

Confidential

Ref: ICRA/HYD/NPL-330/2017-18/3003

April 04, 2018

Mr. S.V.V.N. Apparao
Chief Financial Officer
Natco Pharma Limited
Road No:2, Banjara Hills
Hyderabad - 500 033

Dear Sir,

Re: ICRA – assigned Credit Rating for Rs.1,000.00 crores bank limits as per Annexure

Please refer the Rating Agreement dated September 29, 2011 between ICRA Limited (“ICRA”) and your company, whereby, ICRA is required to review the ratings assigned to your company on an annual basis or as and when the circumstances so warrant. Further, please refer to your Rating Agreement dated March 08, 2018 seeking an enhancement of the captioned Line(s) of Credit (LOC) of your company from Rs.900.90 crore to Rs.1,000.00 crore.

Please note that the Rating Committee of ICRA, after due consideration, has reaffirmed the long term rating outstanding on the long-term part of Rs.900.90 crore Line of Credit of your company at “[ICRA]AA” (pronounced ICRA double A)† and assigned a long-term rating of [ICRA]AA (pronounced ICRA double A) to long-term part of the additional limit of Rs.99.10 crore bank facilities. The Outlook on the long term rating is ‘Stable’. The Rating Committee of ICRA, after due consideration, has also reaffirmed the short term rating outstanding on the short-term part of Rs. 900.9 crore Line of Credit of your company at “[ICRA]A1+” (pronounced ICRA A One Plus) and assigned a short-term rating of [ICRA]A1 (pronounced ICRA A One Plus) to short-term part of the additional limit of Rs.99.10 crore bank facilities. The aforesaid ratings will be due for surveillance anytime before **December 31, 2018**.

This rating is specific to the terms and conditions of the LOC as was indicated to us by you and any change in the terms or size of the same would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the LOC rated, as above, the same must be brought to our notice before the utilisation of the same. If there is any such change after the rating is assigned by us and confirmed for use by you, it would be subject to our review and may result in change in the rating assigned. Notwithstanding the foregoing, any change in the over-all limit of the LOC from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

†For complete rating definition please refer to ICRA Website www.icra.in or any of the ICRA Rating Publications.



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ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

You are requested to furnish a monthly 'No Default Statement (NDS)' (as per enclosed format) on the first working day of every month, confirming timely payment of all obligations on the above rated debt program [interest and principal obligations for fund based as well as obligations under LOC/BG for non-fund based facility]. This is in accordance with requirements prescribed in circular dated June 30, 2017 on '**Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)**' issued by the Securities and Exchange Board of India.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the Programme rated, as above, or any other debt instruments / borrowings. Further you are requested to forthwith inform us of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,
For ICRA Limited

[Vinay Kumar G]
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Encl:

Annexure
Details of Bank Limits Rated by ICRA (Rated on Long-Term Scale)

Name of the Bank & Instrument Details	Amount (Rs. Cr.)	Rating Assigned	Rating Assigned on
Term Loans – Kotak Mahindra Bank	50.00	[ICRA]AA (Stable)	March 30, 2018
Term Loans – Proposed	50.00		
Fund Based Facilities – Allahabad Bank	100.00		
Fund Based Facilities – SBI	100.00		
Fund Based Facilities – OBC	15.00		
Fund Based Facilities – Corporation Bank	6.50		
Fund Based Facilities –Citi Bank	78.50		
Fund Based Facilities – Yes Bank	20.00		
Fund Based Facilities – Kotak	20.00		
Fund Based Facilities – IndusInd	20.00		
Fund Based Facilities – Citi Bank	21.50		
Fund Based Facilities – HSBC	40.00		
Fund Based Facilities – ICICI	30.00		
Fund Based Facilities – HDFC	120.00		
Fund Based Facilities – Yes Bank	40.00		
Fund Based Facilities – Kotak Mahindra Bank	15.00		
Fund Based Facilities – IndusInd	40.00		
Total Limits rated on LT Scale	766.50		

Details of Bank Limits Rated by ICRA (Rated on Short-Term Scale)

Name of the Bank & Instrument Details	Amount (Rs. Cr.)	Rating Assigned	Rating Assigned on
Non Fund Based Facilities – Allahabad Bank	30.00	[ICRA]A1+	March 30, 2018
Non Fund Based Facilities – SBI	20.00		
Non Fund Based Facilities – OBC	5.00		
Non Fund Based Facilities – Citibank	20.00		
Non Fund Based Facilities – Yes Bank	20.00		
Non Fund Based Facilities – Kotak	15.00		
Total Limits rated on ST Scale	110.00		

Details of Bank Limits Rated by ICRA (Rated on Long-Term / Short-Term Scale)*

Name of the Bank & Instrument Details	Amount (Rs. Cr.)	Rating Assigned	Rating Assigned on
Fund based/Non Fund Based Facilities – Interchangeable – Axis Bank	50.00	[ICRA]AA (Stable)/ [ICRA]A1+	March 30, 2018
Proposed	73.50		
Total Limits rated on LT/ST Scale	123.50		

*LT or ST rating will apply depending on the tenure of the facility availed





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April 02, 2018

S.V.V.N. Apparao
Chief Financial Officer
Natco Pharma Limited
Road No:2, Banjara Hills
Hyderabad - 500 033

Dear Sir,

Re: Surveillance of ICRA rating for Rs.200.00 crore Commercial Paper of Natco Pharma Limited

Please refer the Rating Agreement dated January 09, 2015 & May 24, 2017 between ICRA Limited ("ICRA") and your company, whereby, ICRA is required to review the ratings assigned to your company on an annual basis or as and when circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration of the latest developments in your company, has reaffirmed the rating assigned to the aforementioned instrument at "[ICRA]A1+" (pronounced as ICRA A one plus). Instruments with "[ICRA] A1 rating is considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. Within this category rating modifier {"+" (plus)} can be used with the rating symbols. The modifier reflects the comparative standing within the category.

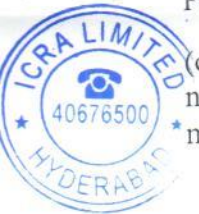
In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]A1 (pronounced as ICRA A one).

Additionally, we wish to highlight the following with respect to the rating:

(a) If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter, the rating would need to be revalidated before issuance;

(b) Subject to Clause (c) below, our rating is valid from the date of this letter till **March 31, 2019**. ("Validity Period"). The rating will generally be due for review at the end of the Validity Period. The maturity date of the Commercial Paper shall not be after the end of the Validity Period. The Commercial Paper will have a maximum maturity of twelve months.

(c) ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such circumstances, which ICRA believes, may have an impact on the aforesaid rating assigned to you.





ICRA

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Commercial Paper issued by you. **The above rating of “[ICRA] A1+” is assigned to your Commercial Paper size of Rs.200.00 crore and the maximum amount raised through Commercial Paper at any point in time, including any amount already outstanding, should not exceed Rs.200.00 crore.** In case, you propose to enhance the size of the Commercial Paper, the same would be required to be rated afresh. ICRA does not assume any responsibility on its part, for any liability, that may arise consequent to your not complying with any eligibility criteria, applicable from time to time, for issuance of Commercial Paper.

You are requested to furnish a monthly ‘No Default Statement (NDS)’ (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme. This is in line with requirements as prescribed in circular dated June 30, 2017 on ‘Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)’ issued by the Securities and Exchange Board of India.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,
For ICRA Limited

[Vinay Kumar G]
Asst. Vice President
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[Nithya Debbadi]
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Encl: