

ADDENDUM TO PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF THE EQUITY SHARES OF NATCO PHARMA LIMITED

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This addendum to the Public Announcement is being issued by Fortune Financial Services (India) Limited ("Manager to the Offer") on behalf of Natco Pharma Limited ("The company") pursuant to regulation 8 (1) read with regulation 15 (c) and in compliance with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. This Public Announcement should be read in conjunction with the original Public Announcement made on 4th September 2006 and the Public Notice issued on 9th September 2006 to the equity shareholders of Natco Pharma Limited.

Equity Shareholders are requested to note the following amendments in the original Public Announcement made on 4th September 2006.

1. SEBI order granting exemption to the promoters from making a Public Offer for Buy-Back

Mr. V. C. Nannapaneni, Mrs. Durga Devi Nannapaneni, Mr. Rajeev Nannapaneni, Mrs. Neelima Sita Nannapaneni, Timecap Pharma Private Limited and Natsof Information Systems Limited belong to the Promoter and Promoter Group collectively holds 62.28% of the paid up capital of the Company. As per the terms of the Buy Back announced by the Company, the holding of the Promoter and Promoter Group is more than 55% of the total paid up capital. Accordingly, Mr. V. C. Nannapaneni on behalf of himself and above named persons/entities of promoter group vide his letter dated 15th September 2006 filed an application with SEBI under regulation 4(2) read with regulation 3(1) (I) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 ("Takeover Regulations") seeking exemption from the applicability of regulation 11(2) of the Takeover Regulations.

SEBI has vide its order dated 5th January 2007 granted an exemption to the Promoter and above named Persons/Entities of Promoter Group from complying with the provisions of the regulation 11(2) of the Takeover Regulations with regard to the increase in their voting rights from 62.28% to 63.37% of the paid-up capital of the Company, consequent to the proposed Buy Back offer.

The Company accordingly and through this addendum proposes to Buy-Back approximately 4,66,665 equity shares at the maximum price of Rs. 150/- per share aggregating to Rs. 700 lakhs, which will increase the Promoter holding within the limits exempted by SEBI.

2. The information given at point 1.2 of the original Public Announcement (stated below) stands withdrawn

"However the maximum number of equity shares that can be bought back depends on the continuous listing requirements of the stock exchanges."

3. At and below the table the information appearing in the point 3.5 of the original Public Announcement, the additional information is given as under:

- The paid up capital of the Company as at 31st March, 2005 was increased by Rs. 278 Lakhs (as compared to 31st March, 2004) on account of conversion option exercised by some of the Foreign Currency Convertible Bond (FCCB) holders and by Rs. 101 Lakhs as at 31st March 2006 (as compared to 31st March, 2005) on account of conversion option exercised by some of the FCCB holders and shares issued to the employees under an Employee Stock Option scheme respectively.
- The figure in the sentence below the table should be read as Rs. 2344 Lakhs instead of Rs. 2334 Lakhs.
- The Net Profit for the financial year ended March 31, 2006 at Rs.2380 lakhs is higher than that for the financial year ended 31st March, 2005 (Rs.156 lakhs) on account of increased operational margins and lesser provisions.
- The above statements were as per standard accounting practices in respect of calculation of book value etc.

4. The table appearing at point no. 4.3 of the original Public Announcement should be read as under:

Shareholding pattern as on June 30, 2006

	Pre-Buyback		Post-Buyback	
	No of Shares	% of Total paid up Capital	No of Shares	% of Total paid up Capital
Promoter Share Holding				
Promoters	10346968	38.08%	10346968	38.74%
Persons Acting in Concert	6288533	23.14%	6288533	23.55%
Total Promoter Shareholding [a]	16635501	61.22%	16635501	62.29%
Promoter Relatives [b]	289740	1.07%	289740	1.08%
Public Share Holding				
Institutions	2431186	8.95%	9782508*	36.63%
Non-Institutions	7817987	28.77%		
Total Public Shareholding [c]	10249173	37.72%	9782508	36.63%
Total Share Holding [a+b+c]	27174414	100.00%	26707749	100.00%

* It is assumed that at the proposed maximum price of Rs.150/- per Share and for the buy back size of Rs. 700 lakhs, approximately 4,66,665 shares would be bought back. The shareholding post buy back may differ depending upon the actual number of shares bought back under the Buyback.

5. The table appearing at point no. 8.2 of the original Public Announcement should be read as under:

Preceding Three Calendar Years

BSE

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
2006	167.50	16/1/06	383440	75.95	8/6/06	120748	119.98	15164484
2005	161.70	10/1/05	712479	102.10	21/10/05	68907	131.90	32103474
2004	146.70	9/12/04	276587	60.40	22/6/04	63887	103.55	35795031

Source: Capitaline

NSE

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
2006	167.70	16/01/06	123585	78.25	8/6/06	68403	120.28	7000730
2005	161.35	10/01/05	207127	110.10	21/10/05	10223	135.75	10593253
2004	147.00	09/12/04	114311	60.25	22/6/04	10336	103.65	9282354

Source: Capitaline

Preceding Six Months

BSE

Period	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
Dec.	143.00	29/12/06	91933	118.50	12/12/06	39881	130.25	1037624
Nov.	126.50	30/11/06	44121	110.30	02/11/06	60429	116.58	1001267
Oct.	126.60	05/10/06	97589	109.55	18/10/06	47410	114.16	951846
Sep.	129.95	11/09/06	152809	105.10	26/09/06	18588	111.69	1034380
Aug.	114.05	28/08/06	116214	100.00	24/8/06	38007	105.50	729408
Jul.	115.00	03/07/06	12945	91.00	24/7/06	20858	100.50	200308

Source: Capitaline

NSE

Period	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
Dec.	143.00	29/12/06	44753	116.00	13/12/06	11942	130.37	541242
Nov.	126.90	29/11/06	73193	110.05	02/11/06	57929	116.58	624295
Oct.	125.70	05/10/06	59483	109.10	18/10/06	15237	114.01	393508
Sep.	130.20	11/09/06	65764	105.10	26/09/06	6538	111.56	509719
Aug.	113.50	29/08/06	38337	101.00	18/08/06	5143	105.52	206779
Jul.	118.00	30/7/06	10752	91.00	24/07/06	21007	101.40	704645

Source: Capitaline

6. The information appearing at point 12.9 of the original Public Announcement (stated below) stands withdrawn

"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."

7. It is to inform that the Promoter Relatives holding equity shares of the Company shall not participate in the Buyback offered by the Company

8. Proposed Time Table

Particulars	Original	Revised
Board Meeting approving the Buy Back	July 31, 2006	July 31, 2006
Date of Public Notice	August 2, 2006	August 2, 2006
Date Of Public Announcement (PA)	September 4, 2006	September 4, 2006
Date of Addendum to PA	January 31, 2007	January 31, 2007
Date of opening of the Buy Back	September 12, 2006	February 12, 2007
Acceptance of shares	Within 15 days of the relevant pay out days of the stock exchange	Within 15 days of the relevant pay out days of the stock exchange
Extinguishment of shares	Within 7 days of acceptance as above	Within 7 days of acceptance as above
Last date for the buy back	Upon exhaustion of Rs. 700 lakhs or July 30, 2007, whichever is earlier or such other date as may be determined by the Company at any time even if the maximum limit of buy back of shares has not been reached (by giving appropriate notice for such earlier date)	Upon exhaustion of Rs. 700 lakhs or July 30, 2007, whichever is earlier or such other date as may be determined by the Company at any time even if the maximum limit of buy back of shares has not been reached (by giving appropriate notice for such earlier date). However the payment obligations in respect of buy back will be fulfilled on or before July 30, 2007.

The Company confirms that all the relevant provisions of SEBI (Buyback of Securities) Regulations 1998 have been complied with.

The Board of Directors of the Company accepts full and final responsibility for the information contained in this Addendum and their obligations under the SEBI (Buyback of Securities) Regulations 1998.

Terms used but not defined in this Addendum shall have the same meaning as assigned to them in the Public Announcement made on 4th September 2006. This Addendum will be also available on the SEBI website at www.sebi.gov.in.

Issued by Manager to the Buyback Offer



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For and on behalf of the Board of Directors of **NATCO Pharma Limited**



V C Nannapaneni
Chairman &
Managing Director

P. Bhaskara Narayana
Director &
Chief Financial Officer

M. Adinarayana
Company Secretary

Place: Hyderabad

Date: 31st January 2007