



Natco Pharma Limited

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June 3, 2017

Corporate Relationship Department
The Bombay Stock Exchange Limited
Dalal Sreet, 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

Dear Sir

Please find enclose herewith the corporate presentation.

Thanking you

For NATCO Pharma Limited

M. Adinarayana

M. Adinarayana
Company Secretary &
Vice President (Legal & Corp. Affairs)



CORPORATE PRESENTATION

June 2017



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- Vertically integrated pharmaceutical company with **well diversified businesses** across geographies – India, US and RoW
- **Leading position** in the domestic Oncology and Gastro Hepatology segments
 - Portfolio of **market leading brands** catering to various oncology diseases including breast, brain, bone, lung and ovarian cancer
 - Amongst the first company's in India to launch the generic version of Gilead's Sovaldi (Sofosbuvir) and its combinations under its brands Hepcinat and Hepcinat LP for the treatment of Hep-C ('Hepatitis C') in India
- Focused on **complex generics for the US markets** with a portfolio of **43 niche ANDA filings including 20 Para IV filings⁽¹⁾**
 - **First Company** to launch the generic version of Roche's Tamiflu in partnership with Alvogen
- **Strong impetus on R&D** with about 350 employees dedicated to R&D
- Reported revenues⁽²⁾ of INR 20,789mn for the financial year ended 31st March 2017
- Listed on the Bombay Stock Exchange and National Stock Exchange with a market capitalization⁽³⁾ of **USD 2.5bn**
- Incorporated in 1981 and headquartered in Hyderabad with over 4,000 employees across all locations

(1) As of March 31, 2017

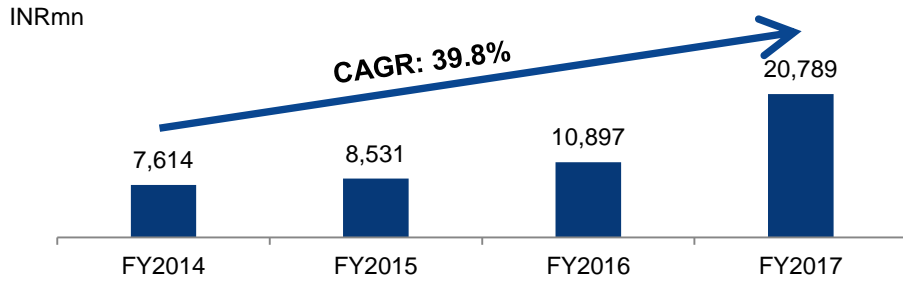
(2) Represents consolidated revenue from operations (gross)

(3) Market capitalisation as of 31 May 2017, using INR / USD exchange rate of 64.5

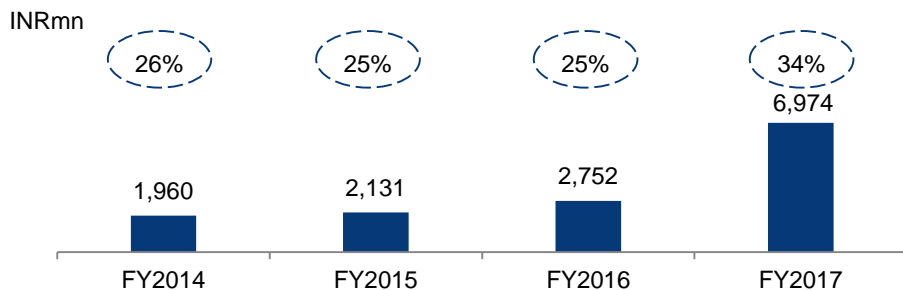
Track Record of Consistent Growth and Value Creation



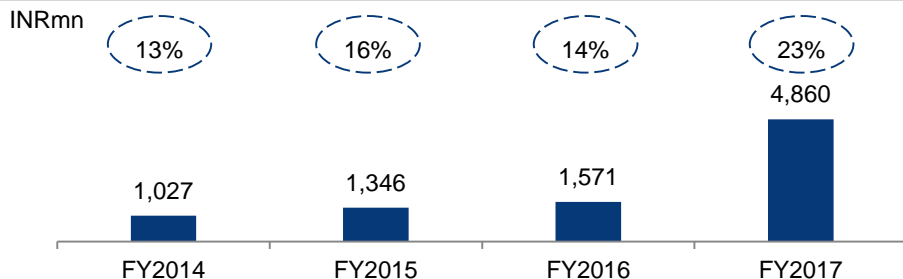
Revenue⁽¹⁾ Has Grown At A CAGR of 40% Over The Last 3 Years



EBITDA Has Grown At A CAGR of 53% Over The Last 3 Years



PAT⁽²⁾ Has Grown At A CAGR of 68% Over The Last 3 Years



Natco Pharma's Stock Price Has Increased by Over 500% Since May-14



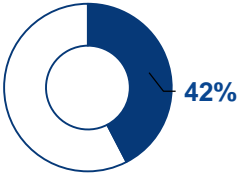
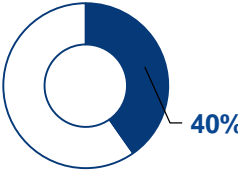
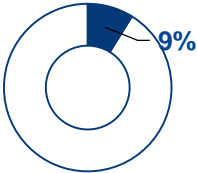
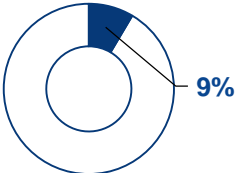




Consolidated results for year ended 31 March 2017 are in compliance with Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs and results for the year ended 31 March 2016 have been restated to comply with Ind AS. Results for the financial years ended 31 March 2015 and 31 March 2014 are as per Indian GAAP

(1) Represents consolidated gross revenue and includes other income

(2) Represents PAT after minority interest

Key Business Segments



| | Formulations | | API (Domestic & Exports) | Others |
|----------------------------------|--|--|---|---|
| | Domestic | International | | |
| Overview | <ul style="list-style-type: none"> Leading player in the domestic oncology and Gastro Hepatology segment with a portfolio of market leading brands Recent foray into the Cardiology and Diabetology segments Specialist sales force of over 350 personnel and over 500 distributors | <ul style="list-style-type: none"> Focused on complex generics for the US Front end partnerships with leading global generic pharma companies 43 niche ANDA filings including 20 Para IV filings Emerging presence in Asia, Europe, Canada, Brazil and other RoW markets | <ul style="list-style-type: none"> Strategically important division Vertical integration for its FDF portfolio Filed 37 DMFs in US with over 10 products under development Exports focused on the US, Europe and Brazil | <ul style="list-style-type: none"> Operations in Brazil, Canada, Singapore and Australia Selective contract manufacturing business and other operating income |
| FY17 Revenue (INRmn) | 8,810 * | 8,370 | 1,838 | 1,771 |
| FY17 Revenue Contribution |  |  |  |  |
| Growth FY17 over FY16 |  |  |  |  |

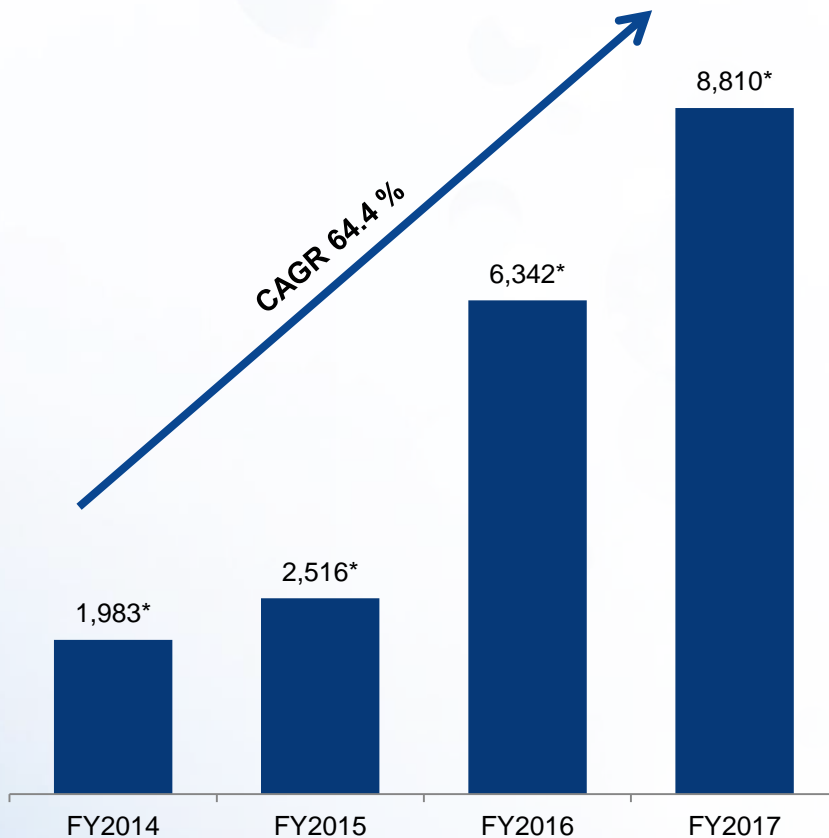
* Includes third party sales
 Note: All numbers are Gross Revenue
 All data as of March 31, 2017

Strong Growth in Domestic Formulations Business



Domestic Formulation Sales⁽¹⁾: Market Leading Growth

INRmn



Leading position in Oncology and Gastro Hepatology domains

6

Brands occupy the number 1 position in Oncology segment

3

Brands occupy the number 1 position in Hep-C segment capturing over 60% of market value

10+

Products targeted to be launched in FY18E

350+

Sales force in India across Oncology, Gastro Hepatology, Cardiology and Diabetology

Among the first companies to launch generic Hep-C range of products

(1) Represents gross revenue
* Includes third party sales

Leading Position in Domestic Oncology Segment



Oncology Division Overview

- Entered the segment with launch of generic version of Imatinib in 2003
- Portfolio of market leading brands – 6 brands occupy the number 1 position
- Progressively widened its oncology product range from **6** in 2003-04 to **28***
- Sales and marketing of the product is supported by over 75 sales representatives and strategically located logistics network of over 500 distributors
- #1 Domestic Company in Oncology

Oncology Portfolio

Hematology

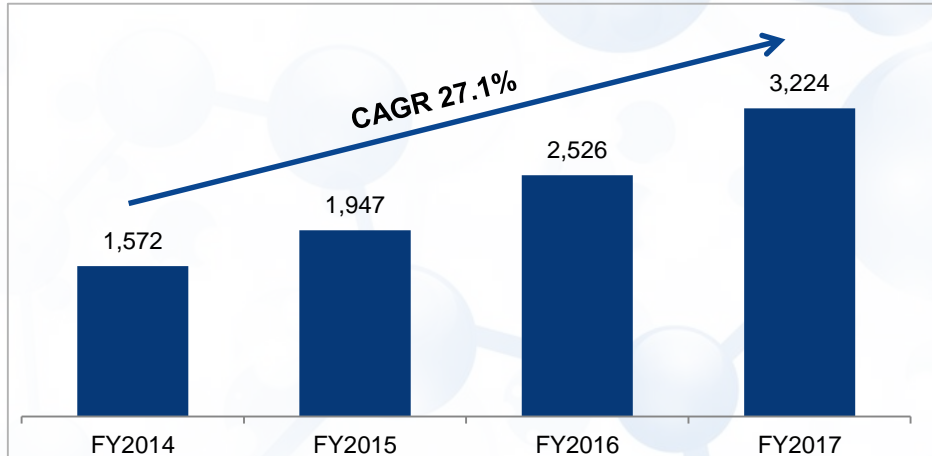
Solid Tumors

of Active Brands*

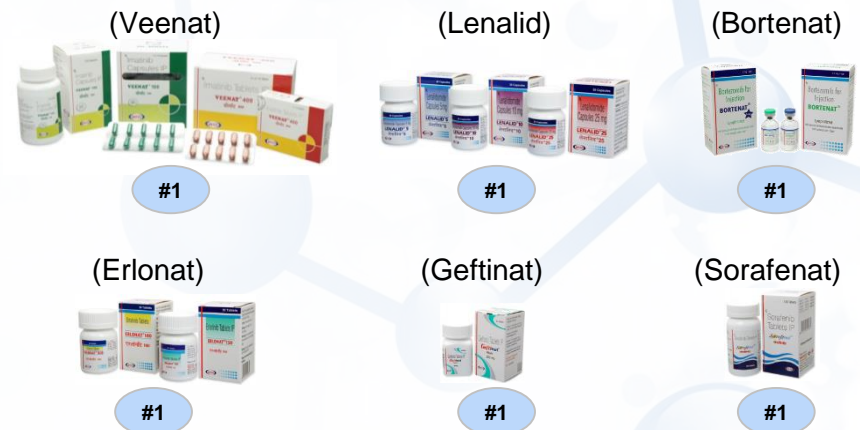
11

17

Oncology Revenue – Gross (INRmn)



INR100mn+ Brands (FY17)



*As on 31-March-2017

Gastro Hepatology – Leading Market Position in Hep-C



Market Leading Hep-C Franchise

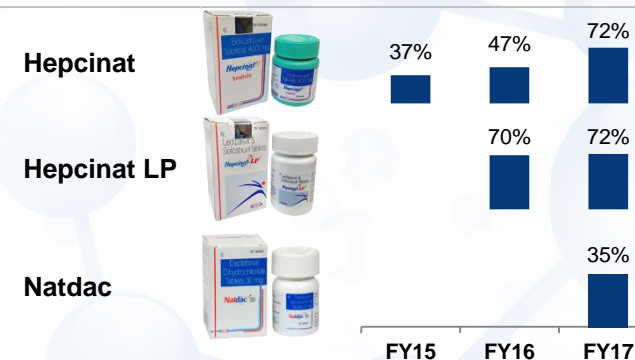
- First Company to launch generic Sofosbuvir and its combinations for the treatment of Hep-C in India & Nepal under its brand **Hepcinat** & **Hepcinat LP**
- Non-exclusive licensing agreement with Gilead Sciences for 101 countries including India reaching a target population of 103 million people
- Launched generic Daclatasvir in India under its brand **Natdac**
- Market leading positions across the Hep-C class of drugs in India
- Sales and marketing of the product is supported by over 120 sales representatives

Extending the Hep-C Franchise

- Launched an oral fixed-dose combination of Sofosbuvir and Velapatasvir under its brand **Velpanat**
- Medicine is highly efficacious across all genotypes 1 to 6
- Limited competition with only one other competitor in the domestic market
- Aggressively foraying into RoW markets

Key Brands

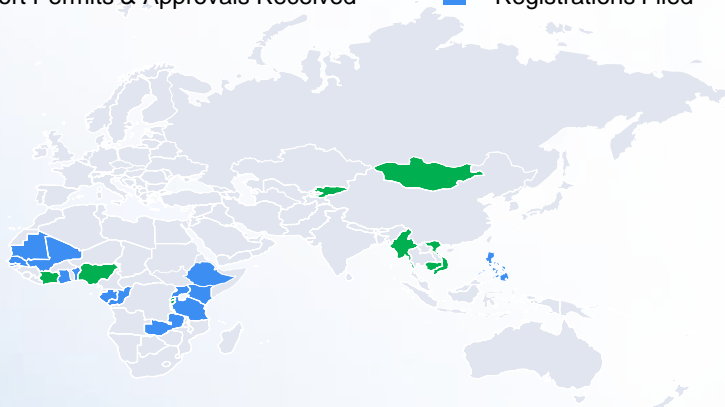
Market Share⁽²⁾



Velpanat

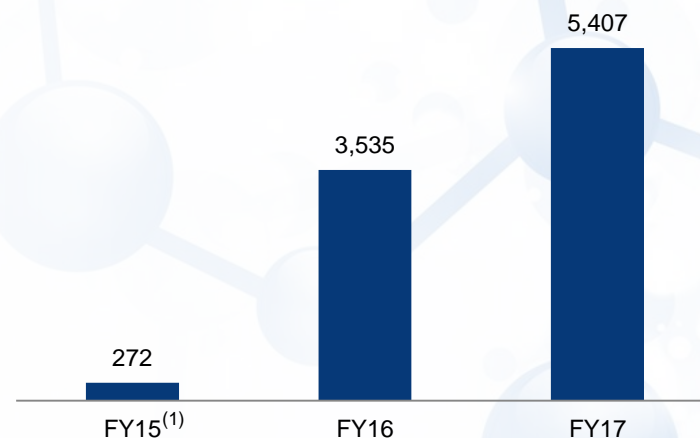
Expanding Into Emerging Markets Of Asia And Africa

■ Import Permits & Approvals Received ■ Registrations Filed



Registrations filed in 23 countries and import permits and approvals received in 9 countries

Demonstrating Strong Revenue Growth (INRmn)



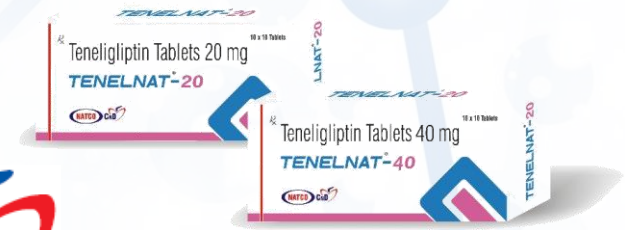
(1) Represents partial year revenue with 1 month of operations.
 (2) Source: AWACS.

Expanding Domestic Presence with Launch of New CnD Division



Cardiology and Diabetology

- Launched Cardiology and Diabetology (CnD) division in early 2017
- Focus will be on niche molecules with high barriers to entry



US Market - Focus on Complex Generics



US FDF product portfolio is predominantly focused on high-barrier-to-entry products that are typically characterised by one or more of the following:

- Intricate chemistry
- Challenging delivery mechanism
- Difficult or complex manufacturing process
- May face complex legal and regulatory challenges

Overview of Key Filings

| | Key Brand | Molecule | Therapeutic Segment / Indication | Dosage Form | Para IV | Para III | Market Size (US\$m) [#] |
|----------|------------------|------------------------|----------------------------------|-------------|---------|----------|----------------------------------|
| Pipeline | Copaxone 20&40mg | Glatiramer 20&40mg | Multiple Sclerosis | PFS | ✓ | | 4,138.4 |
| | Tamiflu | Oseltamivir Suspension | Influenza Infection | Suspension | ✓ | | 213.1 |
| | Vidaza | Azacitidine | Myelodysplastic syndrome | Injection | | ✓ | 203.1 |
| | Fosrenol | Lanthanum Carbonate | End stage renal disease | Tablets | ✓ | | 119.0 |
| | Revlimid* | Lenalidomide | Multiple Myeloma | Capsules | ✓ | | 4,416.9 |
| | Tracleer* | Bosentan | Hypertension | Tablets | | ✓ | 367.5 |
| | Nexavar* | Sorafenib | Liver, Kidney Cancer | Tablets | ✓ | | 330.7 |

- Pipeline of niche and complex generics products in US
- 43 niche ANDA filings including 20 Para IV filings⁽¹⁾
- 22 approved ANDAs (1 yet to be launched)

De-risked Business Model through Partnerships with Global Pharmaceutical Players



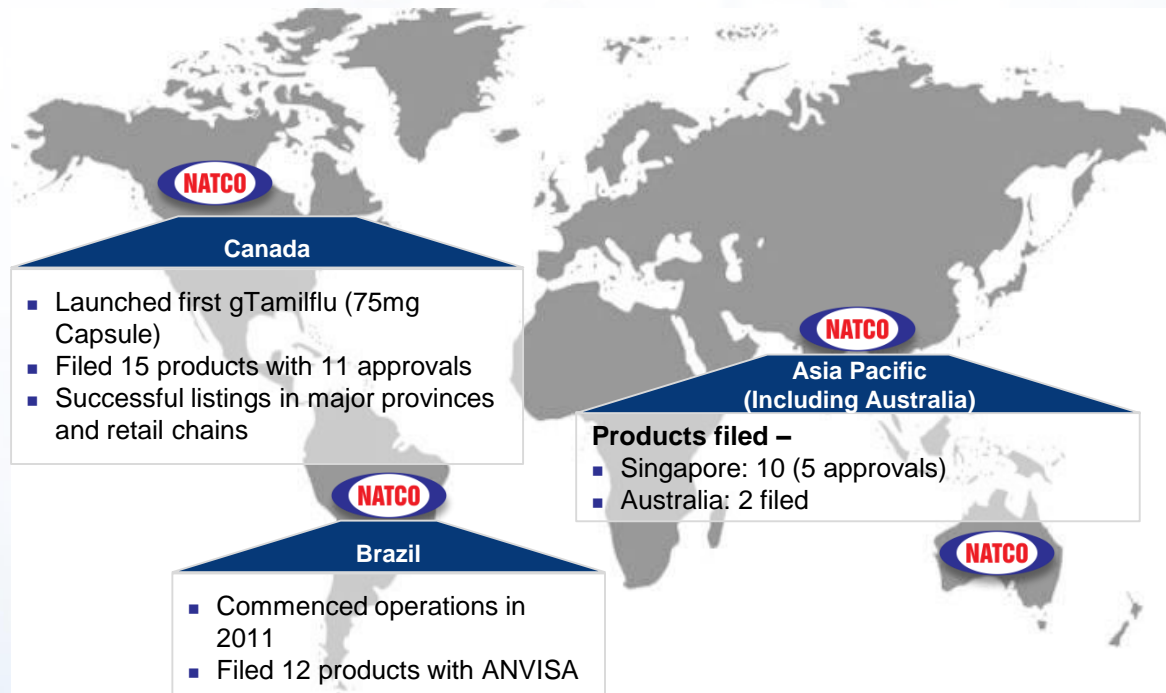
Mitigation Strategy

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 with the partner responsible for the litigation and regulatory process to secure the ANDA approval
 - Profit sharing arrangements with the front end partners to ensure Natco participates in the up-side. Recent success with the launch of generic Tamiflu capsules in partnership with Alvogen & Doxorubicin Liposomal Injection with Dr. Reddy's Laboratories Ltd.



RoW growth to be driven by Hep-C franchise expansion and continued business in LatAm and other Asian countries



Hep-C driven markets

- Filed in over 40 countries
- Received approvals and import permits for over 10 countries

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

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

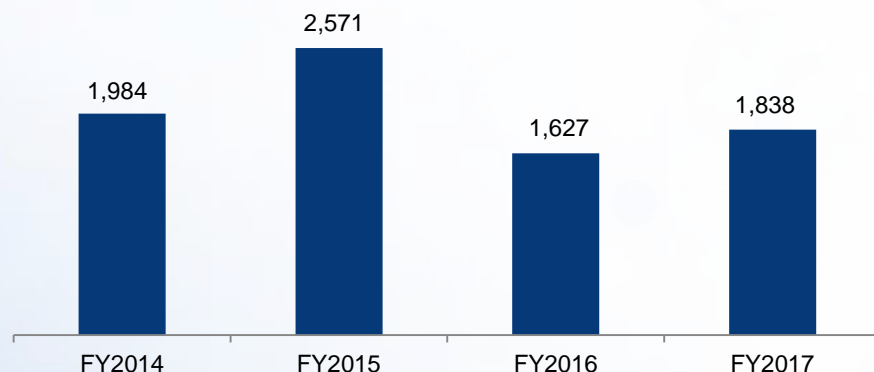


- Strategically important business – develops APIs primarily for captive consumption of its FDF portfolio as well as third party sales
- Portfolio of 37 US DMFs with over 10 products under development (as of 31-March-2017)
- Focuses on complex molecules in oncology and CNS segments
 - Other therapeutic 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

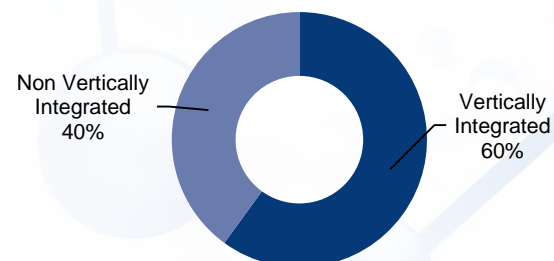
API Strengths

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

Gross API Revenue (INRmn)



Vertically Integrated ANDAs



Expansion plans to significantly augment API manufacturing capacity

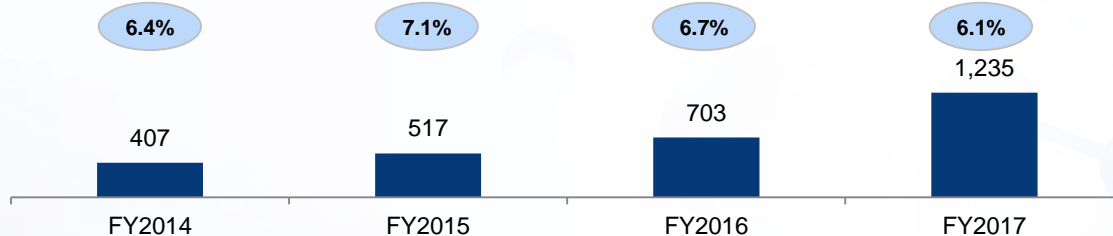
Strong Research & Development Capabilities



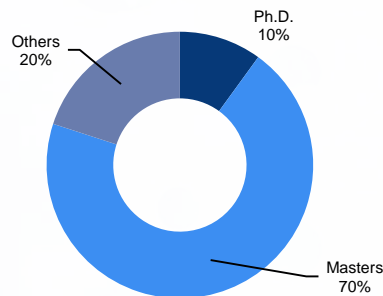
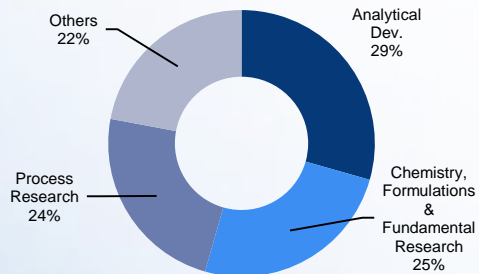
Strong R&D capabilities demonstrated by its complex and niche product filings in formulations and API segments

- Two well equipped research facilities with capabilities across synthetic chemistry, biotech & fermentation, nano pharmaceuticals, new drug discovery & cell biology

R&D Expense (INRmn) and as % of Standalone Revenue



Highly Talented Pool of Scientists



Over 35 R&D laboratories

22 ANDAs Approved
(1 yet to be launched)

20 Para IV Filings⁽¹⁾

37 US DMFs Filed⁽¹⁾

Over 10 API products Under Development



189 International Patents Filed⁽¹⁾

133 International Patents Granted

185 Indian Patents Filed⁽¹⁾

83 Indian Patents Granted



(1) As of March 31, 2017

% of standalone revenues





Commitment to Manufacturing Excellence with a Culture of Quality and Compliance



International Markets Formulations





| | Kothur Facility | Visakhapatnam Facility |
|---------------------------------|---|---|
| |  |  |
| Capability | <ul style="list-style-type: none"> Tablets, Capsules, Pellets, Injectables | <ul style="list-style-type: none"> Cytotoxic & other Oral Solid Dosages |
| Key Regulatory Approvals | <ul style="list-style-type: none"> GMP, USFDA, German Health Authority, ANVISA | <ul style="list-style-type: none"> na |
| Other Highlights | <ul style="list-style-type: none"> US FDA – January 2017 | <ul style="list-style-type: none"> Targeted towards US & other International regulated markets Located in a Special Economic Zone (SEZ) |

API Manufacturing Facilities

| | Mekaguda Facility | Chennai Facility |
|---------------------------------|--|--|
| |  |  |
| |  |  |
| Key Regulatory Approvals | <ul style="list-style-type: none"> GMP, USFDA, German Health Authority, PMDA (Japan), Cofepris (Mexico) | <ul style="list-style-type: none"> GMP |
| Last Audit | <ul style="list-style-type: none"> US FDA – January 2015 (Last approval) | <ul style="list-style-type: none"> US FDA – August 2016 (Last approval) |

- Expansion plans to significantly augment API manufacturing capacity
- Focus on renewable energy to reduce manufacturing cost

Domestic Market Formulations

| | Nagarjuna Sagar Facility | Dehradun Unit 6 Facility | Dehradun Unit 7 Facility | Guwahati Facility |
|---------------------------------|--|---|--|--|
| |  |  |  |  |
| Capability | <ul style="list-style-type: none"> Ampoules, Vials, Lyophilized vials, Parenterals, Sterile Dry Powders | <ul style="list-style-type: none"> Tablets, Capsules, Injectables | <ul style="list-style-type: none"> Tablets, Capsules | <ul style="list-style-type: none"> Tablets, Capsules |
| Key Regulatory Approvals | <ul style="list-style-type: none"> GMP | <ul style="list-style-type: none"> GMP | <ul style="list-style-type: none"> GMP, Public Health Service of the Netherlands (EU GMP) | <ul style="list-style-type: none"> GMP Compliant Facility |

 Under development

Domestic Branded Formulations

- Maintain leadership position in Oncology and Gastro Hepatology segment
- Launch 8- 10 new products
- Traction in the newly launched CnD division
- Extension of the Hep-C franchise via the launch of Velpanat
- Target 20% plus YoY growth

2017

- Enter new attractive segments

2020+

Complex Generics

- Near term approval for some key molecules – TAD for generic Copaxone in June 2017
- Also anticipating approval for Lanthanum Carbonate, Azacitidine, Bosentan
- Extension of the Tamiflu franchise via launch of the suspension version
- Profit share component via the launch of the Doxorubicin Liposomal injection

- Key molecules currently filed in the market

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



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

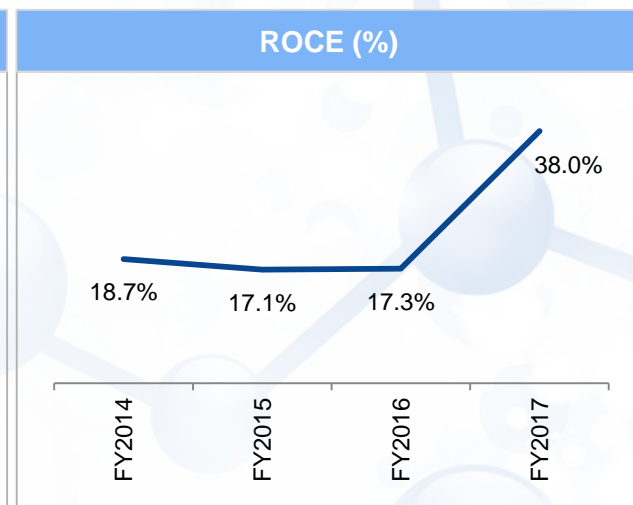
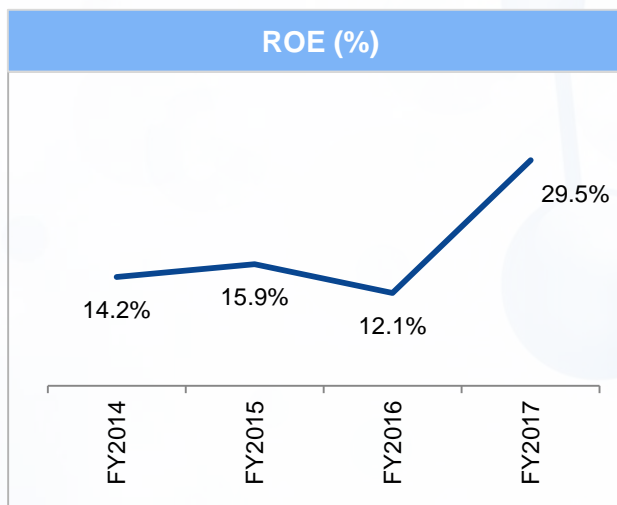
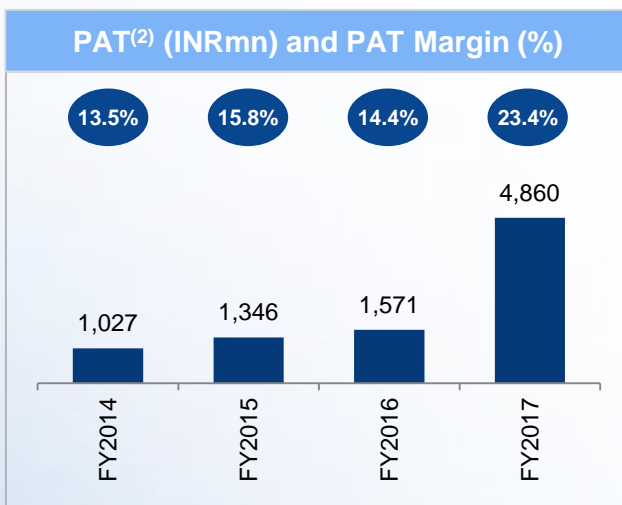
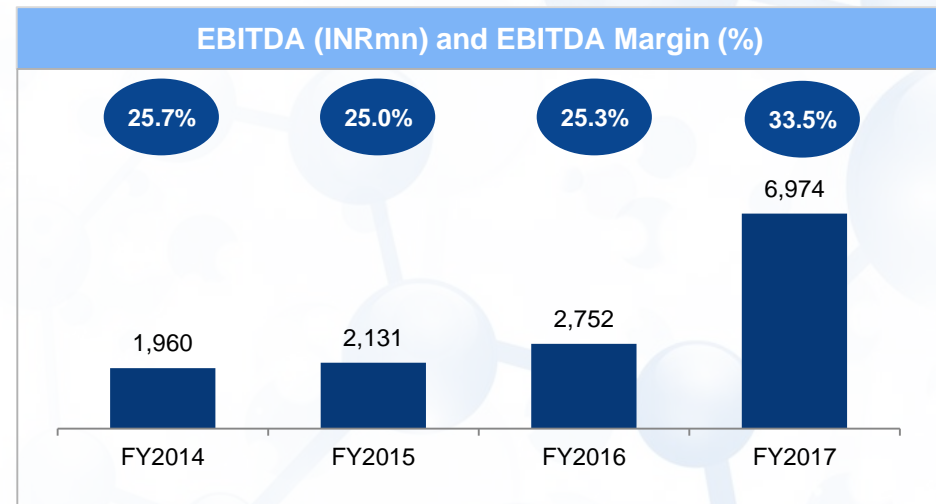
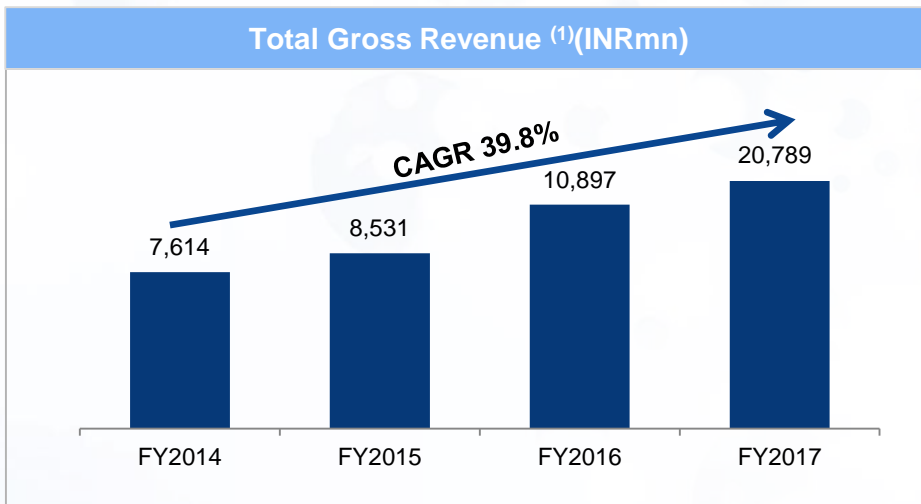
- Over 25 years of experience including 20 years within the Company covering areas of accounting, financial controller, treasury
- Responsible for finance and treasury functions at the Company



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



Consolidated results for year ended 31 March 2017 are in compliance with Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs and results for the year ended 31 March 2016 have been restated to comply with Ind AS. Results for the financial years ended 31 March 2015 and 31 March 2014 are as per Indian GAAP

- (1) Represents consolidated gross revenue and includes other income
- (2) Represents PAT after minority interest

Historical Financials



Consolidated Profit & Loss Statement (INRmn)

| Particulars | 31-Mar-17 | 31-Mar-16 |
|---|---------------|---------------|
| Revenue from operations (gross) | 20,650 | 10,804 |
| Less : Excise duty | | |
| Revenue from operations (net) | 20,650 | 10,804 |
| Other income | 139 | 94 |
| Total revenue | 20,789 | 10,897 |
| Expenses | | |
| Cost of material consumed | 5,208 | 3,037 |
| Purchase of stock in trade | 971 | 152 |
| Change in Inventory | (188) | (483) |
| Employee benefits | 2,432 | 1,798 |
| Finance costs | 185 | 229 |
| Depreciation | 544 | 508 |
| Other expenses | 5,393 | 3,641 |
| Prior period expenses | 0 | 0 |
| Total expenses | 14,545 | 8,882 |
| Profit before exceptional items and tax | 6,244 | 2,015 |
| Exceptional item | 0 | 0 |
| Profit before tax | 6,244 | 2,015 |
| Current Tax | 1,393 | 441 |
| Deferred Tax Benefit | 1 | 38 |
| PAT (Before Minority interest) | 4,849 | 1,536 |
| Profit from discontinued operations, net of tax | | 22 |
| Minority Interest | (11) | (13) |
| PAT (After Minority interest) | 4,860 | 1,571 |

Consolidated Balance Sheet (INRmn)

| Particulars | 31-Mar-17 | 31-Mar-16 |
|--------------------------------------|---------------|---------------|
| Equity share capital | 349 | 348 |
| Other equity | 16,144 | 12,609 |
| Non-controlling interest | 40 | 49 |
| Total of Equity | 16,533 | 13,007 |
| Financial Liabilities | | |
| Borrowings | - | - |
| Other financial liabilities | 8 | 8 |
| Employee benefit obligations | 219 | 125 |
| Deferred tax liabilities | 150 | 146 |
| Total Non-current liabilities | 377 | 279 |
| Financial liabilities | | |
| Borrowings | 2,216 | 984 |
| Trade payables | 2,627 | 2,755 |
| Other financial liabilities | 1,014 | 815 |
| Current tax liabilities, net | 133 | 34 |
| Other current liabilities | 258 | 327 |
| Employee benefit obligations | 18 | 15 |
| Total Non-current liabilities | 6,265 | 4,929 |
| Total equity and liabilities | 23,175 | 18,215 |
| Property, plant and equipment | 8,272 | 7,046 |
| Capital work-in-progress | 3,362 | 2,118 |
| Other intangible assets | 58 | 55 |
| Investments | 1 | 1 |
| Other financial assets | 131 | 106 |
| Other non-current assets | 478 | 521 |
| Total Non-current assets | 12,302 | 9,847 |
| Inventories | 3,489 | 3,573 |
| Financial Assets | | |
| Investments | 321 | 221 |
| Trade receivables | 4,751 | 2,616 |
| Cash and cash equivalents | 235 | 242 |
| Other bank balances | 123 | 210 |
| Loans | 34 | 28 |
| Other financial assets | 752 | 770 |
| Income tax asset | - | 34 |
| Other current assets | 1,166 | 676 |
| Total current assets | 10,873 | 8,368 |
| Total assets | 23,175 | 18,215 |

Historical Financials (Cont'd)



Segment Breakdown (INRmn)

| Revenue Division (INRmn) | 31-Mar-17 |
|--|---------------|
| API, Domestic | 512 |
| API, Exports | 1,325 |
| API Gross Revenue | 1,838 |
| Formulations, Exports | 3,947 |
| Profit sharing Income | 4,423 |
| Formulations Onco | 3,224 |
| Formulations, Brand Pharma Non Onco | 4,802 |
| Formulations, 3rd party, & miscel | 784 |
| Formulations Gross Revenue | 17,180 |
| Service Income-Exports | (89) |
| Service Income-Domestic | 0 |
| Service Income | (89) |
| Other Operating & Non-Operating Income | 1,208 |
| Adjustments as per IndAS | 21 |
| Stand-Alone Total Gross Revenue | 20,159 |
| Total Revenue, all subsidiaries | 630 |
| TOTAL Gross Revenue | 20,789 |