



# NATCO PHARMA LIMITED

[Originally incorporated as NATCO Fine Pharmaceuticals Private Limited]

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## PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF THE EQUITY SHARES OF NATCO PHARMA LIMITED FOR BUYBACK OF EQUITY SHARES

This Public Announcement is made pursuant to the provisions of regulation 8 (1) read with regulation 15 (c) and in compliance with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and subsequent amendments thereto and contains disclosures as specified in Schedule II to these Regulations.

### OFFER FOR BUYBACK OF EQUITY SHARES FROM OPEN MARKET THROUGH STOCK EXCHANGES

#### 1 THE BUYBACK

1.1 NATCO Pharma Limited ("NATCO" or the "Company") hereby announces the Buyback ("the Buyback") of its fully paid-up equity shares of the face value Rs.10 each ("Shares") from the Equity Shareholders / Beneficial Owners of the shares of the Company from the open market using the electronic trading facilities of Bombay Stock Exchange Limited ("BSE") and / or the National Stock Exchange of India Limited ("NSE") (herein after collectively referred to as "the Stock Exchanges"), pursuant to Article 24A of the Articles of Association of the Company and in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provisions, if any, of the Companies Act, 1956, ("the Act") and the Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998 as amended ("the Buyback Regulation" or "the Regulations") at a price not exceeding Rs. 150/- per equity share ("Maximum Buyback Price") payable in cash, aggregating to an amount not exceeding Rs.700 lakhs (Rupees Seven Hundred lakhs - hereinafter referred to as the Buyback Size) which represents approximately 5.72% of the total paid up equity capital and free reserves of the Company as on March 31, 2006 (the date of the last audited accounts).

1.2 The aggregate paid-up share capital and free reserves of the Company as on 31.03.2006 was Rs.12238.91 lakhs. The number of equity shares bought back would depend upon the price paid for the shares bought back and the amount deployed in the Buyback. As an illustration, at the proposed maximum Buyback price of Rs. 150/- per share and for an aggregate amount of Rs. 700 lakhs deployed, the number of equity shares bought back would be 4,66,666 which would amount to approximately 1.72 % of the paid up equity capital as on March 31, 2006. Should the average purchase price be lower than Rs.150/- per share, the number of equity shares bought back would be more, assuming the deployment of an aggregate amount of Rs. 700 lakhs. Hence, there is no minimum and maximum number of equity shares that the Company proposes to Buyback. However the maximum number of equity shares that can be bought back depends on the continuous listing requirements of the stock exchanges. The maximum amount that will be utilized for the Buyback will not exceed 10% of the paid up equity share capital and free reserves of the Company.

1.3 The Buyback will be implemented by the Company by way of open market purchases through Stock Exchanges using their nationwide electronic trading facilities. The Company shall not Buyback its equity shares from any person through negotiated deals whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback.

1.4 The maximum amount required by the Company for the said Buyback aggregating to Rs. 700 lakhs will be met out of the free reserves of the Company.

#### 2 AUTHORITY FOR THE BUYBACK

The Board of Directors of the Company ("the Board") at their meeting held on July 31, 2006 approved the proposal for Buyback of the Company's fully paid up Equity Shares of Rs. 10/- each in accordance with the provisions of Article 24A of the Articles of Association of the Company and Sections 77A, 77AA, 77B and other applicable provisions, if any, of the Companies Act, 1956, and the provisions contained in Buyback regulations.

#### 3 BRIEF INFORMATION ABOUT THE COMPANY

NATCO Pharma Limited (NATCO), was incorporated on September 19, 1981 as a private limited company under the name of NATCO Fine Pharmaceuticals Private Limited. The Company was promoted by Mr. V. C. Nannapaneni. NATCO began its operations in Andhra Pradesh in 1984 as a single unit private limited company with an objective to manufacture conventional and time release dosage forms of drugs. NATCO became a deemed public company with effect from July 1, 1992 and on February 18, 1993 changed its name to NATCO Pharma Limited. NATCO obtained an endorsement from the Registrar of Companies to this effect on December 30, 1994. On April 1, 1995 NATCO merged with three other group companies (all promoted by Mr. V.C. Nannapaneni), NATCO Laboratories Limited (engaged in the manufacture of bulk drugs and intermediaries), NATCO Parenterals Limited (engaged in the manufacture of Parenterals, such as injections, vials and ampoules) and Dr. Karanth Pharma Labs Private Limited (engaged in the manufacture of small volume bulk drugs). The merger helped to consolidate all operations into one business and enabled NATCO to become an integrated pharmaceutical company with presence in bulk chemicals, active pharmaceutical ingredients and finished dosage formulations. Videocon International Limited and Videocon Appliances Limited had made an offer for sale of 17,87,500 equity shares of NATCO Pharma Limited at a price of Rs. 190/- per share to the Indian public aggregating to Rs. 33.96 Crores (to enable listing of the equity shares of NATCO Pharma Limited). The offer opened on 23rd January, 1995 and closed on 30th January, 1995. The offer was oversubscribed by nearly two times.

NATCO has focused on the domestic formulations markets especially sustained release drugs. The domestic formulations market contributes to more than 50% of the Company's turnover.

#### 3.1 Business of the Company

NATCO Pharma Limited is an integrated pharmaceutical company, engaged in the manufacture of bulk drugs, finished dosage formulations, capsules, and tablets. The Company's integrated business model includes undertaking research and development on or relating to new drug delivery systems, process research, process development, new drug investigation and manufacturing of APIs and formulations.

The Company operates in the following business segments:

- a) Active Pharmaceutical Ingredients (APIs) and chemical intermediates;
b) Finished dosage pharmaceutical formulations;
c) Contract Manufacturing.

The Company has its corporate head quarters in Hyderabad, Andhra Pradesh. It has five manufacturing facilities - one a large API facility (approved by US FDA and Australian TGA), one state of the art, modern finished dosage formulations unit (approved by US FDA), one parenterals facility and a small API facility (lab scale) all in the State of Andhra Pradesh and one finished dosage formulations unit at Dehradun in the State of Uttaranchal. The combined capacity of the API facilities would be around 400 LK and that of finished dosage formulations would be around 2 billion tablets per annum.

The Company is also a majority partner in a USA based partnership firm which owns and operates a large retail pharmacy store. The pharmacy store, which was acquired on 31st January, 2006, is expected to clock a revenue base of around US \$ 22 Million for the calendar year 2006 with a net surplus of around US \$ 2.2 Million.

In the API segment, the Company's principal products include Citalopram Hydrobromide (anti-depressant), Sertraline Hydrochloride (anti-depressant), Sumatriptan Succinate (anti-migraine), Imatinib Mesylate (anti-cancer), Gefitinib (anti-cancer), Zolodronic Acid (anti-cancer).

In the finished dosage pharmaceutical formulations segment, the Company has a major presence in oncology related drugs, and the Company's products include Venat (blood cancer), Bortanet (multiple myeloma), Gefitinib (lung cancer), Temonart (brain cancer), Zoldonart (bone cancer), Letronat (breast cancer), Clokeran (non hodkins lymph cancer), X-trant (prostate cancer), Copanet (cancer related pains).

The Company owns and operates a state of the art, independent research centre called the Natio Research Centre (NRC). Over fifteen doctorates work at the NRC, and the NRC is primarily engaged in the development of processes and products. Two new molecules, useful in the treatment of blood cancer, developed by NRC are currently undergoing animal studies in the USA and have been found to be promising. Once these molecules are tested and found fit, the Company would be ready to file an investigative new drug application (IND) by the end of calendar year 2006.

#### 3.2 Key Strengths

- Strong research strengths, which facilitate introduction of new drugs.
Successful in identifying and launching new products. For example the Company has launched several brands in the oncology segment and within a short span of time has become a significant domestic player in the field of oncology.
Continuous development of cheaper processes and skills to ensure manufacture of quality products at a competitive price.
Highly competent, experienced and professional promoter and management team, focused on innovative research with strong regulatory capabilities.
State of the art, US FDA / EUCOS approved manufacturing facilities with the ability to adopt latest drug delivery techniques.

#### 3.3 Recent Developments

- Approval of the API / bulk chemicals facility at Mekaguda and the finished dosage pharmaceutical formulations unit at Kothur by the US FDA.
Approval of Ondansetron 4 mg / 8 mg anti-emetic tablets by the Danish Health authorities giving the Company access to the European markets.
Approval of Metronidazole 400 mg anti-diarrhoea tablets by the UK Medicines and Healthcare products Regulatory Agency.

3.4 The Company's shares are listed on Hyderabad Stock Exchange (HSE), Bombay

Stock Exchange Limited (BSE) & National Stock Exchange (NSE).

3.5 The financial information of the Company as per the audited results for the last three years is as follows:

Table with 4 columns: Particulars, 2003-04, 2004-05, 2005-06. Rows include Total Income, Total Expenses, Finance Charges, Depreciation, Profit before Tax, Provision for Bad debts & Capital issue expenses write off, Taxes, Net Profit, Paid Up Capital, Earnings per share, Reserves & Surplus, Free Reserve, Capital Reserve, Revaluation Reserve, Net worth, Total debt, Secured, Unsecured.

#### Key Financial Ratios:

Table with 4 columns: Particulars, 2003-04, 2004-05, 2005-06. Rows include Earnings per share (Rs.), Return on Networth (%), Book value per share\* (Rs.), Total Debt: Net worth.

\* before considering write-offs of Rs. 2334 lakhs the return would be 27.04.

\*Book value per share is computed taking into consideration deferred tax liability as part of share holders funds.

#### 4 PRESENT CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

4.1 The Share Capital of the Company as on the date of this Public Announcement is as follows:

Table with 3 columns: Authorized, Issued, Subscribed and Paid Up, Rupees. Rows show Equity shares of Rs. 10 each.

4.2 There are no partly paid up shares or outstanding convertible instruments as on the date of Public Announcement except 358 numbers of 1.5% unsecured Foreign Currency Convertible Bonds of value US\$ 10,000 each due in the year 2007, which, at the option of the bond holders, can be converted into equity shares of the Company at Rs. 121/- per share, which are outstanding as on the date of this announcement.

4.3 The shareholding pattern of the Company as on June 30, 2006 and post Buyback assuming completion of the Buyback to the fullest extent and at the maximum price is as follows:

Table with 5 columns: Promoter and Promoter Group Share Holding, Pre-Buyback (No of Shares, % of Total paid up Capital), Post-Buyback (No of Shares, % of Total paid up Capital). Rows include Promoters, Persons Acting in Concert, Promoter Relatives, Public Share Holding, Institutions, Non-Institutions, Total Share Holding.

\* It is assumed that at the proposed maximum price of Rs.150/- per share and for the Buyback size of Rs. 700 lakhs, approximately 4,66,666 shares would be bought back. The shareholding post Buyback may differ depending upon the actual number of shares bought back under the Buyback.

Note: 358 numbers of 1.5% unsecured Foreign Currency Convertible Bonds of value US\$ 10,000 each are outstanding as on the date of this Public Announcement. These convertible bonds are due for conversion / repayment in the year 2007, and at the option of the bond holders, can be converted into equity shares of the Company at Rs. 121/- per share).

4.4 The promoters, directors of promoters and persons who are in control of the Company (collectively referred to as "the Promoters") have not purchased or sold any equity shares of the Company during the twelve months preceding July 31, 2006, being the date of approval of Buyback by the Board of Directors.

4.5 The Promoters do not intend to participate in the Buyback.

#### 5 NECESSITY FOR BUYBACK

The Buyback is being proposed in keeping with the Company's desire to maximize returns to investors and enhance overall shareholder value by returning surplus cash to the shareholders in an investor friendly manner. The Company has accumulated free reserves and satisfactory liquidity. The proposed Buyback is expected to lead to reduction of outstanding equity shares, which may lead to increase in earnings per share and return on equity of the Company in future, thereby creating long-term shareholder value for the continuing shareholders. The proposed Buyback is also a reflection of confidence of the management in the future growth prospects of the Company.

#### 6 EXTRACT OF THE PUBLIC NOTICE DATED JULY 31, 2006 PUBLISHED ON AUGUST 2, 2006 AFTER THE BOARD MEETING HELD ON JULY 31, 2006

6.1 The first proviso to Section 77A(2)(b) of the Companies Act, 1956 ("the Act") read with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ("the Buyback Regulations") permits a Company, if authorized by its Board of Directors pursuant to a resolution passed at a meeting, to Buyback equity shares of a Company up to 10% of the paid-up equity share capital and free reserves.

The Board of Directors of NATCO at its meeting held on July 31, 2006 approved the proposal to Buyback from open market through the stock exchanges, fully paid-up equity shares of the Company of the face value of Rs 10/- each ("the Shares") at a price not exceeding Rs.150/- per equity share aggregating to value not exceeding Rs.700 lakhs ("the Buyback"). The aggregate maximum consideration for the shares to be bought back shall not exceed 10% of the total paid-up equity capital and free reserves of the Company as on March 31, 2006. If all shares were bought back at a maximum price of Rs.150/- per share, the maximum possible shares which can be bought back would be 4,66,666 shares. If the average price of the Buyback were lower than Rs.150/- per share, the maximum number of shares that can be bought back would be more. Hence there is no specific minimum or maximum number of shares that the Company proposes to Buyback.

6.2 The Article 24A of the Articles of Association of the Company permits the Company to Buyback its own shares.

6.3 The issued and subscribed capital of the Company as at March 31, 2006 was Rs.27,17,44,140/- divided into 2,71,74,414 equity shares of Rs. 10/- each fully paid-up and free reserves as on that date amounted to Rs 9521.47 lakhs.

6.4 The Buyback is being proposed in keeping with the Company's desire to maximize returns to investors and enhance overall shareholder value by returning surplus cash to the shareholders in an investor friendly manner. The Company has accumulated free reserves and satisfactory liquidity. The proposed Buyback is expected to lead to reduction of outstanding equity shares, which may lead to increase in earnings per share and return on equity of the Company in future, thereby creating long-term shareholder value for the continuing shareholders. The proposed Buyback is also a reflection of confidence of the management in the future growth prospects of the Company.

6.5 The Buyback is proposed to be implemented by the Company by open market purchases through the Bombay Stock Exchange Limited ("BSE") and / or the National Stock Exchange of India Limited ("NSE") using their electronic trading facilities. The Company shall not Buyback its shares from any person through a negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback.

6.6 The maximum amount of Rs. 700 lakhs to be used by the Company for the Buyback of the equity shares will be out of the free reserves of the Company as defined under the Act.

6.7 The maximum price of Rs. 150/- per share has been arrived at after taking into consideration factors such as the book value, the market value as well as liquidity of the shares on the Stock Exchanges and the possible impact of the Buyback on the Company's earnings per share. The maximum Buyback price as proposed above will not impair the growth of the Company rather it would contribute to the overall enhancement of the shareholder value.

6.8 (a). The aggregate shareholding of the Promoters, Directors of the promoters and Persons in control (hereinafter collectively referred to as "the Promoters") as on the date of the meeting of the Board of Directors (i.e. July 31, 2006) is 61.22 % shares constituting 1,66,35,501 of the issued and paid-up share capital of the Company. (b). No shares were either purchased or sold by the Promoters during the period of six months preceding the date of the meeting of the Board of Directors at which the Buyback was approved, i.e. July 31, 2006.

6.9 Promoters have confirmed that they will not sell their holding under the Buyback as they are prohibited from selling their equity shares in terms of Regulation 15(b) of Buy Back Regulations.

6.10 The Company has confirmed that it has not accepted public deposits, has not issued debentures or preference shares and has not defaulted in repayment of loans to the financial institutions and banks.

6.11 The debt equity ratio of the Company after the Buyback will be within the limit of 2:1 as prescribed under the Companies Act, 1956.

6.12 The Board of Directors confirm

(i) that it has made the necessary and full enquiry into the affairs and prospects of the Company and has formed the opinion:

(a) that immediately following the date of convening of the Meeting of the Board of Directors i.e. July 31, 2006 there will be no grounds on which the Company could be found unable to pay its debts; and

(b) as regards its prospects for the year immediately following the date of the meeting of the Board of Directors i.e. July 31, 2006, that having regard to its 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 the view of the Board of Directors, 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 date; and

(ii) that in forming its opinion for the above purposes, the Board of Directors has taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

6.13 The text of the Report dated July 31, 2006 received from Messrs Brahmayya & Co, Chartered Accountants, the Statutory Auditors of the Company, addressed to the Board of Directors is reproduced below:

"In connection with the proposed Buy-back of equity shares approved by the Board of Directors of NATCO Pharma Limited ("The Company") at their meeting held on July 31, 2006, and based on the information and explanations given to us, we report as follows :

- 1. We have inquired into the state of affairs of the Company with reference to its audited accounts for the year ended March 31, 2006 as adopted by the Board of Directors of the Company at its meeting held on June 29, 2006.
2. The amount of permissible capital payment (including premium) towards Buy-back of equity shares in question, as computed below, has been properly determined in accordance with first proviso to section 77A(2)(b) of the Companies Act, 1956.

Table with 2 columns: Particulars, Rs. Rows include Paid up equity share capital as at 31st March, 2006, Free Reserves as at 31st March, 2006, Total, Maximum permissible amount for buy-back @10% of the paid-up capital and free reserves.

3. The Board of Directors at their meeting held on July 31, 2006 have formed their opinion as specified in clause (x) of Schedule I to the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 on reasonable grounds and that the Company will not, having regard to its current state of affairs be rendered insolvent within a period of one year from the date of the aforesaid meeting of the Board of Directors held on July 31, 2006."

6.14 The Buyback is expected to be completed within the statutory validity period of the resolution dated July 31, 2006 passed by the Board of Directors which at present is twelve months from the date of passing of the said resolution.

6.15 The Board of Directors of the Company accepts responsibility for the information contained in this notice.

#### 7 MAXIMUM AMOUNT TO BE INVESTED AND SOURCES OF FUNDS

7.1 The maximum amount, which the Company would deploy for the purposes of the said Buyback is Rs.700 lakhs.

7.2 The Company has substantial accumulated Free Reserves, which is reflected in the Cash and Bank balances and other liquid investments of the Company and the same would be utilised for the Buyback. The funds required for the Buyback will be drawn out of the Free Reserves of the Company. The Company will not be required to borrow funds for the Buyback. The cost of financing the Buyback would therefore be reduction in treasury income, which the Company could have otherwise earned on the funds deployed in the liquid assets.

#### 8 LISTING DETAILS AND STOCK MARKET DATA

8.1 The equity shares of the Company are listed on the BSE, NSE & Hyderabad Stock Exchanges.

8.2 The high and low market prices for the last three years and the monthly high, low and average market prices for six months preceding this Public Announcement and the corresponding volumes on Stock Exchanges where the equity shares of the Company is traded are given below :

#### Preceding three calendar years

Table with 10 columns: Year, High (Rs.), Date of High, Volume On date of High, Low (Rs.), Date of Low, Volume On date of Low, Yearly Average Price(Rs.), Yearly Volume. Rows for 2006, 2005, 2004, 2003.

\* Up to 31st July, 2006

#### BSE

Table with 10 columns: Year, High (Rs.), Date of High, Volume On date of High, Low (Rs.), Date of Low, Volume On date of Low, Yearly Average Price(Rs.), Yearly Volume. Rows for 2006, 2005, 2004, 2003.

\*Up to 31st July, 2006

#### Preceding six months

#### NSE

Table with 10 columns: Year, High (Rs.), Date of High, Volume On date of High, Low (Rs.), Date of Low, Volume On date of Low, Monthly Average Price(Rs.), Monthly Volume. Rows for July, June, May, April, March, Feb.

#### BSE

Table with 10 columns: Year, High (Rs.), Date of High, Volume On date of High, Low (Rs.), Date of Low, Volume On date of Low, Monthly Average Price(Rs.), Monthly Volume. Rows for July, June, May, April, March, Feb.

8.3 The closing market price on BSE and NSE immediately after the date of the resolution of the Board of directors approving the Buyback (i.e. July 31, 2006) is Rs. 98.03 & Rs.98.05 respectively. (Source: Official website of BSE and NSE).

8.4 There has been no trading in the equity shares of the Company on Hyderabad Stock Exchange during last three years.

#### 9 MANAGEMENT DISCUSSION AND ANALYSIS ON LIKELY IMPACT OF BUYBACK ON THE COMPANY.

9.1 The Buyback is not likely to cause any material impact on the income / profits of the Company except to a reduction in the other income, which the Company could have otherwise earned.

9.2 The Buyback is expected to improve the financial ratios and enhance shareholders' value.

9.3 The promoters will not offer shares held by them under the Buyback. The holding of the Promoters as a result of the Buyback would be 62.29% of the total paid up equity capital assuming the entire amount of Rs.700 lakhs is utilized for the Buyback at the price of Rs. 150/- per share and also assuming that the number of shares

held by such persons do not undergo a change. There will be no change in the management structure of the Company or change in control consequent to the Buyback.

9.4 Consequent to the Buyback and based on the number of shares bought back from the non resident shareholders, Foreign Institutional Investors (FI's), Indian Financial Institutions, Banks, Mutual funds and the Public including the other Bodies Corporates, the shareholding pattern would undergo a consequential change.

9.5 The debt-equity ratio post Buyback will be below the maximum allowable limit of 2:1 set by the Act.

9.6 The Promoters would not deal in equity of the Company during the period the Buyback is open.

9.7 The Company shall not issue bonus shares during the period the Buyback is open.

9.8 The Company shall not withdraw the offer of Buyback after the Public Announcement is made.

#### 10 STATUTORY APPROVALS

10.1 The Board of Directors of the Company has passed a resolution at its meeting held on July 31, 2006 approving the Buyback.

10.2 The Company shall obtain such approvals as may be prescribed from time to time.

#### 11 PROPOSED TIME TABLE

Table with 2 columns: Particulars, Date. Rows include Board Meeting approving the Buyback, Date of Public Notice, Date of Public announcement, Date of opening of the Buyback, Acceptance of shares, Extinguishment of shares, Last date for the Buy back.

#### 12 PROCESS AND METHODOLOGY FOR BUYBACK PROGRAMME

12.1 The Buyback is open to all Equity Shareholders / Beneficial Owners of the shares, both registered and unregistered holding shares either in physical and / or electronic form except Promoters and / or persons acting in concert with them of the Company as indicated in this Announcement.

12.2 The Regulations permit the Company to effect the Buyback from the Open Market only through the Stock Exchanges having nation wide trading terminals. Accordingly, the Company proposes to Buyback shares on BSE and / or NSE having nation wide trading terminals.

12.3 For the aforesaid Buyback the Company has appointed the following broker through whom the purchases and settlement on account of the Buyback would be made: Fortune Financial Services (India) Limited

K.K.Chambers, 2nd Floor, Sir PT.Marg, Fort, Mumbai - 400 001

12.4 The Buyback of Shares will be made only through the order matching mechanism except 'all or none' order matching system.

12.5 The Company, from time to time commencing from September 12, 2006 place 'buy' orders on the BSE and / or NSE to Buyback Shares through the Appointed Broker in such quantity and at such prices, not exceeding Rs 150/- per share, as it may deem fit, depending upon the prevailing market prices of the Equity Shares of the Company in the secondary market on the Stock Exchanges. The identity of the Company as purchaser shall be available to the market participants of BSE and / or NSE when the Company places an order for Buyback of Shares.

12.6 The Equity Shares of the Company are traded in compulsory demat mode under the trading code(s) "524816" at BSE and "NATCOPHARM" at NSE. Shareholders holding equity shares in physical form can sell their equity shares in the odd lot trading segment on BSE, if and when the Company places an order in that segment.

12.7 Equity shareholders / Beneficial owners who desire to sell their shares under the Buyback would have to do so through a stock broker who is a member of BSE or NSE, by indicating to their broker the details of shares they intend to sell whenever the Company has placed a 'buy' order for Buyback of shares. The trade would be executed at the price at which the order matches and that price would be the price for that seller. The execution of the order, issuance of contract note, delivery of stock to the member and receipt of payment from the member would be carried out in accordance with the BSE, NSE and Securities and Exchange Board of India (SEBI) requirements. The Company shall intimate the stock exchanges as well as the public through its press release in the newspaper regarding quantity of shares purchased and amount utilized for Buyback as prescribed by the Buyback Regulations.

12.8 It may be noted that all the shares bought back by the Company may not be at a uniform price. Further, the Company is under no obligation to place a 'buy' order on a daily basis, nor is the Company under any obligation to place an order on both the odd lots as well as the normal trading segment of the Stock Exchanges, as applicable.

12.9 Nothing contained herein shall confer any right on the part of any shareholder to offer, or any obligation on the part of the Company or the Board or the Committee to Buyback any shares, and / or impair any power of the Company or the Board or the Committee to terminate any process in relation to the Buyback, if so permissible by law.

#### 13 METHOD OF SETTLEMENT

13.1 The Company will pay the consideration to the Appointed Broker on or before pay-in date for each settlement date, as applicable in respect of shares bought back.

13.2 The Equity Shareholders / Beneficial Owners holding shares in the demat form would be required to transfer the number of shares sold by tendering the delivery instructions to their respective depository participant ("DP") for debiting their beneficiary account maintained with the DP and crediting the same to the pool account of the broker through whom the trade was executed. The Equity Shareholders / Beneficial Owners holding shares in physical form may present the Share Certificates along with valid transfer deeds to their respective brokers through whom the trade was executed. The Company has opened a Special Depository Account styled "NATCO Pharma Limited - Buyback of Equity Shares Account - 2006" with M/S Fortune Financial Services (India) Limited. The shares bought back in the demat form would be transferred into the aforesaid account by the appointed brokers on receipt of the shares from the clearing and settlement mechanism of BSE and / or NSE.

13.3 The shares lying in credit in the aforesaid account as well as shares received in physical form through Stock Exchange Mechanism will be periodically extinguished within 7 days from the date of acceptance of the shares in the manner specified in the Regulations. In respect of shares bought back in the physical form, shares would be extinguished and the share certificates would be physically destroyed within 7 days or such other permissible period from the date of acceptance in the manner specified in the regulation. The details of the shares extinguished would be notified to all the stock exchanges on which the shares are listed and to Securities and Exchange Board of India (SEBI) as per the provisions of the Buyback Regulation.

#### 14 COMPLIANCE OFFICER

Mr. M Adinarayana, Company Secretary & G.M. (Corporate Affairs)

NATCO Pharma Limited, NATCO House, Road # 2, Banjara Hills, Hyderabad # 500 033

Tel : [040] - 23547532 Fax : [040] - 23548243

Email : corpservi@natcopharma.co.in

In case of any queries, the shareholders may contact the compliance officer of the Company at the above mentioned address on any working day (except Saturday, Sunday and public holidays) between 10.00 am and 5.00 p.m.

#### 15 INVESTOR SERVICE CENTER

In case of any query, a shareholder may contact the Registrar and Share Transfer Agent on any day except Saturday, Sunday and public holidays between 10 AM and 4 PM at the following address:

Venture Capital and Corporate Investments Limited, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad: 500 004.

Tel : [040] - 2322262 / 64 Fax : [040] - 23324803 E-mail : info@vccilind.com

#### 16 MANAGER TO THE BUYBACK OFFER

Fortune Financial Services (India) Limited

K.K. Chambers, 2nd Floor, Sir PT. Marg Fort, Mumbai - 400 001 Tel: [022] - 2207 7931 Fax: [022] - 2207 2948

E-mail: mbd@ffsi.com Website: http://www.ffsi.com Contact Person: Alok