Acceptance Form and Declaration Form (to be signed by all shareholder(s) including by joint holders of shares). The KYC Form, Acceptance Form and Declaration Form can be obtained by contacting the Investor Service Centre at the details mentioned in Paragraph 22 below;
- Bank account details of the first named holder along with copy of a self-attested cancelled cheque;
- a self-attested copy of the shareholder's (including joint holders) permanent account number (PAN) card or other document confirming the shareholder's identity;
- a self-attested copy of a document confirming the shareholder's current address;
- telephone number and email address of all the shareholders (including joint shareholders);
- copies of regulatory approvals required, if any, by the shareholder for the transfer of Equity Shares to the Company;
- any other relevant documents such as power of attorney, corporate authorization (such as, board resolution/specimen signatures), notarised copy of death certificate, RBI approval (in case of non-resident shareholders) and succession certificate or probated will, if the original shareholder is deceased, as applicable, either by registered post or courier or hand delivery to the following address:

Mr. M. Adinarayana
Company Secretary & Vice President (Legal & Corp. Affairs)
NATCO Pharma Limited
Natco House, Road No. 2, Banjara Hills,
Hyderabad - 500 034, Telangana, India
Tel: +91 40-23547532; Fax: +91 40-23548243

- The following list of documents are admissible as proof of identity: (i) unique identification number (UID) (Aadhaar)/passport/voter ID card/driving license, (ii) PAN card with photograph, (iii) identity card/document with applicant's photo, issued by any of the following: Central/State Government and its departments, statutory/regulatory authorities, public sector undertakings, scheduled commercial banks, public financial institutions, colleges affiliated to universities, professional bodies such as ICAI, Institute of Cost Accountants of India, ICSI, Bar Council etc., to their members; and credit cards/debit cards issued by banks, (iv) certificate of incorporation, memorandum and articles of association in case of companies, (v) partnership deed in case of partnership firm and (vi) trust deed in case of trusts; and
- The following list of documents admissible as proof of address: (i) passport/voters identity card/ration card/registered lease or sale agreement of residence/driving license/flat maintenance bill/insurance copy/unique identification number (UID) (Aadhaar), (ii) utility bills like telephone bill (only land line), electricity bill or gas bill - not more than 3 months old, (iii) bank account statement/passbook - not more than 3 months old, (iv) self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts, (v) proof of address issued by any of the following: bank managers of scheduled commercial banks/scheduled co-operative bank/multinational foreign banks/gazetted officer/notary public/elected representatives to the legislative assembly/parliament/documents issued by any government or statutory authority and (vi) identity card/document with address, issued by any of the following: Central/State Government and its departments, statutory/regulatory authorities, public sector undertakings, scheduled commercial banks, public financial institutions, colleges affiliated to universities and professional bodies such as ICAI, Institute of Cost Accountants of India, ICSI, Bar Council etc., to their members. Please note that documents having an expiry date should be valid on the date of submission.

12.12 Shareholders are free to sell or hold their physical Equity Shares entirely at their discretion and that process is designed in accordance with SEBI Buy-back Regulations only to assist those shareholders holding Equity Shares in the physical form, who are desirous of selling their Equity Shares and who would like to have a broker to enable them to do so and with abridged KYC requirements.

12.13 Shareholders holding physical shares should note that physical shares will not be accepted for Buy-back unless a complete set of documents as mentioned in Paragraph 12.11 above is submitted to Company's Broker. Acceptance of the physical shares for Buy-back shall be subject to verification of the documents submitted by the shareholders as per the SEBI Buy-back Regulations and any other directions issued by the SEBI or the Stock Exchanges in this regard. The Company will endeavour to complete the Buy-back of the physical shares in the week subsequent to the week in which such physical shares are received by the broker. Please note that there could however be delay in completing the transaction due to unavoidable circumstances. In case of receipt of incomplete documentation from the shareholders holding physical shares, the price payable for the Buy-back of such physical shares will be the price applicable in accordance with Paragraph 12.10.3 above during the week in which the documentation in respect of the Buy-back of such physical shares has been completed in all respects.

12.14 Shareholders are requested to get in touch with the Merchant Banker of the Buy-back or the Company's Broker or the Investor Service Centre to clarify any doubts in the process.

12.15 Subject to the Company purchasing Equity Shares for an amount equivalent to the Minimum Buy-back Size, nothing contained herein shall create any obligation on the part of the Company or the Board to Buy-back any Equity Shares or confer any right on the part of any shareholder to have any Equity Shares bought back, even if the Maximum Buy-back Size has not been reached, and/or impair any power of the Company or the Board to terminate any process in relation to the Buy-back, to the extent permissible by law. If the Company is not able to complete the Buy-back equivalent to the Minimum Buy-back Size, the amount held in the Escrow Account up to a maximum of 2.5% of the Maximum Buy-back Size, shall be liable to be forfeited and deposited in the Investor Protection and Education Fund of SEBI or as directed by SEBI in accordance with the SEBI Buy-back Regulations.

12.16 The Company shall submit the information regarding the Equity Shares bought back by it, to the Stock Exchanges on a daily basis in accordance with the SEBI Buy-back Regulations. The Company shall also upload the information regarding the Equity Shares bought back by it on its website (www.natcopharma.co.in) on a daily basis.

13. METHOD OF SETTLEMENT

13.1 **Settlement of Demat Shares:** The Company will pay consideration for the Buy-back to the Company's Broker on or before every pay-in date for each settlement, as applicable to the respective Stock Exchanges where the transaction is executed. The Company has opened a depository account titled "Natco Pharma Limited - Buyback" with Axis Bank Limited ("Buy-back Account"). Demat Shares bought back by the Company will be transferred into the Buy-back Account by the Company's Broker, on receipt of such Demat Shares and after completion of the clearing and settlement obligations of the Stock Exchanges. Beneficial owners holding Demat Shares would be required to transfer the number of such Demat Shares sold to the Company pursuant to the Buy-back, in favour of their stock broker through whom the trade was executed, by tendering the delivery instruction slip to their respective depository participant ("DP") for debiting their beneficiary account maintained with the DP and crediting the same to the broker's pool account as per procedure applicable to normal secondary market transactions. The beneficial owners would also be required to provide to the Company's Broker, copies of all statutory consents and approvals required to be obtained by them for the transfer of their Equity Shares to the Company as referred to in Paragraph 12.13.

13.2 **Settlement of Physical Shares:** Shareholders holding physical shares would be required to present the complete set of documents referred to in Paragraph 12.11 above to Company's Broker within the time period prescribed under the Act.

13.3 **Extinguishment of Demat Shares:** The Demat Shares bought back by the Company shall be extinguished and destroyed in the manner specified in the Securities and Exchange Board of India (Depository and Participants) Regulations, 2018 and its by-laws, in the manner specified in the SEBI Buy-back Regulations and the Companies Act. The Equity Shares lying in credit in the Buy-back Demat Escrow Account will be extinguished within fifteen (15) days of acceptance of the Demat Shares. The Company undertakes to ensure that all Demat Shares bought back by the Company are extinguished within seven (7) days of expiry of the Buy-back Period.

13.4 **Extinguishment of Physical Shares:** Physical shares bought back by the Company during a month shall be extinguished and physically destroyed by the Company in the presence of Axis Capital Limited ("Merchant Banker") and the statutory auditor by the fifteenth (15th) day of the succeeding month. The Company undertakes to ensure that all physical shares bought back are extinguished within seven (7) days of expiry of the Buy-back, in compliance with the SEBI Buy-back Regulations.

13.5 Consideration for the Equity Shares bought back by the Company shall be paid only by way of cash through normal banking channel.

14. Brief Information about the Company

14.1 Our Company was incorporated on September 19, 1981 as private limited company under the name of Natco Fine Pharmaceuticals Private Limited. It became a deemed public company with effect from July 1, 1992 and the word 'private' was deleted from the name of our Company pursuant to Company's intimation to the RoC, AP by letter dated May 29, 1992. The name of our Company was changed to Natco Pharma Limited (deemed public limited company) and a fresh certificate of incorporation consequent upon change of name was issued by the RoC, AP on February 18, 1993. Our Company

was converted into a public limited company and a fresh certificate of incorporation dated December 30, 1994 was issued by the RoC, AP. On April 1, 1995, Natco Parenterals Limited, Natco Laboratories Limited and Dr. Karanth Pharma Labs Private Limited merged with our Company.

14.2 We are an R&D focused, vertically integrated pharmaceuticals company engaged in the development, manufacture and marketing of finished dosage formulations ("FD") and active pharmaceutical ingredients ("APIs"), including niche and technically complex molecules. Our end-to-end capabilities comprise a strong R&D team, manufacturing facilities that produce a wide variety of dosage forms and in-house API capabilities. We have a well-established presence in the domestic formulations market, particularly in gastro hepatology and oncology therapeutic areas.

14.3 We are focused on complex generics for the US market and our product portfolio is predominantly focused on high-barrier-to-entry products that are either difficult to formulate or manufacture or may face complex legal and regulatory challenges. We also have a long standing track-record of alliances with global pharmaceutical companies for developing, manufacturing and marketing of pharmaceutical products. Our R&D efforts are primarily focused across the value chain of generics development for simple as well as differentiated dosage forms like modified release oral solids and API process development. Our business operations are supported by modern manufacturing facilities located in India.

14.4 On consolidated basis, for the financial years ended March 31, 2016, March 31, 2017 and March 31, 2018, the Company recorded a total income of ₹ 10,897 Millions, ₹ 20,789 Millions, and ₹ 22,424 Millions respectively, and the profit after tax was recorded as ₹ 1,558 Millions, ₹ 4,849 Millions, and ₹ 6,952 Millions respectively.

15. FINANCIAL INFORMATION ABOUT THE COMPANY

15.1 The Company prepares its financial statements in accordance with Indian Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder ("Ind AS"). Financial information on the basis of audited standalone financial statements of the Company for the last three financial years ended March 31, 2018, March 31, 2017 and March 31, 2016 and the unaudited standalone financial statements for the six (6) months ended September 30, 2018 provided hereunder.

(₹ in Millions)

Particulars	Six months ended September 30, 2018	FY 18	FY 17	FY 16
	(Limited Review) Unaudited Ind AS	(Audited) Ind AS	(Audited) Ind AS	(Audited) Ind AS
Revenue from Operations	10,381	21,085	20,028	10,592
Other Income	754	394	132	129
Total Income	11,135	21,479	20,160	10,721
Total Expense (Excluding Interest, Depreciation and Exceptional Items)	5,822	11,801	13,108	7,785
Finance Costs	64	147	175	219
Depreciation & Amortization	383	655	536	502
Exceptional Items	0	0	0	0
Profit Before Tax	4,866	8,876	6,341	2,215
Provision for Tax (including Deferred Tax)	1049	1,894	1393	450
Profit After Tax from Continuing Operations	3,817	6,982	4,948	1,765
Profit from Discontinuing Operations- net of tax	0	0	0	0
Profit After Tax	3,817	6,982	4,948	1,765
Equity Share Capital	369	369	349	348
Other Equity	34,484	30,885	16,648	13,015
Net Worth	34,853	31,254	16,997	13,363
Total Debt*	2,209	1,730	2,206	1,102

* Total Debt = Current Borrowings + Non-Current Borrowings + Current Portion of Long term borrowings

Financial Ratios on standalone basis are as under:

Particulars	September, 2018	FY 18	FY 17	FY 16
	(Limited Review) Unaudited Ind AS	(Audited) Ind AS	(Audited) Ind AS	(Audited) Ind AS
Basic Earnings per Share (in ₹)	20.69	39.38	28.27	10.17
Diluted Earnings per Share (in ₹)	20.62	39.24	28.24	10.14
Debt Equity Ratio	0.06	0.06	0.13	0.08
Book Value (₹ per share)	188.77	169.40	97.51	76.72
Return on Net worth (in %)	10.95%	22.34%	29.11%	13.21%

Notes:

- Basic EPS = Profit after tax/Weighted average number of equity shares outstanding
 - Diluted EPS = Profit after tax/Weighted average number of equity shares outstanding including stock options outstanding
 - Debt equity ratio = Total debt as defined above/Net worth
 - Book value per share = (Equity share capital + reserves and surplus)/Total number of outstanding shares
 - Return on net worth = Profit after tax/Net worth
- 15.2 The Company prepares its financial statements in accordance with Indian Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder ("Ind AS"). Financial information on the basis of audited consolidated financial statements of the Company for the last three financial years ended March 31, 2018, March 31, 2017 and March 31, 2016 and the unaudited consolidated financial statements for the six (6) months ended September 30, 2018 provided hereunder.

(₹ in Millions)

Particulars	Six months ended September 30, 2018	FY 18	FY 17	FY 16
	(Limited Review) Unaudited Ind AS	(Audited) Ind AS	(Audited) Ind AS	(Audited) Ind AS
Revenue from Operations	10,821	22,020	20,650	10,801
Other Income	759	404	139	96
Total Income	11,580	22,424	20,789	10,897
Total Expense (Excluding Interest, Depreciation and Exceptional Items)	6,440	12,736	13,816	8,145
Finance Costs	78	154	185	229
Depreciation & Amortization	386	662	544	508
Exceptional Items	0	0	0	0
Profit Before Tax	4,676	8,872	6,244	2,015
Provision for Tax (including Deferred Tax)	1,049	1,920	1,395	479
Profit After Tax from Continuing Operations	3,627	6,952	4,849	1,536
Profit from Discontinuing Operations- net of tax	0	0	0	22
Profit After Tax	3,627	6,952	4,849	1,558
Equity Share Capital	369	369	349	348
Other Equity	33,802	30,353	16,144	12,609
Net Worth	34,171	30,722	16,493	12,957
Total Debt*	2,210	1,732	2,216	1,126

* Total Debt = Current Borrowings + Non-Current Borrowings + Current Portion of Long term borrowings

Financial Ratios on consolidated basis are as under:

Particulars	September, 2018	FY 18	FY 17	FY 16
	(Limited Review) Unaudited Ind AS	(Audited) Ind AS	(Audited) Ind AS	(Audited) Ind AS
Basic Earnings per Share (in ₹)	19.74	39.26	27.89	9.14
Diluted Earnings per Share (in ₹)	19.67	39.13	27.87	9.11
Debt Equity Ratio	0.06	0.06	0.13	0.09
Book Value (₹ per share)	185.07	166.52	94.62	74.39
Return on Net worth (in %)	10.61%	22.63%	29.40%	12.02%

Notes:

- Basic EPS = Profit after tax/Weighted average number of equity shares outstanding
 - Diluted EPS = Profit after tax/Weighted average number of equity shares outstanding including stock options outstanding
 - Debt equity ratio = Total debt as defined above/Net worth
 - Book value per share = (Equity share capital + Reserves and surplus)/Total number of outstanding shares
 - Return on net worth = Profit after tax/Net worth
- 15.3 The Company shall comply with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever and if applicable. The Company hereby declares that it is in compliance with Sections 68, 69 and 70 of the Companies Act and the Companies (Share Capital and Debentures) Rules, 2014.

16. DETAILS OF ESCROW ACCOUNT

- 16.1 In accordance with Regulation 20 of the SEBI Buy-back Regulations, the Company has appointed Axis Bank Limited ("Escrow Agent"), having its registered office at Trishul, 3rd Floor, Opposite Samarsheshwar Temple, Law Garden, Ellis Bridge, Ahmedabad 380 006, Gujarat, India, as the Escrow Agent for Buy-back, and an escrow agreement has been entered into amongst the Company, Axis Capital Limited and Escrow Agent having its branch at 8-2-293/82/J-III/19, Plot No. 19-III, Road No. 71 Opp. Bharatiya Vidhya Bhavan Public School, Jubilee Hills, Hyderabad-500033, Telangana, India on November 6, 2018.
- 16.2 In accordance with the Escrow Agreement, the Company has opened an escrow account no. 918020101106221 titled "Natco Pharma Limited - Buyback - Escrow Account" ("Escrow Account") with the Escrow Agent and deposited therein cash aggregating to ₹ 62.5 Millions (Rupees Sixty Two and Half Millions only) ("Cash Escrow") and has procured a bank guarantee for ₹ 562.5 Millions (Rupees Five Hundred Sixty Two and Half Millions only) from HDFC Bank Limited having its registered Office at HDFC Bank House C.S.No.6/242, Senapati Bapat Marg Lower Parel (W) Mumbai 400013 acting through its Branch at Bank House, Wholesale Banking Operations, 2nd Floor, M.No.6-3-244/A & 246, Road No.1, Banjara Hills, Hyderabad-500034 Telangana, India, in favour of the Merchant Banker to the Buyback ("BG"). In accordance with the SEBI Buy-back Regulations, the Merchant Banker to the Buyback will be empowered to operate the Escrow Account. Bank guarantee is valid until (i) a period of 7 months from November 6, 2018; or (ii) expiry of a period of 30 days from the date of closure of the Buyback Offer or till the completion, of all obligations under the Buyback regulations, whichever is earlier. The security provided by the Company for performance of its obligations under the SEBI Buy-back Regulations, consisting of the Cash Escrow and the BG, aggregates to ₹ 625 Millions (Rupees Six Twenty Five Millions only).
- 16.3 If the Company is not able to complete the Buy-back equivalent to the Minimum Buy-back Size, except for the reasons mentioned in the SEBI Buy-back Regulations, the amount held in the Escrow Account (up to a maximum of 2.5% of the Maximum Buy-back Size), shall be liable to be forfeited and deposited in the Investor Protection and Education Fund of SEBI or as directed by SEBI in accordance with the SEBI Buy-back Regulations.

17. LISTING DETAILS AND STOCK MARKET DATA

- 17.1 The Equity Shares are currently listed and traded only on the BSE and the NSE.
- 17.2 The high, low and average market prices in preceding three (3) financial years and the monthly high, low and average market prices for the six (6) months preceding the date of publication of Public Announcement and the corresponding volumes on the NSE are as follows:

Period	High			Low			Average (₹)	Total Volume Traded
	High (₹)	Date of High	No. of Equity Shares Traded	Low (₹)	Date of Low	No. of Equity Shares Traded		
From April 01, 2015 to November 25, 2015	2,619.75	April 08, 2015	3,86,001	1850.65	April 27, 2015	1,20,818	2310.21	1,46,88,376
From November 26, 2015 to March 31, 2016**	614.75	January 06, 2016	5,58,034	393.10	March 29, 2016	19,12,874	507.70	3,42,17,147
FY2017	849.20	March 31, 2017	4,78,379	418.15	April 01, 2016	3,88,455	609.45	7,63,16,412
FY2018	1,077.45	June 09, 2017	8,56,133	695.75	August 10, 2017	51,50,800	902.49	9,12,59,315
Apr 2018	823.20	April 25, 2018	1,64,991	763.90	April 04, 2018	1,77,170	792.84	40,80,525
May 2018	814.55	May 02, 2018	79,510	754.05	May 22, 2018	1,65,954	793.97	48,74,424
Jun 2018	831.60	June 15, 2018	10,53,415	738.90	June 05, 2018	1,77,518	798.34	61,16,128
Jul 2018	814.55	July 10, 2018	1,68,140	760.95	July 19, 2018	79,172	789.88	26,80,061
Aug 2018	818.25	August 06, 2018	1,57,944	751.90	August 16, 2018	1,95,360	775.98	43,01,530
Sep 2018	829.75	September 11, 2018	10,36,113	749.55	September 25, 2018	2,53,712	788.25	61,35,941
Oct 2018	754.15	October 31, 2018	2,27,294	655.20	October 09, 2018	2,35,224	709.23	44,09,977

Source: NSE (www.nseindia.com)

Note: High and low price for the period are based on closing prices and average price is based on average of closing price.

** In Fiscal 2016, our Company undertook sub-division of equity shares of face value of ₹ 10 each to equity shares of face value of ₹ 2 each (ex-split effective from November 26, 2015)

- 17.3 The high, low and average market prices in preceding three (3) financial years and the monthly high, low and average market prices for the six (6) months preceding the date of publication of Public Announcement and the corresponding volumes on the BSE are as follows:

Period	High			Low			Average (₹)	Total Volume Traded
	High (₹)	Date of High	No. of Equity Shares Traded	Low (₹)	Date of Low	No. of Equity Shares Traded		
From April 01, 2015 to November 25, 2015	2,621.20	April 8, 2015	74,789	1,847.10	April 27, 2015	26,544	2,309.87	26,12,728
From November 26, 2015 to March 31, 2016**	615.15	January 6, 2016	99,644	392.55	March 29, 2016	2,54,767	507.73	52,46,144
FY2017	847.00	March 31, 2017	50,929	415.85	April 1, 2016	67,710	609.14	1,16,29,137
FY2018	1,072.30	June 9, 2017	1,20,835	696.65	August 10, 2017	5,80,031	902.06	1,19,67,804
Apr 2018	823.15	April 27, 2018	7,376	767.70	April 4, 2018	39,502	793.33	3,41,740
May 2018	813.15	May 2, 2018	10,694	757.50	May 22, 2018	14,361	792.86	6,29,073
Jun 2018	832.10	June 19, 2018	24,457	741.40	June 6, 2018	10,335	797.76	7,97,570
Jul 2018	815.00	July 10, 2018	8,500	761.35	July 19, 2018	3,547	789.30	3,82,375
Aug 2018	820.00	August 06, 2018	9,038	752.15	August 16, 2018	18,742	776.34	2,72,885

Sep 2018	825.25	September 14, 2018	20,792	747.60	September 28, 2018	14,177	787.39	4,30,309
Oct 2018	756.20	October 31, 2018	9,906	655.95	October 9, 2018	15,606	709.97	3,44,797

Source: BSE (www.bseindia.com)

Note: High and low price for the period are based on closing prices and average price is based on average of closing price.

** In Fiscal 2016, our Company undertook sub-division of equity shares of face value of ₹ 10 each to equity shares of face value of ₹ 2 each (ex-split effective from November 26, 2015)

- 17.4 The closing market price of the Equity Shares on the BSE and the NSE as on October 29, 2018, being the day on which notice of Board Meeting to consider the proposal for the Buy-back was filed at the Stock Exchanges, was ₹ 732.00 (Rupees Seven Hundred and Thirty Two only) and ₹ 731.05 (Rupees Seven Hundred Thirty One and Paise Five only) respectively.
- 17.5 The closing market price of the Equity Shares on the BSE and the NSE as on November 2, 2018, being the working day prior to the day the Board approved the proposal for Buy-back, was ₹ 773.45 (Rupees Seven Hundred Seventy Three and Paise Forty Five only) and ₹ 774.75 (Rupees Seven Hundred Seventy Four and Paise Seventy Five only) respectively.
- 17.6 The closing market price of the Equity Shares on the BSE and the NSE as on November 5, 2018, being the day the Board approved the proposal for Buy-back, was ₹ 779.70 (Rupees Seven Hundred Seventy Nine and Paise Seventy only) and ₹ 773.80 (Rupees Seven Hundred Seventy Three and Paise Eighty only) respectively.
- 17.7 The last traded price of the Equity Shares on the BSE and the NSE as on November 6, 2018, being the working day after the day of resolution of the Board approving the proposal for Buy-back, was ₹ 751.50 (Rupees Seven Hundred Fifty One and Paise Fifty only) and ₹ 751.55 (Rupees Seven Hundred Fifty One and Paise Fifty Five only) respectively.

18. PRESENT CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

- 18.1 The capital structure of the Company, as on the date of the Public Announcement and the proposed capital structure of the Company post completion of the Buy-back will be, as follows:- The present capital structure of the Company is as follows:

Sr. No.	Particulars	Amount in ₹
1.	Authorized Share Capital:	
	20,00,00,000 Equity Shares of ₹ 2 each	40,00,00,000
2.	Issued Equity Share Capital*:	
	18,47,62,135 Equity Shares of ₹ 2 each	36,95,24,270
3.	Subscribed and Paid-up Equity Share Capital*:	
	18,47,62,135 Equity Shares of ₹ 2 each	36,95,24,270

*1,27,770 Equity Shares were allotted under ESOP Schemes vide Board Resolution dated November 5, 2018 and are pending to be credited and listed.

- 18.2 Assuming full acceptance in the Buy-back, the capital structure of the Company post Buy-back would be as follows:

Sr. No.	Particulars	Amount in ₹
1.	Authorized Share Capital:	
	20,00,00,000 Equity Shares of ₹ 2 each	40,00,00,000
2.	Issued Equity Share Capital#:	
	18,22,62,135 Equity Shares of ₹ 2 each	36,45,24,270
3.	Subscribed and Paid-up Equity Share Capital#:	
	18,22,62,135 Equity Shares of ₹ 2 each	36,45,24,270

Assuming the full acceptance of the Buy-back Size at the Maximum Buy-back Price. However, the post Buy-back issued, subscribed and paid-up capital may differ depending upon the actual number of Equity Shares bought back.

- 18.3 There are no partly paid-up Equity Shares or calls in arrears as on the date of this Public Announcement.
- 18.4 There are no outstanding instruments convertible into shares except ESOPs.
- 18.5 The shareholding pattern of the Company pre Buy-back as on date of the Board meeting approving the Buy-back i.e. November 5, 2018 and the post Buy-back shareholding pattern assuming full acceptance, is as follows:

Category of Shareholder	Pre Buy-back*		Post Buy-back**	
	Number of Shares	% to the existing Equity Share capital	Number of Shares	% to post Buy-back Equity Share capital
Promoters and Promoter Group	8,90,81,645	48.21	8,90,81,645	48.88
Mutual Funds/ Alternative Investment Funds/Financial Institutional/Banks	1,13,76,488	6.16		
Foreign Portfolio Investors/Foreign Institutional Investors	4,48,01,441	24.25	9,31,80,490	51.12
Bodies Corporate	49,15,790	2.66		
Indian Public/Clearing member/IEPF/Trusts	3,31,72,537	17.95		
NRIs/Foreign Nationals/ Overseas Body Corporate	14,14,234	0.77		
Total	18,47,62,135	100.00	18,22,62,135	100.00

*1,27,770 Equity Shares were allotted under ESOP Schemes vide Board Resolution dated November 5, 2018 and are pending to be credited and listed.

**Assuming response to the Buy-back is to the extent of 100% (full acceptance) from all the eligible shareholders of the Equity Shares at the Maximum Buy-Back Price.

- 18.6 There is no pending scheme of amalgamation or compromise or arrangement pursuant to any provisions of the Companies Act.
19. **MANAGEMENT DISCUSSION AND ANALYSIS ON THE LIKELY IMPACT OF THE BUY-BACK ON THE COMPANY**
- 19.1 The Buy-back is not likely to cause any material impact on the earnings of the Company, except a reduction in the investment income, which the Company could have otherwise earned on the amount distributed towards the Buy-back.
- 19.2 The Buy-back of Equity Shares will result in a reduction in share capital and consequently, is expected to be EPS accretive. The Company believes that the Buy-back will contribute to the overall enhancement of shareholders' value going forward. The amount required by the Company for the Buy-back (including the cost of financing the Buy-back and the transaction costs) will be invested out of the internal accruals of the Company. The Buy-back is not likely to cause any material impact on the earnings of the Company, except for a reduction in the investment income, which the Company could have otherwise earned on the amount distributed towards the Buy-back.
- 19.3 Pursuant to Regulation 16(ii) of the SEBI Buy-back Regulations, the Promoters are not entitled to participate under the Buy-back. The Buy-back of Equity Shares will not result

in a change in control or otherwise affect the existing management structure of the Company.

- 19.4 Consequent to the Buy-back and based on the number of Equity Shares bought back from the shareholders excluding the promoters, the shareholding pattern of the Company would undergo a change, however public shareholding shall not fall below 25% of the total fully paid-up equity share capital of the Company.
- 19.5 As required under Section 68(2)(d) of the Companies Act, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves post Buy-back.
- 19.6 Unless otherwise determined by the Board and the Buy-back committee, duly authorized by the Board, the Buy-back will be completed within a maximum period of six (6) months from the date of opening of the Buy-back. The Company shall not withdraw the Buy-back after this Public Announcement has been made.
- 19.7 Further, the Company shall not issue any equity shares or other securities including by way of bonus issue or convert any outstanding instruments into equity shares, till the expiry of the Buy-back Period in accordance with the Companies Act and the SEBI Buy-back Regulations. In compliance with the provisions of the Companies Act, the Company shall not raise further capital for a period of six (6) months from the expiry of the Buy-back period except by way of a bonus issue or in the discharge of subsisting obligations. Further, in accordance with the SEBI Buy-back Regulations, the Company shall not raise further capital for a period of one (1) year from the expiry of the Buy-back Period, except in discharge of its subsisting obligations.
- 19.8 Consequent to the Buy-back and based on the number of equity shares bought back by the Company from its shareholders as permitted under the SEBI Buy-back Regulations, the shareholding pattern of the Company would undergo a change.

20. STATUTORY APPROVALS

- 20.1 Pursuant to Sections 68, 69, 70 and other applicable provisions of the Companies Act and the Rules, if any, there under and the SEBI Buy-back Regulations, the Company has obtained the Board approval as mentioned above.
- 20.2 The Buy-back from each eligible shareholder of the Company is subject to all statutory consents and approvals as may be required by such shareholder under applicable laws and regulations. The shareholders shall be solely responsible for obtaining all such statutory consents and approvals (including, without limitation the approvals from the RBI, if any) as may be required by them in order to sell their equity shares to the Company pursuant to the Buy-back. Shareholders would be required to provide copies of all such consents and approvals obtained by them to the Company's Broker.
- 20.3 The Buy-back shall be subject to such necessary approvals as may be required and the Buy-back from overseas corporate bodies and other applicable categories, shall be subject to such approvals of the RBI, if any, under the Foreign Exchange Management Act, 1999.
- 20.4 To the best of the knowledge of the Company, no other statutory approvals are required by it for the Buy-back, as on the date of this Public Announcement. Subject to the obligation of the shareholders to obtain the consents and approvals necessary for transfer of their equity shares to the Company as set out in Paragraph 20.2 above, the Company shall obtain such statutory approvals as may be required, from time to time, if any, for completion of the Company's obligations in relation to the Buy-back.

21. COLLECTION AND BIDDING CENTRES

- 21.1 The Buy-back will be implemented by the Company by way of open market purchases through the Stock Exchanges using their nationwide trading terminals. Therefore, the requirement of having collection centres and bidding centres is not applicable.

22. COMPLIANCE OFFICER AND INVESTOR SERVICE CENTRE

Investors may contact the Compliance Officer and Investor Service Centre for any clarifications or to address their grievances, if any, during office hours i.e. 9:00 a.m. to 5:30 p.m. on all working days except Saturday, Sunday and public holidays, at the following address:

Mr. M. Adinarayana

Address: Natco House, Road No. 2, Banjara Hills, Hyderabad - 500 034, Telangana, India

Tel: +91 40 23547532; Fax: +91 40 23548243

Email: investors@natcopharma.co.in

Website: www.natcopharma.co.in

23. REGISTRAR TO THE BUY BACK

In case of any query, the equity shareholders may contact the following, during office hours, i.e. 9:00 a.m. to 5:30 p.m., on any day except Saturday, Sunday and public holidays at the following address:



VENTURE CAPITAL AND CORPORATE INVESTMENTS PRIVATE LIMITED

Tel: +91 40 23818475/76

Fax: +91 40 23868024

Contact person: Mr. P V Srinivasa Rao/Mr. E S K Prasad

Email: info@vccilindia.com

Website: www.vccilindia.com

SEBI Registration Number: INR000001203

Corporate Identity Number: U65993TG1986PTC006936

24. MERCHANT BANKER TO THE BUY-BACK



AXIS CAPITAL LIMITED

1st Floor, Axis House
C-2 Wadia International Centre, P. B. Marg, Worli
Mumbai - 400 025, Maharashtra, India

Tel.: +91 22 4325 2183

Fax: +91 22 4325 3000

Contact Person: Mr. Sagar Jatakiya

Email: npl.buyback@axiscap.in

Website: www.axiscapital.co.in

SEBI Registration Number: INM000012029

Corporate Identity Number: U51900MH2005PLC157853

25. DIRECTORS' RESPONSIBILITY

- 25.1 As per Regulation 24(i)(a) of the Buy-back Regulations, the Board accepts responsibility for the information contained in this Public Announcement and for the information contained in all other advertisements, circulars, brochures, publicity materials etc. which may be issued in relation to the Buy-back and confirm that the information in such documents contains and will contain true, factual and material information and does not and will not contain any misleading information.

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

Sd/- V C Nannapaneni Chairman and Managing Director DIN: 00183315	Sd/- Rajeev Nannapaneni Vice Chairman and Chief Executive Officer DIN: 00183872	Sd/- M. Adinarayana Company Secretary and Compliance Officer M. No.: F3808
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Date : November 6, 2018

Place : Hyderabad