



NATCO Pharma Limited

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Phone: +91-40-2354 7532, Website : www.natcopharma.co.in, CIN: L24230TG1981PLC003201

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019

(₹ in millions except per share data)

S.No.		Quarter ended			Nine Months ended		Year ended
		31 Dec 2019 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2018 (Unaudited)	31 Dec 2019 (Unaudited)	31 Dec 2018 (Unaudited)	31 Mar 2019 (Audited)
	Income						
I	Revenue from operations	4,822	4,857	5,567	14,602	16,388	20,945
II	Other income	308	332	233	850	992	1,302
III	Total income (I+II)	5,130	5,189	5,800	15,452	17,380	22,247
	IV Expenses						
	Cost of materials consumed	757	787	829	2,212	2,540	3,331
	Purchases of stock-in-trade	344	315	344	739	475	550
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	(186)	90	(123)	(84)	(143)	(339)
	Employee benefits expense	978	1,024	933	2,934	2,746	3,559
	Finance costs	53	62	63	180	141	193
	Depreciation and amortisation expense	254	219	207	693	593	810
	Other expenses	1,642	1,298	1,500	4,258	4,305	5,896
	Total expenses	3,842	3,795	3,753	10,932	10,657	14,000
V	Profit before exceptional items and tax (III-IV)	1,288	1,394	2,047	4,520	6,723	8,247
VI	Exceptional items	-	-	-	-	-	-
VII	Profit before tax (V-VI)	1,288	1,394	2,047	4,520	6,723	8,247
VIII	Tax expense						
	(i) Current tax	311	328	515	1,049	1,713	1,883
	(ii) Deferred tax charge/(credit)	(67)	(111)	(61)	(178)	(210)	(60)
IX	Profit for the period (VII-VIII)	1,044	1,177	1,593	3,649	5,220	6,424
X	Other comprehensive income (net of tax)						
	A. Items that will not be reclassified to subsequently to profit or loss	(20)	5	(20)	(60)	(40)	(85)
	B. Items that will be reclassified to profit or loss	26	4	(30)	92	(2)	9
XI	Total comprehensive income (IX+X)	1,050	1,186	1,543	3,681	5,178	6,348
XII	Profit attributable to:						
	Owners of the Company	1,045	1,190	1,595	3,667	5,236	6,444
	Non-controlling interests	(1)	(13)	(2)	(18)	(16)	(20)
XIII	Total comprehensive income attributable to:						
	Owners of the Company	1,051	1,199	1,545	3,699	5,194	6,368
	Non-controlling interests	(1)	(13)	(2)	(18)	(16)	(20)
XIV	Paid-up equity share capital (face value of ₹2 each)	364	364	368	364	368	365
XV	Other equity						34,525
XVI	Earnings per share (non-annualised) (face value of ₹2 each)						
	Basic (in ₹)	5.75	6.55	8.65	20.16	28.38	34.98
	Diluted (in ₹)	5.73	6.53	8.63	20.11	28.29	34.87

See accompanying notes to the financial results.





NATCO Pharma Limited

Notes to the consolidated financial results: (continued)

- These consolidated financial results 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").
- The consolidated financial results for the quarter and nine month ended 31 December 2019 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 12 February 2020.
- The Statutory auditors of the Company have carried out a limited review of the above unaudited consolidated financial results for the quarter and nine month ended 31 December 2019 and have issued an unqualified Review Report. The Review 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.
- The consolidated financial results for the quarter and nine month ended 31 December 2019 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

- 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.
- 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. During the quarter ended 30 June 2019, on conclusion of the buyback, the Company has bought a cumulative quantity of 3,000,000 equity shares for an aggregate amount of ₹1,864 million, excluding transaction costs.
- During the quarter ended 30 September 2019, 125,215 equity shares of ₹ 2 each, fully paid-up, were allotted upon exercise of the vested stock options pursuant to the ESOP 2015 scheme, resulting in an increase in the paid-up share capital of ₹ 0.25 million and securities premium account of ₹ 60.72 million. Subsequent to 31 December 2019, the Company has allotted 180,625 equity shares of ₹ 2 each, fully paid-up, upon exercise of the vested stock options which were due on 31 December 2019 pursuant to the ESOP 2015 and ESOP 2017 schemes.
- During the quarter ended 30 June 2019, 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 Investor. In accordance with the Applicable Accounting Framework, the aforementioned gain, being received from an equity participant, is recognised as an increase in equity and not through the Statement of Profit and Loss.
- The unaudited standalone financial results, for the quarter and nine month ended 31 December 2019 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 unaudited standalone 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:

Particulars	Quarter ended			Nine Months ended		Year ended
	31 Dec 2019 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2018 (Unaudited)	31 Dec 2019 (Unaudited)	31 Dec 2018 (Unaudited)	31 Mar 2019 (Audited)
Total revenue from operations	4,477	4,577	5,319	13,701	15,700	19,863
Profit before tax	1,273	1,436	2,064	4,592	6,930	8,474
Net profit for the period/ year	1,036	1,222	1,620	3,735	5,437	6,671
Total comprehensive income	1,015	1,225	1,601	3,669	5,394	6,580

- The Board of Directors at their meeting held on 12 February 2020 have recommended an interim dividend of ₹ 3.50 per equity share of ₹2 each.
- Figures for the previous periods/ year have been regrouped, wherever necessary, to correspond with the figures of the current period.



Place: Hyderabad
Date: 12 February 2020.



By order of the Board
For NATCO Pharma Limited

V.C. Nannapaneni
Chairman and Managing Director
(CIN: 00183315)



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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019

(₹ in millions except share data)

S.No.	Particulars	Quarter ended			Nine Months ended		Year ended
		31 Dec 2019 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2018 (Unaudited)	31 Dec 2019 (Unaudited)	31 Dec 2018 (Unaudited)	31 Mar 2019 (Audited)
	Income						
I	Revenue from operations	4,477	4,577	5,319	13,701	15,700	19,863
II	Other income	309	339	237	852	991	1,298
III	Total income (I+II)	4,786	4,916	5,556	14,553	16,691	21,161
	IV Expenses						
	Cost of materials consumed	757	787	829	2,212	2,540	3,331
	Purchases of stock-in-trade	350	284	299	638	306	315
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	(169)	110	(43)	(17)	(63)	(255)
	Employee benefits expense	934	979	890	2,793	2,633	3,402
	Finance costs	52	57	72	171	136	188
	Depreciation and amortisation expense	251	216	205	683	588	801
	Other expenses	1,338	1,047	1,240	3,481	3,621	4,905
	Total expenses	3,513	3,480	3,492	9,961	9,761	12,687
V	Profit before exceptional items and tax (III-IV)	1,273	1,436	2,064	4,592	6,930	8,474
VI	Exceptional items	-	-	-	-	-	-
VII	Profit before tax (V-VI)	1,273	1,436	2,064	4,592	6,930	8,474
VIII	Tax expense						
	(i) Current tax	304	325	505	1,035	1,703	1,863
	(ii) Deferred tax charge/(credit)	(67)	(111)	(61)	(178)	(210)	(60)
IX	Profit for the period (VII-VIII)	1,036	1,222	1,620	3,735	5,437	6,671
X	Other comprehensive income (net of tax)						
	A. Items that will not be reclassified to subsequently to profit or loss	(21)	3	(19)	(66)	(43)	(91)
XI	Total comprehensive income (IX+X)	1,015	1,225	1,601	3,669	5,394	6,580
XII	Paid-up equity share capital (face value of ₹2 each)	364	364	368	364	368	365
XIII	Other equity						35,267
XIV	Earnings per share (non-annualised) (face value ₹2 each)						
	Basic (in ₹)	5.70	6.72	8.78	20.53	29.47	36.22
	Diluted (in ₹)	5.68	6.70	8.76	20.48	29.38	36.10

See accompanying notes to the financial results.



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NATCO Pharma Limited

Notes to the standalone financial results: (continued)

- 1) These standalone financial results 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 nine months ended 31 December 2019 have been reviewed by the Audit Committee of the board and approved by the Board of Directors of the Company at the meeting held on 12 February 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 Statutory auditors of the Company have carried out a limited review of the above unaudited standalone financial results for the quarter and nine months ended 31 December 2019 and have issued an unqualified Review Report. The Review 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 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. During the quarter ended 30 June 2019, on conclusion of the buyback, the Company has bought a cumulative quantity of 3,000,000 equity shares for an aggregate amount of ₹1,864 million, excluding transaction costs.
- 6) During the quarter ended 30 September 2019, 125,215 equity shares of ₹ 2 each, fully paid-up, were allotted upon exercise of the vested stock options pursuant to the ESOP 2015 scheme, resulting in an increase in the paid-up share capital of ₹ 0.25 million and securities premium account of ₹ 60.72 million. Subsequent to 31 December 2019, the Company has allotted 180,625 equity shares of ₹ 2 each, fully paid-up, upon exercise of the vested stock options which were due on 31 December 2019 pursuant to the ESOP 2016 and ESOP 2017 schemes.
- 7) During the quarter ended 30 June 2019, 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 Investor. In accordance with the Applicable Accounting Framework, the aforementioned gain, being received from an equity participant, is recognised as an increase in equity and not through the Statement of Profit and Loss.
- 8) The Board of Directors at their meeting held on 12 February 2020 have recommended an interim dividend of ₹ 3.50 per equity share of ₹2 each.
- 9) 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: 12 February 2020

B S R & Associates LLP

Chartered Accountants

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Limited review report on unaudited quarterly standalone financial results and standalone year to date results pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations')

To the Board of Directors of NATCO Pharma Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of NATCO Pharma Limited ('the Company') for the quarter ended 31 December 2019 and year to date results for the period from 1 April 2019 to 31 December 2019 ("the Statement").
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. Attention is drawn to the fact that the corresponding figures for the quarter and nine months period ended 31 December 2018 and for the year ended 31 March 2019, are based on the previously issued unaudited standalone financial results and audited standalone financial statements of the Company that were reviewed/ audited by the predecessor auditor, who expressed an unmodified conclusion/opinion on such unaudited standalone financial results/ audited standalone financial statements on 12 February 2019 and 27 May 2019, respectively. Our conclusion on the Statement is not modified in respect of this matter.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 116231W/ W-100024

Vikash Somani

Vikash Somani

Partner

Membership No.: 061272

UDIN: 20061272AAAAAI1300

Place: Hyderabad

Date: 12 February 2020

B S R & Associates LLP

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Limited review report on unaudited quarterly consolidated financial results and consolidated year to date results pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations')

To the Board of Directors of NATCO Pharma Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of NATCO Pharma Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended 31 December 2019 and year to date results for the period from 1 April 2019 to 31 December 2019 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the Listing Regulations.
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

Name of the entity	Relationship
NATCO Pharma Limited	Parent
NATCO Pharma, Inc.	Subsidiary
Time Cap Overseas Limited	Subsidiary
NATCO Farma Do Brasil LTDA (subsidiary of Time Cap Overseas Limited)	Step-down subsidiary
NATCO Pharma (Canada) Inc.	Subsidiary
NATCO Pharma Asia Pte. Ltd.	Subsidiary
NATCO Pharma Australia PTY Ltd.	Subsidiary
NATCO Lifesciences Philippines Inc.	Subsidiary

Limited review report on unaudited quarterly consolidated financial results and consolidated year to date results pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations') (continued)

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review/ audit reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial information of seven subsidiaries included in the Statement, whose interim financial information reflect total revenues of Rs. 457 million and Rs. 1,157 million, total net profit/ (loss) after tax of Rs. 6 million and Rs. (75) million and total comprehensive income/ (loss) of Rs. 6 million and Rs. (70) million, for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019 respectively, as considered in the unaudited consolidated financial results. These interim financial information have been reviewed/ audited by other auditors whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter.

These subsidiaries are located outside India whose interim financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent's Management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Parent's Management.

Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the Management of the Parent and reviewed by us.

7. Attention is drawn to the fact that the corresponding figures for the quarter and nine months period ended 31 December 2018 and for the year ended 31 March 2019, are based on the previously issued unaudited consolidated financial results and audited consolidated financial statements of the Group that were reviewed/ audited by the predecessor auditor, who expressed an unmodified conclusion on such unaudited consolidated financial results/ audited consolidated financial statements on 12 February 2019 and 27 May 2019, respectively. Our conclusion on the Statement is not modified in respect of this matter.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 116231W/ W-100024

Vikash Somani
Vikash Somani

Partner

Membership Number: 061272

UDIN: 20061272AAAAAJ9472

Place: Hyderabad

Date: 12 February 2020