



Natco Pharma Limited

Regd. Off. : 'NATCO HOUSE', Road No. 2, Banjara Hills, Hyderabad-500 033. INDIA.
Tel : +91 40 23547532, Fax : +91 40 23548243

M/s. National Stock Exchange of India Ltd.
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400 051.

30th September, 2010

Dear Sir,

Members of the Company at their 27th Annual General Meeting for the financial year 2009-10 held on today i.e. 30th September, 2010 have passed the following Resolutions:

ORDINARY BUSINESS:

RESOLUTION NO.1: ADOPTION OF ACCOUNTS

"RESOLVED THAT the Audited Accounts of the Company for the year ended 31-3-2010, together with the Report of the Directors and the Report of the Auditors thereon has been received, considered and adopted."

RESOLUTION NO.2: DECLARATION OF DIVIDEND

"RESOLVED THAT the Interim Dividend of Rs.2 per share declared by the Board of Directors of the Company at their meeting held on 27th January, 2010 on 2,81,47,952 Equity shares of Rs.10/- each absolving a sum of Rs.5,62,95,904 be and is hereby approved as the Final Dividend for the year ended 31st March, 2010."

RESOLUTION NO.3: ELECTION OF DIRECTOR RETIRING BY ROTATION

"RESOLVED THAT Shri G.S.Murthy, Director of the Company, who retires by rotation and who offers himself for re-appointment, being eligible, be and is hereby re-appointed as the Director of the Company, whose period of office shall be liable for retirement by rotation."

RESOLUTION NO.4: ELECTION OF DIRECTOR RETIRING BY ROTATION

"RESOLVED THAT Dr.B.S.Bajaj, Director of the Company, who retires by rotation and who offers himself for re-appointment, being eligible, be and is hereby re-appointed as the Director of the Company, whose period of office shall be liable for retirement by rotation."

RESOLUTION NO.5: ELECTION OF DIRECTOR RETIRING BY ROTATION

"RESOLVED THAT Dr.J.Sambasiva Rao, Director of the Company, who retires by rotation and who offers himself for re-appointment, being eligible, be and is hereby re-appointed as the Director of the Company, whose period of office shall be liable for retirement by rotation."

M. Sambasiva Rao





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RESOLUTION NO.6: RE-APPOINTMENT OF AUDITORS

"RESOLVED THAT M/s.Walker, Chandio & Co., Chartered Accountants, the Auditors of the Company, who retires at the conclusion of this meeting, being eligible, be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and that the Board of Directors be and are hereby authorised to fix their remuneration."

SPECIAL BUSINESS

RESOLUTION NO.7: INCREASE OF REMUNERATION OF MR.RAJEEV NANNAPANENI, DIRECTOR & COO

"RESOLVED THAT in supersession of the resolution passed by the members at their AGM held on 29th September, 2009 and subject to the provisions of Sections 198, 269, 309, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Government of India and other necessary permissions, if any, approval be and is hereby accorded to the appointment of Mr.Rajeev Nannapaneni as Director & COO of the Company for a period of 2 years with effect from 1-4-2010 to 31-03-2012 and be paid remuneration by way of Salary and perquisites as detailed below:

(a) SALARY:

Not exceeding Rs.48,00,000/- (Rupees forty eight lakhs only) per annum including dearness and all other allowances.

(b) PERQUISITES

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and
- iii) Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit, necessary and delegate to any Director(s) or any other Officer(s) of the Company for obtaining necessary permissions and approvals, if any, in this connection.

FURTHER RESOLVED THAT the same remuneration be treated as minimum remuneration payable in case of absence of profits or inadequacy of profits."

M. Nannapaneni





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RESOLUTION NO.8: INCREASE OF REMUNERATION OF DR.P.BHASKARA NARAYANA, DIRECTOR & CFO

"RESOLVED THAT in supersession of the resolution passed by the members at their AGM held on 29th September, 2009 and subject to the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Government of India and other necessary permissions, if any, approval be and is hereby accorded to the appointment of Dr.Bhaskara Narayana P. as Director & CFO of the Company for a period of 2 years with effect from 1-4-2010 to 31-03-2012 and be paid remuneration by way of Salary and perquisites as detailed below:

(a) SALARY:

Not exceeding Rs.32,00,000/- (Rupees thirty two lakhs only) per annum including dearness and all other allowances.

(b) PERQUISITES

i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961

ii) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and

iii) Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit, necessary and delegate to any Director(s) or any other Officer(s) of the Company for obtaining necessary permissions and approvals, if any, in this connection.

FURTHER RESOLVED THAT the same remuneration be treated as minimum remuneration payable in case of absence of profits or inadequacy of profits."

RESOLUTION NO.9: INCREASE OF REMUNERATION OF DR.AKS BHUJANGA RAO, PRESIDENT(R & D AND TECHNICAL)

"RESOLVED THAT in supersession of the resolution passed by the members at their AGM held on 29th September, 2009 and subject to the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Government of India and other necessary permissions, if any, approval be and is hereby accorded to the appointment of Dr.A.K.S.Bhujanga Rao as President (R & D and Technical) of the Company for a period of 2 years with effect from 1-4-2010 to 31-03-2012 and be paid remuneration by way of Salary and perquisites as detailed below:

Narayanan





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(a) SALARY:

Not exceeding Rs.32,00,000/-(Rupees thirty two lakhs only) per annum including dearness and all other allowances.

(b) PERQUISITES

i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961

ii) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and

iii) Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit, necessary and delegate to any Director(s) or any other Officer(s) of the Company for obtaining necessary permissions and approvals, if any, in this connection.

FURTHER RESOLVED THAT the same remuneration be treated as minimum remuneration payable in case of absence of profits or inadequacy of profits."

RESOLUTION NO.10: ISSUE OF SHARES UNDER EMPLOYEE STOCK OPTION SCHEME(ESOS) AND EMPLOYEE STOCK PURCHASE SCHEME(ESPS)

"RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") [including any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines for the time being in force] and subject to the provisions contained in the Articles of Association of the Company and subject to such other consents, permissions, sanctions, and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include the Compensation / Remuneration Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot at any time or from time to time to the present and future employees of the Company selected on the basis of criteria prescribed by the Board in accordance with the SEBI guidelines, hereinafter referred to as "the Eligible Employees" (which expression shall, unless repugnant to the context, mean and include the Permanent Employees of the Company in India or abroad, including Directors of the Company, whether whole time or not, whether working in India or out of India under a Scheme titled such number of options as the Board may decide which could give rise to the issue of equity shares of nominal face value not exceeding Rs.60,00,000/- (Rupees Sixty lakhs) divided into 6,00,000 (six lakhs only) equity shares of the face value of Rs.10/- each on such terms and conditions described below :

M. V. Jayaram





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The offer shall be in accordance with the terms and conditions as regards price, payment, application, allotment, entitlement to dividend and other rights, transferability and all other matters as stipulated by the SEBI Guidelines and in accordance with any other guidelines, rules, regulations and laws to the extent applicable and subject also to the Memorandum and Articles of Association of the Company provided that :

- i) the equity shares issued upon exercise of the Options shall rank *pari passu* in all respects with the existing equity shares of the Company.
- ii) Each Option granted to eligible employees shall be convertible into one equity share of nominal value of Rs.10/- each on payment of a price of Rs.10/- per option and subject to any regulation or guidelines of the SEBI in regard to the pricing of the Options, as applicable from time to time.
- iii) Each option shall be vested in the Optionee after a minimum of 12 months from the date of grant of the Option and a maximum period of four years from the date of the grant of options.
- iv) The Options shall be valid and exercisable for five years from the date of vesting.
- v) The consideration for the shares to be issued upon exercise of an Option, may as determined by the Board at the time of granting the Options, consist of cash, cheque or consideration received by the Company under a cashless exercise program implemented by the Company or any combination of the foregoing methods of payment.
- vi) No employee shall, during any fiscal year of the Company, be granted Options exceeding the limit fixed by the SEBI or any other relevant regulation as is applicable to such options.
- vii) The Company shall conform to the accounting policies mandated by applicable law or regulations of the SEBI or any other relevant regulation as is applicable to the account of such options.
- viii) Subject to the approval of the stock exchanges, the relevant equity shares on exercise of the Options shall be listed on the stock exchanges.
- ix) The Board shall have the power to make reasonable adjustments to the number of options to be exercised and the exercise price in case of rights issues, bonus issues and other corporate actions.
- x) The Board shall have absolute discretion from time to time to modify, delete or substitute any such terms or, if it thinks fit, not to undertake or proceed with the implementation of this Resolution in whole or in part.

RESOLVED FURTHER THAT in this resolution the expression "Employee" or "Eligible Employee" shall include Whole Time Director(s) of the Company and the provisions of this resolution shall apply to Whole Time Director(s) as they apply to other eligible employees other than the Promoter Directors.

M. V. Rao





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RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms as approved by the members, the Board / Remuneration / Compensation Committee or any Committee of the Board, be and is hereby authorised to implement the NATCO Stock Option Plan 2010 ("Plan"), (with or without modifications and variations) in such manner as the Board / Remuneration / Compensation Committee / any Committee of the Board may determine.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board/ Remuneration / Compensation Committee or any Committee of the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation thereto.

RESOLVED FURTHER THAT the said equity shares may be allotted in accordance with the Plan framed in that behalf, directly to such employees or through a Trust which may be set up in any permissible manner or to the Trust to be held on behalf of such employees and that the Plan may also envisage for providing any financial assistance to the employees or the Trust to enable the employees / Trust to acquire, purchase or subscribe to the said equity shares of the Company.

RESOLVED FURTHER THAT the Board / Remuneration / Compensation Committee or any Committee of the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Plan and to the shares (including to amend, modify, delete or substitute any of the terms thereof) issued herein without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by authority of this resolution.

RESOLVED FURTHER THAT in case the Company's Equity Share capital or its valuation is effected due to any corporate action like issue of Bonus / Rights shares, stock split, consolidation, merger, restructuring or any such event happening subsequent to the grant of options, the Board/Compensation/ Remuneration or any other committee of the Board shall have the discretion to make appropriate amendments to the scheme including change in number of options, the exercise price or floating a new scheme / extend the application of the existing scheme or any other fair and just mechanism including acceleration of options, in accordance with Law, if deemed necessary, while striving to ensure that the rights of employees are not affected."

This is for your information and records.

Thanking you,

Yours faithfully,
For NATCO Pharma Limited

M. Adinarayana
Company Secretary &
G.M. (Corp Affairs)

