



Natco Pharma Limited

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2nd June, 2016

Corporate Relationship Department
The Bombay Stock Exchange Limited
Dalal Street, Fort
Mumbai 400 001

Manager – Listing
M/s. National Stock Exchange of India Ltd
“Exchange Plaza”, Bandra – Kurla Complex
Bandra (E) Mumbai 400 051

Scrip Code: 524816

Scrip Code: NATCOPHARM

Sub:- Submission of Presentation made to analysts / Investors

We are enclosing herewith a copy of the presentation made to analysts /Investors on Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March, 2016.

Pease take the same on your records

Thanking you,

Yours faithfully,
For NATCO Pharma Limited

A handwritten signature in black ink that reads "M. Adinarayana".

M. Adinarayana
Company Secretary &
V.P.(Legal & Corp. Affairs)

Encl. as above:



NATCO

Natco Pharma Limited

May 2016

Strictly Private and Confidential

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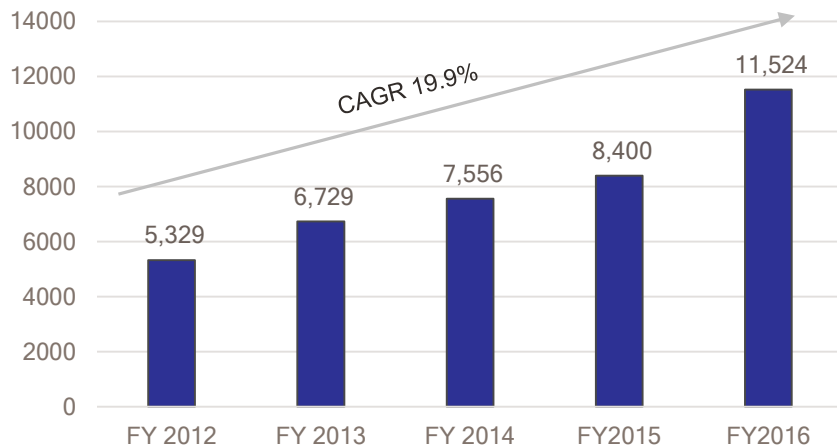
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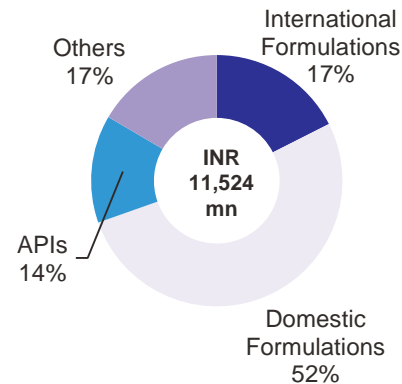
Natco Pharma at a Glance

- **Vertically integrated** pharmaceutical company with focus on **niche therapeutic areas and complex products** in Finished Dosage Formulations (“FDF”) and Active Pharmaceutical Ingredients (“APIs”)
- Diversified business model with presence across segments including Domestic & International formulations, API manufacturing and drug discovery
 - Products marketed in 40 countries
 - Portfolio of **38 niche ANDA filings** in the US including **16 Para IV filings** and **33 USDMFs filings** (as of 31-Mar-2016)
- **Strong position in domestic oncology and gastro hepatology segments**
- **Portfolio of 28 products** (as of 31-Mar-2016) catering to various oncology diseases including breast, brain, bone, lung and ovarian cancer
 - **Launched the generic version of Gilead’s Sovaldi, under its brand HEPCINAT** for the treatment of Hepatitis C
- **Strong R&D capabilities** supported by two well equipped research centres and seven approved manufacturing facilities (five formulations and two APIs)
- Incorporated in 1981 and headquartered in Hyderabad currently employs over 3,500 employees across all locations

Total Net Revenue, Consolidated Basis (INR mn)

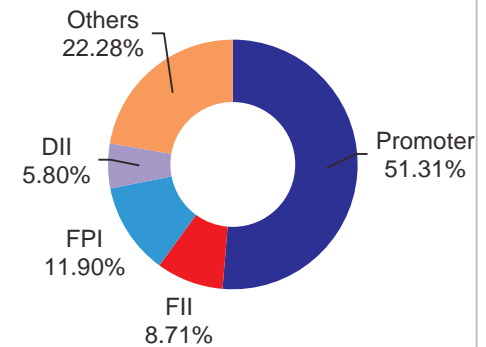


FY2016 Revenue Segmentation

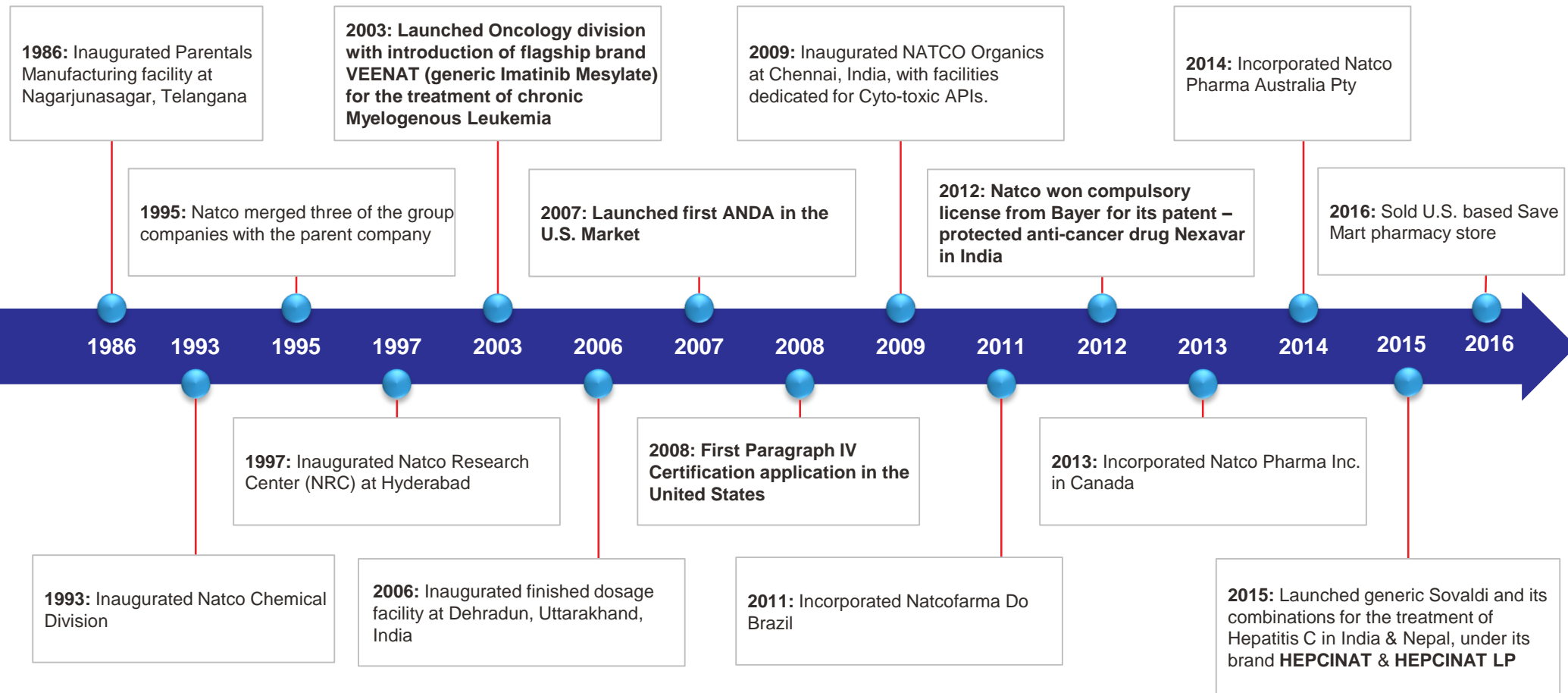


Shareholding Pattern

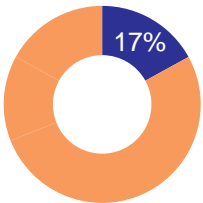
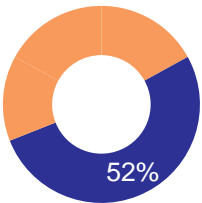
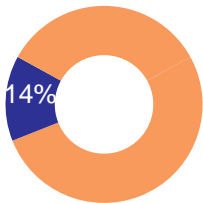
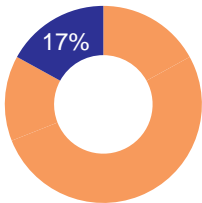
(as of 31-Mar-2016)



Company Evolution



Key Business Segments

	Formulations		API (Domestic & Exports)	Others
	International	Domestic		
Overview	<ul style="list-style-type: none"> Portfolio of niche and complex products for US 38 niche ANDA filings in the US <ul style="list-style-type: none"> 16 product approvals (including 3 tentative approvals) 21 products under review Emerging presence in Canada, Brazil, Europe, Asia, Australia and RoW markets 	<ul style="list-style-type: none"> Leading Player¹ in India's generic oncology space led by flagship brands like Gefitinat, Erlonat, Veenat, Sorafenat and Bortinat Specialist sales force of 200+ personnel and over 490 distributors Heralds a new beginning in the gastro-hepatology therapy segment with the launch of Hepcinat 	<ul style="list-style-type: none"> Filed 33 DMFs in US with over 16 products under development Vertically integrated for most of its FDF products Exports focused on the US, Europe and Brazil 	<ul style="list-style-type: none"> Operates one pharmacy store in US (Sold on April 7, 2016) Operates in Brazil, Canada, Singapore and Australia through following subsidiaries: <ul style="list-style-type: none"> Natco Farma Do Brazil Natco Pharma (Canada) Inc. Natco Asia Pte Ltd., Singapore Natco Pharma Australia Pty Selective contract manufacturing business
FY16 Revenue (INRmn)	INR 2024 mn	INR 6002 mn	INR 1597 mn	INR 1909 mn
FY16 Revenue Contribution				

(1) Source: Report On Pharmaceutical Industry by CARE Ratings, 2015

Key Growth Pillars in Place Supported by a Strong Foundation for Value Creation



Pillars of Growth

Expanding US footprint through a differentiated product pipeline of niche and complex products

Leading Position in Domestic Oncology & Gastro-Hepatology Market

Emerging Presence in Europe, Asia and RoW Markets; Launching Hecpinat in RoW Countries

De-risked business model through partnership with global pharmaceutical players

Supported by a Strong Foundation

Strong in-house API development with vertical integration for most of its formulation products

Strong research and development capabilities and commitment to quality manufacturing and regulatory compliance

Spearheaded by an experienced management team



Expanding US Footprint Through a Differentiated Product Pipeline of Niche and Complex Products

- Pipeline of **niche and complex generics** products in US
- **38 ANDA filings including 16 Para IV** filings with USFDA (as on March 31, 2016) targeting a combined market of over **US\$16.4 bn[^]**
- **16 approved** ANDAs (including 3 tentative approvals)
- Adopts **partnering strategy to develop and market products** for the US with globally renowned pharmaceutical companies

Overview of US Portfolio (As on 31-Mar-2016)

ANDAs Filed

ANDAs Under Review

Approved ANDAs

38[#]

21

16^{*}

~ US\$16.4bn

~ US\$15.5bn

~US\$1bn

Addressable Market[^]

Portfolio of 38 ANDAs including 16 Para IV filings some of which are believed to be First-to-file (FTF)

• * Includes 3 tentative approvals; ^ Source: IMS; Based on annual sales of products for 12-month period Jan-2015 to Dec-2015; # One ANDA filing withdrawn

Expanding US Footprint Through a Differentiated Product Pipeline of Niche and Complex Products (Cont'd)

Overview of Key Filings						
Key Brand	Molecule	Therapeutic Segment / Indication	Dosage Form	Para IV	Para III	Market Size (US\$mn)#
Copaxone 20&40mg	Glatiramer 20&40mg	Multiple Sclerosis	PFS	✓		4,350
Gleevac	Imatinib	Cancer, CML	Tablets	✓		2,375
Gilenya	Fingolimod	Multiple Sclerosis	Capsules	✓		1765.16
Treanda	Bendamustine	Leukemia	Injection	✓		709.7
Entocort	Budesonide	Crohn Disease	Capsules		✓	516.17
Nuvugil	Armodafinil	Antidepressants	Tablets	✓		482.11
Tamiflu	Oseltamivir Capsules	Influenza Infection	Capsules	✓		402.98
Vidaza	Azacitidine	Myelodysplastic syndrome	Injection		✓	238.63
Doxil	Doxorubicin	Cancer, Ovarian	Injection (liposomal)		✓	202.94
Jevtana	Cabazitaxel	Prostate cancer	Injection	✓		137.28
Fosrenol	Lanthanum Carbonate	End stage renal disease	Tablets	✓		118.56
Tykerb	Lapatinib Ditosylate	Anti cancer	Tablets	✓		73.89
Revlimid*	Lenalidomide	Multiple Myeloma	Capsules	✓		997.94
Nexavar*	Sorafenib	Anti cancer	Tablets	✓		72.77
Tracleer*	Bosentan	Hypertension	Tablets		✓	40.25

- US FDF product portfolio is predominantly focused on high-barrier-to-entry products that are difficult to formulate, difficult to manufacture or may face complex legal and regulatory challenges
- 16 Para IV filings with combined market size of US\$14.0bn¹

* Represents REMS product # Source: IMS; Based on annual sales of products for 12-month period Jan 2015 to Dec 2015

De-risked Business Model through Partnership with Global Pharmaceutical Players

Mitigation Strategy

US Market reach and Regulatory Challenges

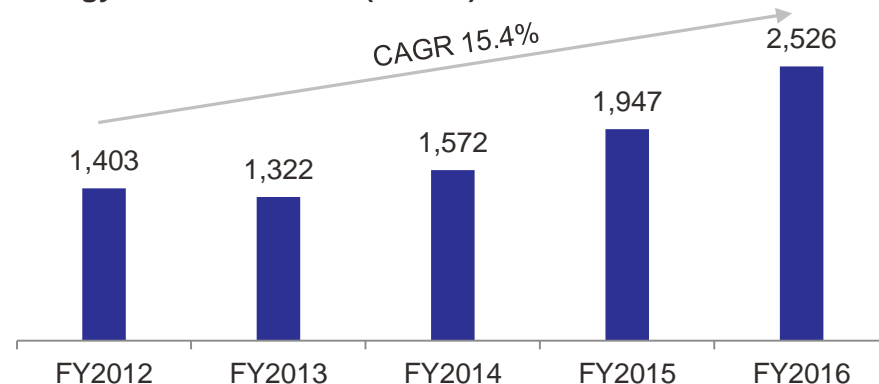
- Adopted and successfully implemented partnership strategy for international formulations product
 - Has product specific partnerships with global generic players at different stages of a potential ANDA filing
 - Entered into de-risked arrangements with marketing partner whereas the partner undertakes the responsibility of lengthy and complex litigation and regulatory issues and securing the ANDA approval
 - Global generic pharmaceutical companies have significant insight into global legal procedures and protocols enabling us to draw on their experience to successfully obtain the necessary regulatory approvals and effectively commercialize our products.



Leading Position in Domestic Oncology Segment

- **Focus on oncology segment in domestic market** and hold leading market share in operated portfolio of product
- Entered the segment with launch of **Veenat (Imatinib generic version)** in 2003
- Progressively widened its oncology product range from **6** in 2003-04 to **27** as on 31-Mar-2016
 - Portfolio catering to Breast, Brain, Bone, Lung, and Ovarian Cancers
- Sales and marketing of the product is supported by strategically located **logistics network of 200+ marketing personnel & over 490 distributors**

Oncology Revenue - Gross (INRmn)



Oncology Portfolio

No. of Active Brands*

Hematology

11

Solid Tumors

16

INR100mn+ Brands (FY15)



- ✓ Substantial reduction in the **treatment cost of Chronic Myeloid Leukemia** via launch of generic Imatinib
- ✓ Granted a compulsory license to launch Bayer's patent – protected anti-cancer drug Nexavar in India

*As on 31-Mar-2016

Leading Position In Domestic Oncology Segment (Cont'd)

Key brands listed:

Glioma
Temonat (Temozolomide)

Lymphoma
Bendit (Bendamustine)

Lung Cancer
Gefinat (Gefitinib)

HCC/RCC/DTC
Sorafenat (Sorafenib)

Myeloma
Bortenat (Bortezomib)

Leukemia
Veenat (Imatinib)

Breast Cancer
Fulvenat (Fulvestrant)
Xtane (Exemestane)
Letronat (Letrozole)

Ovarian Cancer
Natdox-LP

Colorectal Cancer
Capnat (Capecitabine)

Supportive Care
Zoldonat (Zoledronic Acid)

Expanding Presence in Domestic Specialty Pharma Segment

Domestic Specialty Pharma

- Portfolio of 13 products catering primarily to Gastroenterology, Orthopaedics and Critical Care/CNS
- Currently products in oral and injectables dosage forms
- Select contract manufacturing assignments

Sovaldi Opportunity



- Launched generic Sofosbuvir and its combinations for the treatment of Hepatitis C in India & Nepal under its brand **HEPCINAT & HEPCINAT LP**
 - Medicine used for chronic hepatitis C infection and sold globally by Gilead Sciences, Inc., under its brand Sovaldi
- Non-exclusive licensing agreement with Gilead Sciences for 101 countries including India reaching a target population of 103 million people
- Launched generic Daclatasvir in India under its brand **Natdac**
- Non-exclusive, royalty free licensing agreement with Medicines Patent Pool (MPP) and Bristol-Myers Squibb to manufacture and sell generic versions of Daclatasvir.
- Is one among the generic manufacturers who are first to launch Sofosbuvir, the combination drug Sofosbuvir+Ledipasvir, and Daclatasvir in India, thus is one of the market share leader in India

Overview of Key Non-Hepcinat Products

Products

Active Ingredient

Dosage Form

Therapeutic Area



Natzold

Zoledronic Acid

Infusion Solution

Orthopaedics, Supportive Care



Glatimer

Glatiramer Acetate

Injection

Multiple Sclerosis



Teravir

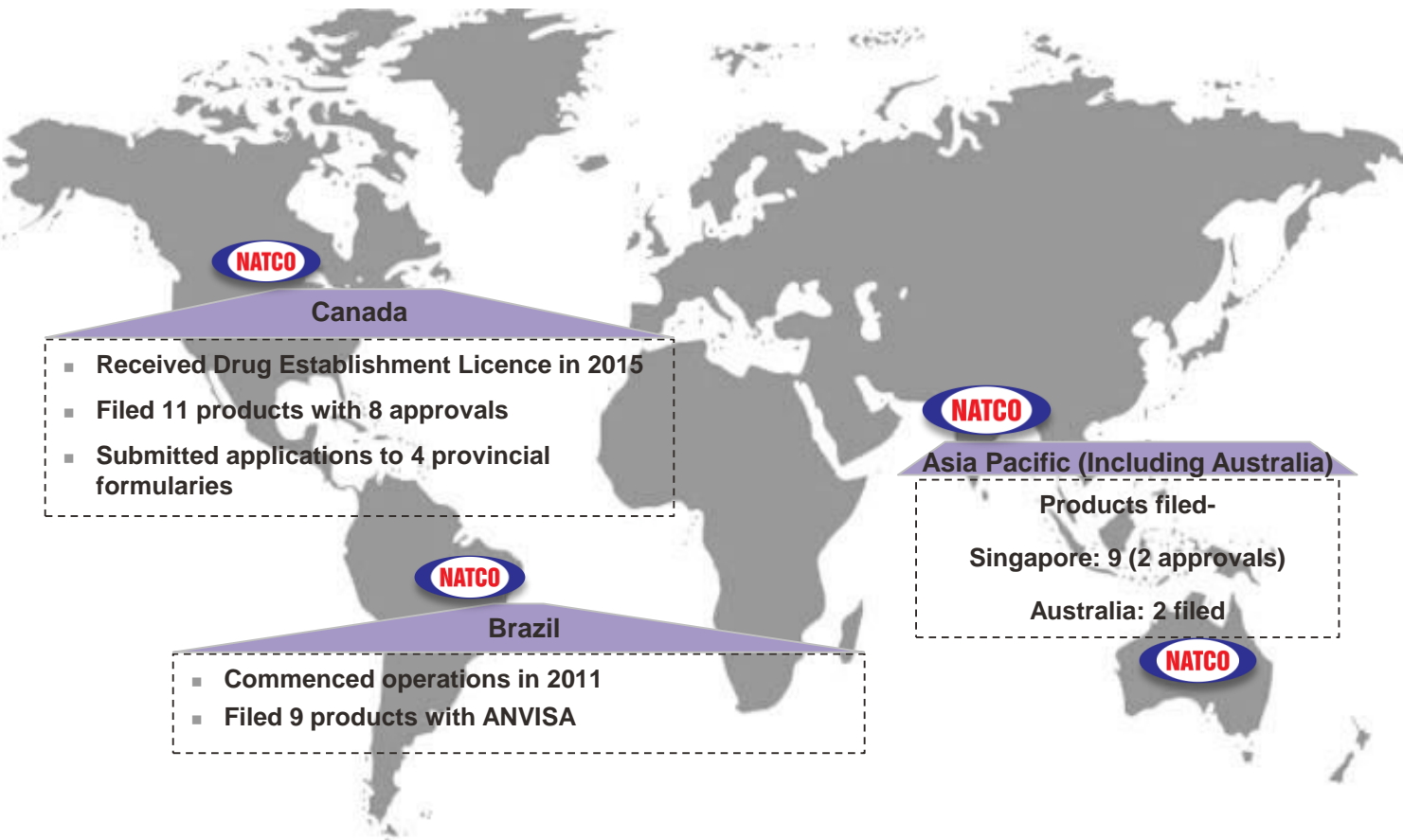
Tenofovir

Tablets

Hepatitis-B

Expanding Europe & RoW Presence

RoW formulation growth to be driven by launches in EU, scale up in Latin America and Canada and phased launch of generic Sovaldi



Canada

- Received Drug Establishment Licence in 2015
- Filed 11 products with 8 approvals
- Submitted applications to 4 provincial formularies



Brazil

- Commenced operations in 2011
- Filed 9 products with ANVISA



Asia Pacific (Including Australia)

Products filed-

Singapore: 9 (2 approvals)

Australia: 2 filed



Europe

- Sell our products in Eastern Europe, UK and Germany
- 4 approvals
- Distribution arrangements with our business partner

Venezuela

- Sell our FDF products (oncology) to third parties

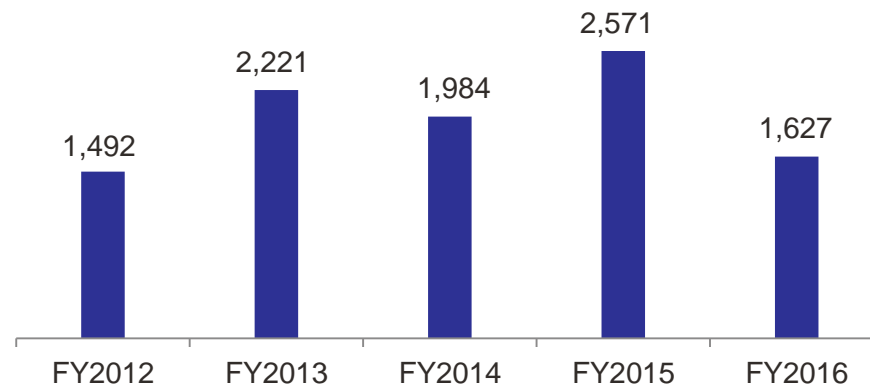
Other Geographies

- Indian sub-continent
- Middle East

Strong In-House API Development with Vertical Integration for Key Formulation Products

- Strategically important business – develops APIs primarily for **captive consumption** of its FDF portfolio as well as third party sales
- Portfolio of **33 USDMFs** with over **16 products** under development
- Focuses on **complex molecules** in **oncology** and **CNS** segments
 - Other therapeutic areas of focus includes Anti-asthmatic, Anti-depressant, Anti-migraine, Anti-osteoporosis and G I Disorders
- Exports are focused on the US, EU, Canada, Latin America and South-East Asia
- Vertical integration for several APIs** a key competitive advantage

Gross API Revenue (INR mn)

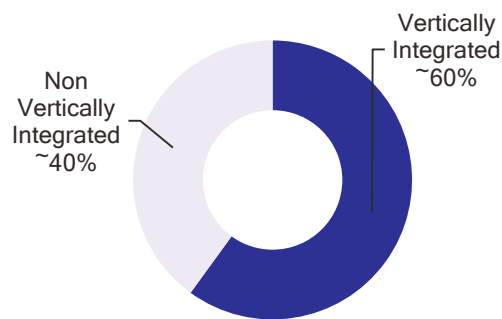


Strategic Advantage with Backward Integration in Critical APIs

API Strengths

- ✓ Complex multi-step synthesis & scale-up
- ✓ Semi-synthetic fusion technologies
 - Fermentation / Biotech / Synthetic / Separation technologies
- ✓ Containment / High potency APIs
- ✓ Peptide (Solid phase) pharmaceuticals

Vertically Integrated ANDAs



Total Addressable Market (US\$ mn)¹



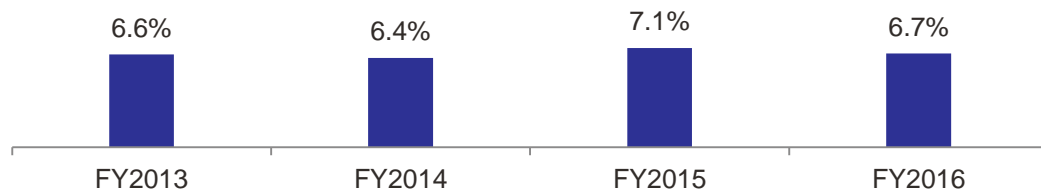
(1) Source: IMS. Denotes size of FDF markets of vertically integrated ANDAs

Strong Research & Development Capabilities

Strong R&D capabilities demonstrated by its complex and niche product filings in formulations and API segments

- Two well equipped research facilities with capabilities across synthetic chemistry, biotech & fermentation, nano pharmaceuticals, new drug discovery & cell biology
 - Currently engaged in discovery and development of drugs NRC-AN-019 (brain tumour, pancreatic cancer and CML) and NRC-2694 (Breast Cancer); NRC-019 has received orphan drug status in USA

R&D as % of Standalone Revenue



Function	No. of Labs	No. of Scientists
Process Research	10	80
Discovery - NCEs (Anti-cancer segment)	2	10
Analytical Development	5	45
Therapeutic Peptides	3	15
New formulation / Cell Biology / Animal house Toxicology / Molecular modeling & RDD	5	40
Biotechnology & Fermentation	3	15
Containment labs for high potency products	2	10
Bio-Analytical lab	2	10
NDDS & nano-pharmaceuticals	2	15
Development & Quality Assurance	1	10

16 ANDAs Approved
(including 3 tentative approvals)
16 Para IV Filings

33 US DMFs Filed
Over 16 API products Under Development

181 International Patents Filed
114 International Patents Granted

177 Indian Patents Filed
81 Indian Patents Granted

Commitment to Manufacturing Excellence with a Culture of Quality and Compliance

Formulations Manufacturing Facilities

Kothur Facility



- Capability: Tablets, Capsules, Pellets, Injectables
- Key Regulatory Approvals: GMP, USFDA, German Health Authority, ANVISA
- USFDA audit: Last approval - July 2014; Most recent audit - March 2016 (awaiting approval)

Nagarjuna Sagar Facility



- Capability: Ampoules, Vials, Lyophilized vials, Parenterals, Sterile Dry Powders
- Key Regulatory Approvals: GMP

Dehradun Unit 6 Facility



- Capability: Tablets, Capsules, Injectables
- Key Regulatory Approvals: GMP

Dehradun Unit 7 Facility



- Capability: Tablets, Capsules
- Key Regulatory Approvals: GMP, Public Health Service of the Netherlands (EU GMP)

Guwahati Facility



- GMP Compliant Facility
- Capability: Tablets, Capsules

API Manufacturing Facilities

Mekaguda Facility



- Key Regulatory Approvals: GMP, USFDA, German Health Authority, PMDA (Japan), Cofepris (Mexico)
- USFDA audit: Last approval - January 2015

Chennai Facility



- Key Regulatory Approvals: GMP
- USFDA audit: Most recent audit - February 2016 (awaiting approval)

Experienced Management



Mr. V.C Nannapaneni
Chairman and Director

- Holds Masters degree in Pharmaceutical Administration from the Long Island University, US
- Over 42 years of experience in the Pharmaceutical Industry



Mr. Rajeev Nannapaneni
Vice Chairman & CEO

- Holds bachelors degree in Quantitative Economics and History from Tufts University, Boston, USA
- Holds wide experience and exposure in General Management and Product Development



Dr. A.K.S Bhujanga Rao
President (R&D and Technical)

- Awarded Ph.D.in Synthetic Organic Chemistry from the Indian Institute of Science (IISc), Bangalore
- Wide expertise in technology transfer to commercial scale, quality control regulatory affairs and Patents



Dr. Linga Rao
President (Technical Affairs)

- Holds Masters degree in Science (Applied Chemistry) & Ph.D in Chemistry from JNTU, Hyderabad
- Over 35 years of experience in the pharmaceutical industry and has been working with Natco for over 21 years



Mr. P.S.R.K Prasad
Executive Vice President

- Holds B.E. Mech. Engg. from Andhra University, Visakhapatnam
- Responsible for looking after the general administration, engineering, regulatory, training, environmental matters, safety, health, production and maintenance activities of the Company



Mr. S.V.V.N.Appa Rao
CFO

- Over 25 years of experience including 20 years within the Company covering areas of accounting, financial controller, treasury
- Responsible for finance and treasury functions at the Company



M. Adinarayana
Company Secretary & VP-Legal & Corporate Affairs

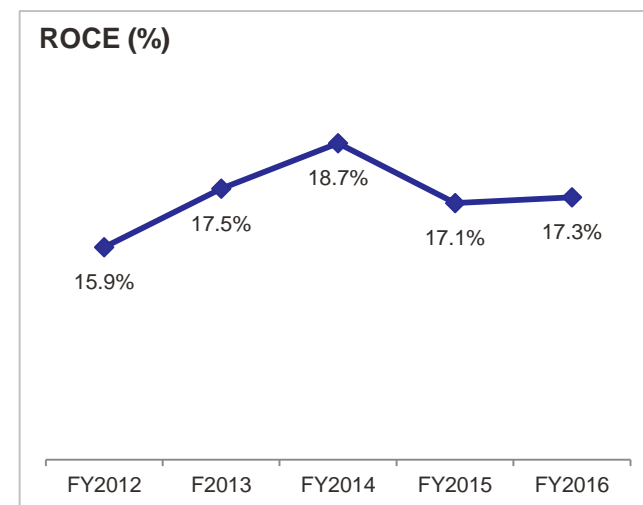
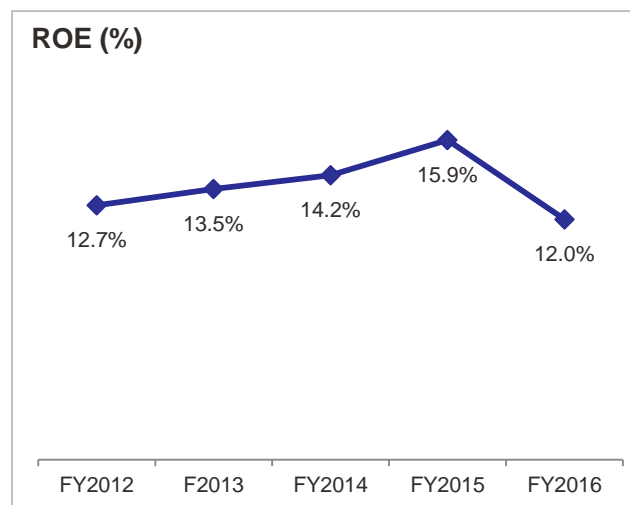
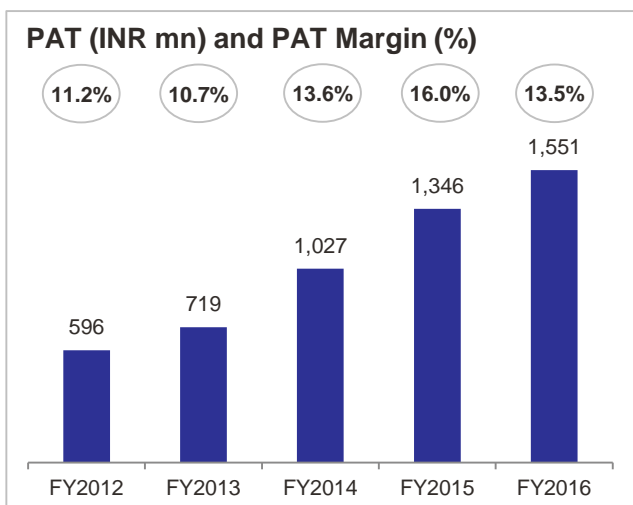
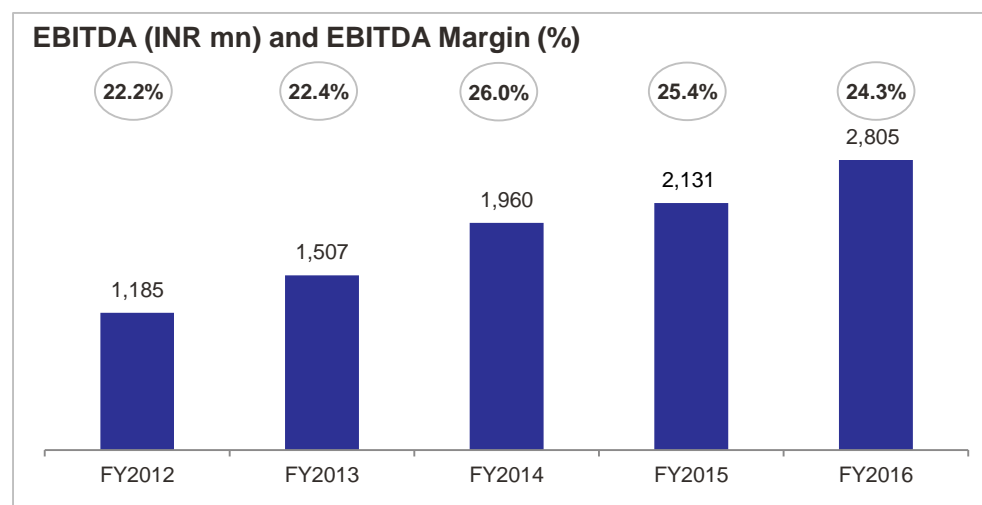
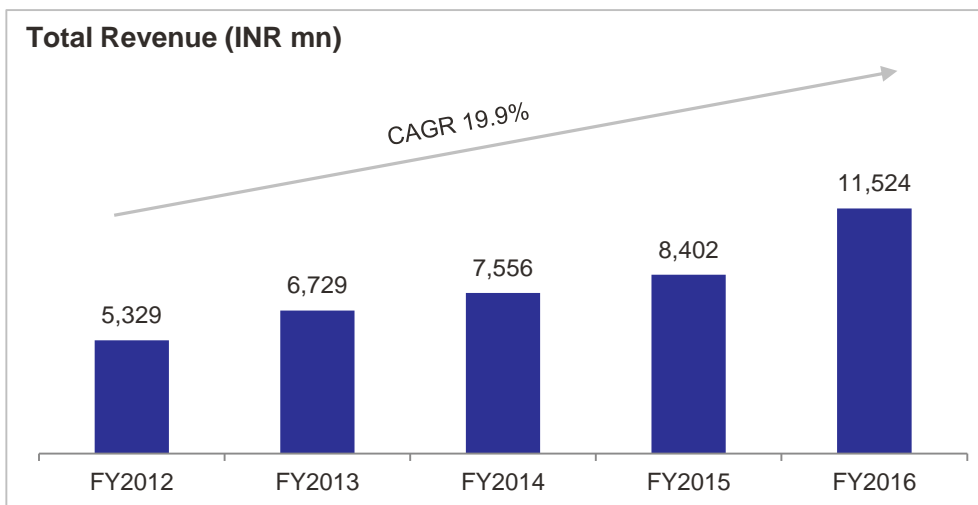
- Bachelors in Commerce and Bachelors in Law from Andhra University, Fellow Member of Institute of Company Secretaries of India
- 22+ years of experience within the Company in legal, secretarial and patent litigation areas



Mr. Rajesh Chebiyam
Vice President - Business Development & Corp Support

- Holds MBA from Babson College (USA) and Masters degree in Chemical Engineering from University of Rhode Island
- 20+ years of experience across supply chain, operations, business development, sales and strategy

Demonstrated Track Record of Topline and Earnings Growth



Historical Financials

Consolidated Profit & Loss Statement (INR Mn)

Particulars	31-Mar-14	31-Mar-15	31-Mar-16
Revenue from operations (gross)	7,447	8,382	11,794
Less : Excise duty	58	129	378
Revenue from operations (net)	7,389	8,253	11,416
Other income	167	149	108
Total revenue	7,556	8,402	11,524
Expenses			
Cost of material consumed	1,601	1,673	3,037
Purchase of stock in trade	889	843	891
Change in Inventory	(158)	(92)	(517)
Employee benefits	1,128	1,369	1,867
Finance costs	366	317	229
Depreciation	304	473	510
Other expenses	2,135	2,325	3,441
Prior period expenses	0	1	0
Total expenses	6,266	6,908	9,228
Profit before exceptional items and tax	1,290	1,493	2,066
Exceptional item	-	151	-
Profit before tax	1,290	1,342	2,066
Current Tax	323	351	503
Deferred Tax Benefit	(14)	(312)	25
PAT (Before Minority interest)	981	1,303	1,538
Minority Interest	(46)	(43)	(13)
PAT (After Minority interest)	1,027	1,346	1,552

Consolidated Balance Sheet (INR Mn)

Particulars	31-Mar-14	31-Mar-15	31-Mar-16
Share Capital	331	332	348
Reserves and Surplus	6,928	8,128	12,635
Net Worth	7,259	8,461	12,983
Minority Interest	69	50	49
Long-term borrowings	955	970	-
Deferred Tax Liabilities	431	119	144
Other Non-Current Liabilities	10	8	8
Long-term Provisions	111	95	125
Total Current Liabilities	1,507	1,192	277
Short-term borrowings	986	1,685	984
Trade Payables	1,098	1,253	2,755
Other current liabilities	1,022	1,186	1,142
Provisions	17	13	49
Current Liabilities	3,123	4,137	4,929
Total Liabilities	11,957	13,840	18,238
Tangible Assets	6,127	6,640	7,046
Intangible Assets	320	459	89
CWIP	1,238	1,290	2,118
Non-current Investments	16	16	1
Long Term Loans & Advances	542	570	619
Other Non-Current Assets	32	35	42
Non Current Assets	8,276	9,011	9,915
Current Investments	3	1	210
Inventories	1,811	2,200	3,573
Sundry Debtors	1,188	1,924	2,616
Cash and Bank Balances	110	134	451
Loans and Advances	543	551	1,038
Other Current Assets	25	19	435
Current Assets	3,681	4,830	8,323
Total Assets	11,957	13,840	18,238

Consolidated Cash Flow Statement (INR Mn)

	31-Mar-14	31-Mar-15	31-Mar-16
Profit Before Tax	1,290	1,342	2,066
Add: Depreciation and Amortization	304	473	510
Less: Change in Working Capital	(161)	(860)	(1500)
Others (inc Tax & Other Adjustments)	7	(29)	(52)
Cash flow from operations	1,440	927	1,024
Net Capex	(1,104)	(1,192)	(1,393)
Others	14	45	(362)
Cash Flow from Investing	(1,089)	(1,148)	(1,755)
Proceeds from Equity	1,085	-	3,344
Net Borrowings	(911)	714	(1,993)
Dividend Paid	(193)	(199)	(261)
Finance Cost Paid	(343)	(299)	(246)
Movement in minority interest	10	75	12
Cash Flow from Financing	(353)	291	856
Effect of currency adjustments	4	(48)	(8)
Net Increase/Decrease in Cash	3	22	117
Opening Balance	100	102	124
Closing Balance	102	124	242