

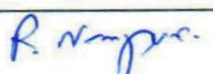
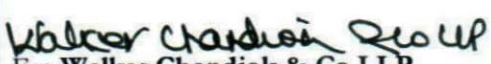


**FORM B**  
**(Clause 31 (a) of Listing Agreement)**

**Covering letter of the annual audit report for filing with the stock exchanges**

1.	Name of the Company:	NATCO Pharma Limited
2.	Annual financial statements for the year ended	31 March 2014
3.	Type of Audit qualification	<p>Qualified opinion.</p> <p><b><u>The report of the Statutory Auditors contains the following qualification on the Standalone and Consolidated Financial Statements for year ended 31 March 2014</u></b></p> <p><i>The Company has not recognized Minimum Alternative Tax (MAT) credit entitlement as required by the Guidance Note on "Accounting for Credit available in respect of Minimum Alternative Tax under the Income Tax Act, 1961", issued by the Institute of Chartered Accountants of India. Had the Company accounted for such MAT credit, the profit after tax for the year ended 31 March 2014 and loans and advances and reserves and surplus as at that date would have been higher by ₹881,697,337 (31 March 2013: ₹623,262,102). This matter had caused us to qualify our audit report for the year ended 31 March 2013.</i></p>
4.	Frequency of qualification	Qualification in the Independent Auditors' Report on Standalone and Consolidated Financial Statements, are repetitive from the financial year ended 31 March 2010.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p><b>Management response:</b></p> <p>In view of the continued tax holiday being available for the profits arising out of manufacture and sales made from two of its manufacturing facilities, the Company has not recognized the available MAT credit. In the eventuality of the Company being made to pay tax on a regular basis, it would make suitable adjustments by taking credit for the MAT entitlement available at such point of time.</p> <p><i>Refer page no 40 of annual report for management response to the qualifications in the director's report.</i></p>
6.	Additional comments from the board/audit committee chair:	The director's report on the auditor's qualification, sufficiently explains the management response and hence no additional comments are required.

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7.	To be signed by-	
	CEO/Managing Director	 Rajeev Nannapaneni (Vice Chairman & Chief Executive Officer)
	Auditor of the company	 For <b>Walker Chandiok &amp; Co LLP</b> (formerly Walker, Chandiok & Co) Chartered Accountants Firm Registration No.: 001076N / N500013  per <b>Sanjay Kumar Jain</b> Partner Membership No.: 207660  Place: Hyderabad Date: 3 September 2014
	Audit Committee Chairman	G.S. Murthy  (Director)