



ICRA Limited

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Ref:ICRA/HYD/NPL-280/2019-20/2903

April 02, 2019

S.V.V.N. Apparao
Vice President - Finance
Natco Pharma Limited
Road No:2, Banjara Hills
Hyderabad - 500 033

Dear Sir,

Re: ICRA – assigned Credit Rating for Rs. 1,100.00 crores enhanced bank limits as per Annexure

Please refer the Rating Agreement dated March 08, 2018 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 27, 2019 seeking an enhancement of the captioned Line(s) of Credit (LOC) of your company from Rs. 1,000 crore to Rs.1,100.00 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.1,000.00 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.100.00 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.1,000.00 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.100 crore bank facilities. The aforesaid ratings will be due for surveillance any time before **December 31, 2019**.

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

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Encl:



Annexure

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

| Instrument Details & Name of the Bank | Amount (Rs. Cr.) | Rating Assigned | Rating Assigned |
|---|------------------|----------------------|-----------------|
| Fund Based Facilities – Allahabad Bank | 100.00 | [ICRA]AA (Stable) | March 29, 2019 |
| 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 – Axis Bank | 40.00 | | |
| Fund Based Facilities – Kotak | 30.00 | | |
| Fund Based Facilities – IndusInd | 20.00 | | |
| Fund Based Facilities – Citi Bank | 21.50 | | |
| Fund Based Facilities – HSBC | 100.00 | | |
| Fund Based Facilities – ICICI | 30.00 | | |
| Fund Based Facilities – HDFC | 120.00 | | |
| Fund Based Facilities – Yes Bank | 66.00 | | |
| Fund Based Facilities – Kotak Mahindra Bank | 39.00 | | |
| Fund Based Facilities – IndusInd | 60.00 | | |
| Fund Based Facilities – MUFG | 50.00 | | |
| Total Limits rated on LT Scale | 876.50 | | |

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

| Instrument Details & Name of the Bank | Amount (Rs. Cr.) | Rating Assigned | Rating Assigned |
|---|------------------|-----------------|-----------------|
| Non-Fund Based Facilities – Allahabad Bank | 30.00 | [ICRA]A1+ | March 29, 2019 |
| 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 – Axis Bank | 10.00 | | |
| Non-Fund Based Facilities – Kotak Mahindra Bank | 31.00 | | |
| Total Limits rated on ST Scale | 116.00 | | |

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

| Instrument Details & Name of the Bank | Amount (Rs. Cr.) | Rating Assigned | Rating Assigned |
|--|------------------|--------------------------------|-----------------|
| Fund based/Non-Fund Based Facilities – Interchangeable – Axis Bank | 14.00 | [ICRA]AA(Stable)/ [ICRA]A1+ | March 29, 2019 |
| Proposed Limits | 93.50 | | |
| Total Limits rated on LT/ST Scale | 107.50 | | |

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

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March 31, 2019

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.400 crore Commercial Paper programme (enhanced from Rs. 200 crore) being raised by Natco Pharma Limited.

Please refer the Rating Agreements dated January 22, 2015, January 25, 2017 and 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 the circumstances so warrant. Further, please refer to your Rating Agreement dated March 27, 2019 seeking rating for an enhancement of the captioned instrument of your company from Rs.200 Crore to Rs.400 Crore.

Please note that the Rating Committee of ICRA, after due consideration of the latest developments in your company, has reaffirmed the rating assigned earlier to the Rs. 200 crore CP programme at [ICRA]A1+ (pronounced as ICRA A one plus), and also assigned a rating of [ICRA]A1+ (pronounced as ICRA A one plus) to the additional Rs. 200 crore CP programme of your company. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

In any of your publicity material or other document wherever you are using the above rating, it should be stated as [ICRA]A1+. We would appreciate if you can sign the acknowledgement and send it to us by April 03, 2019 as acceptance on the enhanced portion (i.e. Rs 200 cr) of the CP programme. In case you do not communicate your acceptance/non-acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly.

This is in accordance with requirements as prescribed in the 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.

Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

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;



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(b) Subject to Clause (c) below, our rating is valid from the date of this letter till March 31, 2020 (“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.

(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.

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 overall Commercial Paper size of Rs 400 crore (enhanced from Rs 200 to Rs 400 crores) and the maximum amount raised through Commercial Paper at any point in time, including any amount already outstanding, should not exceed Rs 400 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.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, 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.

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,

For ICRA Limited

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