



NATCO Pharma Limited

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CIN : L242301981PLC003201

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Members of Natco Pharma Limited will be held at at Jubilee Hills International Centre, Road No.14, Jubilee Hills, Hyderabad 500033 on Saturday, the 27th June, 2015 at 10.30 a.m. to transact the following special businesses:-

SPECIAL BUSINESS:

1. APPROVAL OF INCREASE OF EQUITY INVESTMENT PERCENTAGE IN THE COMPANY UP TO 49% TO FOREIGN INSTITUTIONAL INVESTORS (FIIS) / FOREIGN PORTFOLIO INVESTORS (FPIs) ETC.

To consider and, if thought fit, pass with or without modification, the following resolution as special resolution:

"RESOLVED THAT in supersession of the earlier resolution passed and pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999, the Companies Act, 2013, to the extent applicable, the Consolidated Foreign Direct Investment Policy Circular of 2014 ("Consolidated FDI Policy"), as amended, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended and subject to the approval of the members of the Company and all other applicable laws, rules, regulations, guidelines and subject to the approvals, consents and permissions of the Government of India, the Foreign Investment Promotion Board, the Reserve Bank of India ("RBI") and any other appropriate authorities, institutions or bodies as may be necessary and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of the concerned authorities while granting such approvals, permissions and sanctions and the like, which may be agreed to by the board of directors of the Company including any committee which the Board has constituted or will constitute (the "Board") to exercise its powers including the power conferred by any resolution, the consent, authority and approval of the Company be and is hereby accorded to the Board to permit Foreign Institutional Investors ("FIIs") or Foreign Portfolio Investors ("FPIs") registered with the Securities and Exchange Board of India ("SEBI") or NRI/Foreign Nationals to purchase or acquire, on their own account and/or on behalf of their SEBI approved sub-accounts, equity shares of the Company, on the recognized stock exchange or in any other manner, subject to the condition that the aggregate holding of the FIIs/FPIs or NRI/Foreign Nationals shall not exceed 49% of the paid up equity share capital of the Company, provided however that the shareholding of each FII on its own account and on behalf of each of its SEBI approved sub-accounts or a FPI in the Company shall not exceed 10% (ten per cent) or such other limit as may be stipulated by Reserve Bank of India in each case, from time to time. "

2. APPROVAL OF FURTHER ISSUE OF SHARES OR CONVERTIBLE SECURITIES TO FOREIGN INSTITUTIONAL INVESTORS (FIIS)/ QUALIFIED INSTITUTIONAL BUYERS (QIBs) etc.

To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT, pursuant to provisions of Section 42 and 62 (1)(c) and all other applicable provisions and rules, if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time (the "Act") and in accordance with the provisions of the Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed, and in accordance with the regulations/guidelines issued by the Government of India ("GOI"),

the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and/or any other competent authorities and clarifications thereof, issued from time to time, the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA) as amended, the Foreign Exchange management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended up to date and subject to such approvals, consents, permissions and sanctions of the Ministry of Finance (Department of Economic Affairs), the Ministry of Commerce & Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance), Government of India (GOI), SEBI, RBI, Stock Exchanges and all other appropriate authorities, institutions or bodies and subject to such conditions and modification(s) as may be prescribed by them while granting such approvals, consents, permissions and sanctions, to the extent applicable, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall be deemed to include any committee(s), constituted/to be constituted by the Board to exercise its powers including the powers conferred by this resolution), consent of the members be and is hereby accorded to the Board to create, issue, offer and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons, as may be permitted) either in India or in the course of international offering(s) in one or more foreign markets, Equity Shares of the Company with a face value of Rs. 10/- (Rupees Ten Only) each (the "Equity Shares"), Global Depository Receipts (GDRs), American Depository Receipts ("ADRs"), Foreign Currency Convertible Bonds (FCCBs) and/or other financial instruments convertible into Equity Shares (including warrants, or otherwise), fully convertible debentures, partly convertible debentures, non-convertible debentures with warrants and/or convertible preference shares or any security convertible into Equity Shares (all of which are hereinafter collectively referred to as the "Securities") or any combination of Securities, in one or more tranches, through public and/or private offerings and/or on preferential allotment basis or any combination thereof or by issue of prospectus and/or placement document/or other permissible/requisite offer document to any eligible person(s), including but not limited to Foreign Institutional Investors ("FIIs"), Foreign Portfolio Investors ("FPIs"), Qualified Institutional Buyers in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009, as amended from time to time ("ICDR Regulations"), or otherwise, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), foreign institutional investors, Indian and/or multilateral financial institutions, mutual funds, pension funds, and/or any other categories of investors (collectively called the "Investors") whether or not such Investors are members of the Company, as may be decided by the Board at its discretion and permitted under applicable laws and regulations for an aggregate amount not exceeding Rs. 450 Crores (Rupees Four hundred and fifty crore only) or its equivalent of any other foreign currencies inclusive of such premium as may be fixed on such Securities by offering the Securities through public issue(s), private placement(s), or a combination thereof at such a time or times, at a discount (including but not limited to any discount as may be permitted under Chapter VIII of the SEBI ICDR Regulations) or a premium permitted under applicable laws, as may be deemed appropriate by the Board at its absolute discretion at the time of issue and allotment of the Securities considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with Book Running Lead Manager(s) and/ or underwriter(s) and/or other advisor(s) for such issue.

RESOLVED FURTHER THAT if any issue of Securities is made by way of a Qualified Institutions Placement ("QIP") in terms of Chapter VIII of the SEBI ICDR Regulations, the allotment of Securities, or any combination of Securities as may be decided by the Board shall be completed within twelve months from the date of this Resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time at such a price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations as may be amended from time to time and the Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time under the SEBI ICDR Regulations. The Company may, in accordance with applicable law, offer a discount of not more than 5% or such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the SEBI ICDR Regulations as may be amended from time to time.

RESOLVED FURTHER THAT subject to the approval of the shareholders, in the event of issue of Securities by way of Qualified Institutions Placement the Relevant Date on the basis of which the price of the Securities shall be determined as specified under SEBI Regulations, shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue for Securities or such other time as may be decided by the Board and as permitted by the SEBI Regulations, subject to any relevant provisions of applicable laws, rules and regulations as amended from time to time, in relation to the proposed issue of the Securities.

RESOLVED FURTHER THAT in pursuance of this resolution and subject to the approval of the shareholders, the Securities to be, created, issued, offered and allotted shall be subject to the following terms and conditions:

- (a) The Securities shall be subject to the provisions of Memorandum and Articles of Association of the Company and in accordance with the terms of this resolution;
- (b) The issue shall rank *pari passu* with the existing Equity Shares of the Company in all respects including the entitlement of dividend;
- (c) The number and/or price of the Securities or the underlying Equity Shares issued on conversion of Securities convertible into Equity Shares shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring.

RESOLVED FURTHER THAT subject to the approval of the shareholders, the Board be and is hereby authorized to finalize and approve the offering circular/placement document for the proposed issue of the Securities and to authorize any director or directors of the Company or any other officer or officers of the Company to sign the above documents for and on behalf of the Company together with the authority to amend, vary or modify the same as such authorized persons may consider necessary, desirable or expedient and for the purpose aforesaid to give such declarations, affidavits, certificates, consents and/ or authorities as may, in the opinion of such authorized person, be required from time to time, and to arrange for the submission of the offering circular/placement document, and any amendments and supplements thereto with any applicable stock exchanges (whether in India or abroad), government and regulatory authorities, institutions or bodies, as may be required.

RESOLVED FURTHER THAT subject to the approval of the shareholders and the applicable laws, for the purpose of giving effect to the issuance of Securities, the Board or any committee of the Board is hereby authorised on behalf of the Company to do all such acts, deeds and things thereof in its absolute discretion as it deems necessary or desirable in connection with the issue of the Securities, including, without limitation to the following:

- (a) decide the date for the opening and closing of the issue of Securities, including determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, execution of various transaction documents;
- (b) finalisation of the allotment of the Securities on the basis of the subscriptions received;
- (c) finalisation of and arrangement for the submission of the preliminary and final offering circulars/prospectus(es)/offer document(s), and any amendments and supplements thereto, with any applicable government and regulatory authorities, institutions or bodies, as may be required;
- (d) approval of the preliminary and final offering circulars/placement document/prospectus/Offer document (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalised in consultation with the Book Running Lead Managers/Underwriters/Advisors, in accordance with all applicable rules, regulations and guidelines;
- (e) entering into any arrangement for managing, underwriting and marketing the proposed offering of Securities and to appoint, in its absolute discretion, managers (including lead managers), investment bankers, merchant bankers, underwriters, guarantors, financial and/or legal advisors, depositories, custodians, paying and conversion agents, listing agents, escrow banks/agents and sign all applications, filings, deeds, documents, memorandum of understanding and agreements with any such entities and to pay any fees, commissions, remunerations, and expenses in connection with the proposed offering of the Securities;

- (f) approval of the deposit agreement(s), the purchase/underwriting agreement(s), the trust deed(s), the indenture(s), the master/global GDRs/ADRs/FCCBS/other certificate representing the Securities, letters of allotment, listing application, engagement letter(s), memoranda of understanding and any other agreements or documents, as may be necessary in connection with the issue/offering (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;
- (g) finalisation of the basis of allotment in the event of oversubscription;
- (h) authorisation of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as the authorised person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the securities;
- (i) seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the issue and allotment of the Securities;
- (j) seeking the listing of the Securities on any Indian or international stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;
- (k) deciding the pricing and terms of the Securities, and all other related matters, including taking any action on two way fungibility for conversion of underlying equity shares into FCCBs/GDRs/ADRs, as per applicable laws, regulations or guidelines;
- (l) open one or more bank accounts in the name of the Company in Indian currency or foreign currency(ies) with such bank or banks in India and/or such foreign countries as may be required in connection with the aforesaid issue, including with any escrow bank;
- (m) to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotments and utilization of the issue proceeds as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the member or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, and accordingly any such action, decision or direction of the Board shall be binding on all the members of the Company; and
- (n) all such acts, deeds, matters and things as the Committee may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and to settle any question, query, doubt or difficulty that may arise in this regard including the power to allot under subscribed portion, if any, in such manner and to such persons(s) as the Board, may deem fit and proper in its absolute discretion to be most beneficial to the Company.

RESOLVED FURTHER THAT subject to the approval of the shareholders, the Company may enter into any arrangement with any agency or body authorized by the Company for the issue of depositary receipts representing the underlying equity shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international markets.

RESOLVED FURTHER THAT without prejudice to the generality of the above, and subject to the approval of the shareholders, the aforesaid issue of Securities may have all or any of the terms or combinations of the terms in accordance with the prevalent market practice including but not limited to terms and conditions relating to payment of interest, dividend, premium or the redemption at the option of the Company and/or holders of any Securities including terms or issue of additional equity shares or variations of the price or period of conversion of Securities into equity shares or issue of equity shares during the period of the Securities or terms pertaining to voting rights or option(s) for early redemption of Securities. Provided that the issue of all Equity Shares referred to above shall rank pari passu with the existing Equity Shares of the Company in all respects, including the entitlement of dividend.

RESOLVED FURTHER THAT subject to the approval of the shareholders, the Board be and is hereby authorised to delegate all or any of the powers herein conferred on it, to any committee of Directors, any other one or more Director(s) of the Company to give effect to the aforesaid resolution and thereby such committee of Directors or one or more such Directors as authorised are empowered to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modifications as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in this regard."

3. APPROVAL OF MERGER OF NATCO ORGANICS LIMITED (100% Wholly Owned Subsidiary) INTO THE COMPANY

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable laws, regulations, listing agreements, and guidelines issued by regulatory authorities and subject to the approval of the creditors, bankers and financial institutions and subject to the order(s) issued by the Hon'ble High Court of Judicature at Madras, the Natco Organics Limited a wholly owned subsidiary of the Company be amalgamated with the company with effect from 01-04-2015 or such other date as approved by the Hon'ble High Court of Judicature at Madras being the 'Appointed Date'.

RESOLVED FURTHER THAT the scheme of amalgamation be and is hereby approved and that Mr Rajeev Nannapaneni, Vice-Chairman and Chief Executive Officer, and Mr M. Adinarayana, Company Secretary & V.P. (Legal & Corporate Affairs) of the Company, be and are hereby severally authorized to make such alterations and changes therein as may be necessary or expedient in the said Scheme of Amalgamation.

RESOLVED FURTHER THAT Mr M. Adinarayana, C.S. & V.P. (Legal & Corporate Affairs) (FCS No.3208) of the Company is hereby authorised to obtain various approvals, permissions, certifications, etc., if any, required from appropriate professionals/agencies/authorities and to do such acts, deeds and things as may be considered necessary and deem fit to give effect to the above said resolution and to file all necessary documents, applications and forms to the concerned authority (ies), as may be required."

4. APPROVAL OF EMPLOYEE STOCK OPTION (ESOP) SCHEME UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014:

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 62(1)(b) of the Companies Act, 2013 read with rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, including any statutory modification or re-enactment thereof, for the time being in force and subject to SEBI (Share Based Employee Benefits) Regulations, 2014 and subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed by the above authorities while granting such approval, permissions and sanctions, approval and consent of the company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee including ESOP Compensation Committee of the Board) to introduce, offer and implement the proposed ESOP Scheme, the salient features of which are detailed in the Explanatory Statement to this notice and to create, offer, issue and allot in one or more tranches 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" under the said proposed ESOP Scheme 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. 15,00,000/- divided into 1,50,000 equity shares of the face value of Rs.10/- each on such terms and conditions described below :

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:

- The equity shares issued upon exercise of the Options shall rank *pari passu* in all respects with the existing equity shares of the Company including the entitlement of dividend.
- 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/- (Rupees Ten only) 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.
- Each option shall be vested in the Option Holder after a minimum period of 1 year from the date of grant of the Option.
- The Options shall be valid and exercisable for five years from the date of vesting.
- 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.
- 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.
- 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 accounting of such options.

RESOLVED FURTHER THAT the Board is also authorised to take necessary steps for listing of the shares allotted under the Scheme, on the Stock Exchanges where the Company's equity shares are listed as per the terms and conditions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the ESOP Scheme on such terms and conditions as contained in the relevant explanatory statement to this notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in terms and conditions of the scheme from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule or to suspend, withdraw or revive the ESOP Scheme subject to the condition that it is not detrimental to the interests of the employees

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, 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 to appoint consultants, advisors, etc. 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 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 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 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.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein to any committee, with power to sub-delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard."

By Order of the Board
For **NATCO Pharma Limited**

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

Hyderabad, 22nd May, 2015

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS EXTRA-ORDINARY GENERAL MEETING (EGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF and Proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the meeting. A person shall not act as a Proxy for more than 50 (fifty) members and holding in the aggregate not more than 10 (ten) percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than 10 (ten) percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
2. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of special businesses is annexed hereto.
3. Members holding shares in physical form are requested to notify any change in their address or bank mandates immediately to the Registrars and Transfer Agents M/s. Venture Capital and Corporate Investments Pvt Limited, 12-10-167, Bharat Nagar, Hyderabad – 500 018 and in case of Members holding shares in electronic form are requested to notify any change in mailing address or bank mandates to their respective Depository Participants with whom they are maintaining their demat accounts.
4. The Members are requested to bring their copies of notice of the meeting, and handover the attendance slips at the entrance hall of the meeting.
5. Corporate Members are requested to send a duly certified copy of the Board Resolution/power of attorney authorizing their representative to attend and vote on their behalf at the Extra-ordinary General Meeting.
6. Relevant documents referred to in Notice are open for inspection by the members at the Registered Office of the company on all working days, during business hours up to the date of the meeting.
7. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc. from the Company in electronic mode.
8. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members' the facility to vote at the Extra Ordinary General Meeting (EGM) by electronic means and the business may be transacted through e-voting services provided by CDSL e-voting .
9. It may be noted that this e-voting facility is optional.
10. E-voting shall not be allowed beyond 5 p.m. on 26th June, 2015 and shall be disabled by CDSL for voting thereafter. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialised form, as on 19th June, 2015 may cast their vote electronically.
11. **The instructions for shareholders voting electronically are as under:**
 - (i) The voting period begins on 24th June, 2015 at 9.00 a.m. and ends on 26th June, 2015 by 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th June, 2015 may cast their vote electronically.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Natco Pharma Limited> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xix) The members who have cast their vote by e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
12. The Company has appointed, Smt. P Renuka, Practicing Company Secretary, as a Scrutinizer(s) to scrutinize the e- voting process for Extra-ordinary General Meeting in a fair and transparent manner

Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013:

ITEM 1

APPROVAL OF INCREASE OF EQUITY INVESTMENT PERCENTAGE IN THE COMPANY UP TO 49% TO FOREIGN INSTITUTIONAL INVESTORS (FIIs) / FOREIGN PORTFOLIO INVESTORS ETC

In terms of Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the total holding of all foreign institutional investors ("FIIs") as well as its SEBI approved sub-accounts and Foreign Portfolio Investors registered with Securities Exchange Board of India ("SEBI"), NRIs/ Foreign Nationals (FN) shall not exceed 24 per cent of the paid up equity share capital of the Company. However, this ceiling of 24% can be further increased up to the sectoral cap/statutory ceiling as applicable, by passing a resolution of the Board, a Special Resolution to that effect by its members and followed by necessary filings with the Reserve Bank of India ("RBI") and Foreign Investment Promotion Board (FIPB).

As of 31/03/2015 holding of FIIs/FPIs in the Company is approximately 18.29% of paid up capital and the same has shown an increasing trend. To create more headroom for FIIs to invest in the equity of the Company, it is proposed subject to receipt of the necessary approvals including approval from FIPB to increase the present limit of FI/FPI or NRI/FN shareholding in the company from 24% (twenty four per cent) to 49% (forty nine per cent) of paid up equity share capital of the Company. The Board had vide a resolution passed dated 22/05/2015, decided to increase the aggregate permissible limit of FIIs/FPIs or NRI/FN in equity shareholding of the Company from 24% (twenty four per cent) to 49% (forty nine per cent) of the paid-up Equity Share Capital of the Company, subject to the approval of the Members and receipt of necessary approvals including the approval of the FIPB.

Accordingly, the Resolution of this Notice is proposed to enable the FIIs/FPIs, NRIs/FNs to acquire equity shares of the Company up to the revised ceiling limit of 49% (forty nine percent) of the paid-up Equity Share Capital of the Company.

The Board recommends the passing of the Resolution as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution.

ITEM 2

APPROVAL OF FURTHER ISSUE OF SHARES OR CONVERTIBLE SECURITIES TO FOREIGN INSTITUTIONAL INVESTORS (FIIS)/ QUALIFIED INSTITUTIONAL BUYERS (QIBs) etc.

This special resolution is to enable the Board to create, issue, offer and allot Equity Shares, GDRs, ADRs, Foreign Currency Convertible Bonds (FCCBs), and/or other financial instruments convertible into Equity Shares (including warrants, or otherwise), fully convertible debentures, partly convertible debentures, non-convertible debentures with warrants and/or convertible preference shares or any security convertible into Equity Shares and such other securities as stated in the resolution (the "Securities"), including by way of a Qualified Institutions Placement (QIP) in accordance with Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") in one or more tranches, at such price as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the issue, offer, and allotment shall be made considering the prevalent market conditions and other relevant factors and wherever necessary, in consultation with lead manager(s) and other agencies that may be appointed.

This special resolution enables the Board to issue Securities for an aggregate amount not exceeding Rs. 450 Crores (Rupees Four hundred and fifty crores only) or its equivalent of any other foreign currencies.

The Board shall issue Securities pursuant to this special resolution and utilize the proceeds to meet capital expenditure and long term working capital requirements of the Company and exploring acquisition opportunities and general corporate purposes.

The special resolution also seeks to empower the Board to issue eligible Securities by way of QIP to QIBs in accordance with Chapter VIII of the SEBI ICDR Regulations. The pricing of the eligible Securities that may be issued to QIBs pursuant to SEBI ICDR Regulations shall be freely determined subject to such price not being less than the floor price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations ("QIP Floor Price").

Further, the Board may also offer a discount of not more than 5% or such other percentage as permitted on the QIP Floor Price calculated in accordance with the pricing formula provided under SEBI ICDR Regulations. The "Relevant Date" for this purpose will be the date when the Board (including a committee thereof) decides to open the QIP for subscription.

As the Issue may result in the issue of Equity Shares of the Company to investors who may or may not be members of the Company, consent of the members is being sought pursuant to Section 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and any other law for the time being in force and being applicable and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges where the Equity Shares of the Company are listed.

The Board recommends the Special Resolution set out at Item No. 2 of the Notice for approval by the shareholders.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution.

ITEM 3

APPROVAL OF MERGER OF NATCO ORGANICS LIMITED (NOL) A WOS INTO THE COMPANY

The Board of Directors of your company at their meeting held on 22nd May 2015 proposed the amalgamation of NOL into the company in order to strengthen the core competencies of both the companies.

The proposed merger would ensure greater strategy to the activities and would result in carrying on the business more efficiently and effectively. It would also result in enlarging its area of operations, to acquire and expand to new markets, to invest any surplus funds in new area of operations.

The Scheme of Amalgamation is as follows:

**SCHEME OF AMALGAMATION
OF
M/s. NATCO PHARMA LIMITED Transferee Company
WITH
M/s. NATCO ORGANICS LIMITED Transferor Company
PART – I**

DEFINITIONS:

1. In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the meanings given to them below:

- (i) "Act" means the Companies Act, 1956 and any amendments and/or re-enactment thereof, for the time being in force.
- (ii) "Transferee Company" means M/s. NATCO Pharma Limited, a company incorporated under the Act having its registered office at NATCO House, Road No.2, Banjara Hills, Hyderabad 500033, Telangana.
- (iii) "Transferor Company" means M/s. NATCO Organics Limited incorporated under the Act having its registered office at New No.37, Old No.18/2, 1st Main Road, CIT Colony, Mylapore, Chennai 600004, Tamil Nadu, India
- (iv) "Appointed Date" means 01.04.2015 or such other date as approved by the Hon'ble High Court of Judicature at Madras.
- (v) "Board" means the board of directors of the Transferor Company or the Transferee Company as the case may be.
- (vi) "Effective Date" means the last of the dates on which sanctions, approvals or orders specified in the scheme are obtained and the certified true copies of the orders of the Hon'ble High Court of Judicature at Madras sanctioning this Scheme are filed with the Registrar of Companies, Tamil Nadu.
- (vii) "Scheme" means the Scheme of Amalgamation between M/s. NATCO Pharma Limited and M/s. NATCO Organics Limited as set out herein or with any modifications approved or imposed or directed by the High Court of Judicature at Madras
- (viii) "Share holder" means a person holding equity shares, who is registered as a member in the Register of Members of the Transferor Company or the Transferee Company as the case may be or whose name appears as the beneficial owner of the equity shares in the records of depository(s) on such dates as specified in the Scheme.
- (ix) "Undertaking of the Transferor Company" includes:-
 - (a) all the assets and properties of the Transferor Company as on the Appointed Date;
 - (b) all debts, liabilities, duties, responsibilities and obligations of the Transferor Company as on the Appointed Date;

Without prejudice to the generality of the above, (i) the assets and properties of the Transferor Company shall include the entire business and all rights, privileges, powers and authorities and all property, movable or immovable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatever nature and where so ever situated, including fixed assets, capital works in progress, current assets, investment of all kind, approvals, permissions, consents, exemptions, registrations, no-objection certificates and certifications, permits, quotas, rights, entitlements, tenancies, roof rights, trademarks, service marks, know-how, technical know-how, technology, trade names, descriptions, trading style, franchises, labels, label designs, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights, technology, benefits of security arrangements, contracts, agreements and all other rights including lease rights, licenses including those relating to trademarks, or service marks, easements, advantages, exemptions, benefits, powers and facilities of every kind, nature and description

whatsoever of the Transferor Company or to which the Transferor Company is entitled including right to use of telephones, telex, facsimile connections and installations, electricity, power lines, communication lines and other services, reserves, deposits, provisions, funds, subsidies, grants, tax credits, and any accretions or additions arising to any of the foregoing after the Appointed Date and (ii) all the debts, liabilities, duties, responsibilities and obligations of Transferor Company shall include all obligations of whatsoever kind including liabilities for payment of gratuity, provident fund or compensation in the event of retrenchment, sales tax, service tax and other statutory dues.

PART – II

2. References in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the Effective Date.

A. CAPITAL STRUCTURE

The capital structure of the two companies as are parties to the present Scheme, is as under:-

(i) Transferor Company

The capital structure of the Transferor Company as at 31.03.2015 is as follows:

Particulars	Amount (In Rs.)
Authorised	
8,00,00,000 Equity Shares of Rs. 10/- each	80,00,00,000
Issued, Subscribed and Paid-up	
7,96,93,945 Equity Shares of Rs. 10 each, fully paid-up	79,69,39,450

(ii) Transferee Company

The capital structure of the Transferee Company as at 31.03.2015 is as follows:

Particulars	Amount (In Rs.)
Authorised	
40,000,000 Equity Shares of Rs. 10/- each	40,00,00,000
Issued, Subscribed and Paid-up	
3,32,34,849 Equity Shares of Rs. 10 each, fully paid-up	33,23,48,490

B. OBJECTIVE OF THE SCHEME:

- 1.1. The Transferor Company and the Transferee Company propose this Scheme for the following reasons:

- Consolidation of operations of the Transferor Company and the Transferee Company leading to integrated supply chain, thereby providing further synergies;
- Unified branding of “NATCO” in markets which follow both branded and generics business models thereby leveraging the available infrastructure for strengthening the position in such markets;
- Providing flexibility in the overall organizational structure thereby enabling to achieve operational and management efficiency;
- Realignment of the corporate structure of the NATCO group in line with its business objectives in order to enhance the long term value of the shareholders; and
- Harmonization of the product pipeline enabling transfer of products across markets thereby de-risking business profile of the Transferee Company;

C. TRANSFER OF ASSETS

- I. With effect from the Appointed Date and upon the Scheme becoming effective, all the assets and properties, both movable and immovable, investments, rights, Lease, title and interests comprised in the Undertaking of the Transferor Company shall without any further act or deed be transferred to, and vested in, or deemed to have been transferred to, and vested in the Transferee Company so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company.
- II. With effect from the Appointed Date and upon the Scheme becoming effective, all rights and licenses relating to trademarks, know-how, technical know-how, technology, trade names, descriptions, trading style, franchises, labels, label designs, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights (including applications submitted to the registration authorities on or before the Effective Date by the Transferor Company), tenancies with the consent of the landlord wherever necessary, powers, facilities of every kind and description of whatsoever nature in relation to the Undertaking of the Transferor Company to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled/eligible and which are subsisting or have effect immediately before the Appointed Date, shall be in full force and effect on, or against, or in favour of, the Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto.
- III. In particular, with effect from the Appointed Date and upon the Scheme becoming effective, all licenses, sanctions, consents, authorization approvals and permissions (whether statutory or otherwise) of the Transferor Company pertaining to the conduct of its business (including, without limitation, benefits, remissions, special reservations available to the Transferor Company, under any income tax, sales tax (including any benefits related to the deferment of sales tax) shall vest in the Transferee Company and the concerned licensors and guarantors of such approvals or permissions, shall endorse and record the Transferee Company on such approvals and permissions so as to empower and facilitate the approval and vesting of the Undertaking of the Transferor Company in the Transferee Company without hindrance or let from the Appointed Date.
- IV. All assets and properties as are moveable in nature, or are otherwise capable of transfer by physical delivery or by endorsement and delivery, shall stand so transferred by the Transferor Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly and such transfer shall be deemed to have taken place at the Registered Office of the Transferee Company.

D. TRANSFER OF LIABILITIES

- I. With effect from the Appointed Date and upon the Scheme becoming effective, all secured and unsecured debts, borrowings, bills payable, interest accrued and all other duties, debts, liabilities, undertakings and obligations of the Transferor Company along with any charge, encumbrance, lien or security thereon (Liabilities) shall, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or be deemed to be transferred to and vested in, the Transferee Company so as to become the Liabilities of the Transferee Company from the Appointed Date and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.
- II. To the extent that there are any loans, outstandings or balances due from the Transferor Company to the Transferee Company or vice versa the obligations in respect thereof shall be extinguished upon the merger of interest between the creditor and debtor and corresponding effect shall be given in the books of account and records of the Transferee Company as on the Appointed Date and upon the Scheme becoming effective.

E. ACCOUNTING MATTERS:

I. With effect from the Appointed Date and upon the Scheme becoming effective, subject to any corrections and adjustments as may in the opinion of the board of directors of the Transferee Company be required, shall account for the amalgamation of Transferor Company, as per the Accounting Standards(AS).

F. Sales Tax/Subsidy / Other Tax benefits

All the Sales tax/State subsidy benefits from the Government of Tamil Nadu, given to the Transferor company, such benefits to the extent not utilized, not availed or not received by the Transferor Company shall be transferred to the Transferee Company, without any further act or deed by the Transferee Company, as if they were given to the Transferee Company in the first instance after the Appointed Date.

The Transferee Company is entitled to get reimbursed the Advance taxes paid, if any, by the Transferor Company and any other benefits attracted under provisions of Accounting Standards prevailed under the laws of India and any other origin including but not limited to consolidation of accounts under Income Tax Act, 1961.

G. CONTRACTS

I. With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Undertaking of the Transferor Company to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled/eligible, and which are subsisting or have effect immediately before the Appointed Date, shall be in full force and effect on, or against, or in favour of, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto.

II. For the avoidance of all doubt, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereafter, shall not affect the previous operation of any contract, agreement, deed or any instrument or the like to which the Transferor Company is a party or is the beneficiary of (as the case may be) and any reference in such agreements, contracts, deeds and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Effective Date.

H. LEGAL PROCEEDINGS

On and from the Appointed Date and upon the Scheme becoming effective, all suits, actions and other legal proceedings by or against the Transferor Company under any statute or otherwise, whether pending, or arising, before the Appointed Date shall be continued and enforced by or against the Transferee Company.

I. EMPLOYEES

I. All permanent employees of the Transferor Company as on the Effective Date shall as from such date, become employees of the Transferee Company in such position, rank and designation as may be determined by the Transferee Company with the benefit of continuity of service and such that the terms and conditions of their employment with the Transferee Company are not less favorable than those applicable to them as employees of the Transferor Company on such date. With regard to provident fund, gratuity fund, or any other special fund created or existing for the benefit of such employees of the Transferor Company, from the Effective Date the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever in relation to the administration or operation of such fund or funds and the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds or other documents provided that if the Transferee Company considers it desirable for the smooth administration, management, operation and uniformity of such funds, the same may be merged with similar funds of the Transferee Company. It is the aim and intent of the Scheme that all

the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of the aforesaid schemes, funds and trusts.

- II. In the event that trustees are constituted as holders of any securities, trust funds or trust monies, in relation to any provident fund trust, gratuity trust of the Transferor Company, such funds shall be transferred by such trustees of the trusts of the Transferor Company, to separate trusts and the trustees of the Transferee Company set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of trustees to another set of trustees in accordance with the provisions of the relevant labour laws, Indian Trusts Act 1882, and the Income Tax Act, 1961 and relevant stamp legislations as applicable provided that if the Transferee Company considers it desirable for the smooth administration, management, operation and uniformity of such trusts of the Transferor Company, the same may be merged with similar trusts of the Transferee Company. Appropriate deeds of trusts and/or documents for transfer of trust properties shall be simultaneously executed upon the sanction of the Scheme in accordance with the terms hereof by the trustees of such trusts in favour of the trusts of the Transferee Company so as to continue the benefits of the employees. The provident fund trust, gratuity trust of the Transferor Company shall continue to hold such securities, trust funds and/or trust monies as hitherto fore, till such time as the transfer to the trustees of the Transferee Company employee trusts is made.

- III. The Transferee Company undertakes to continue to abide by any agreement(s)/settlement(s) entered into by the Transferor Company with any employees of the Transferor Company. The Transferee Company agrees that for the purpose of payment of any retrenchment, compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

J. BUSINESS AND PROPERTY IN TRUST FOR THE TRANSFEE COMPANY

With effect from the Appointed Date and up to and including the Effective Date:

- (a) The Transferor Company shall carry on its business activities with reasonable diligence and business prudence and shall conduct its business in the ordinary course consistent with past practice.
- (b) Until the Effective Date and subject to such consents as may be necessary:
 - (i) the Transferor Company shall carry on and be deemed to have carried on its business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking of the Transferor Company on account of and in trust for the Transferee Company;
 - (ii) all the profits or incomes accruing or arising to the Transferor Company or expenditure or losses incurred by the Transferor Company shall for all purposes be treated and be deemed to be and accrue as profits or incomes or expenditure or losses of the Transferee Company;
 - (iii) the Transferor Company shall not, without the written consent of the Transferee Company, undertake any new business.
 - (iv) the Transferor Company shall not vary the terms and conditions of employment of their employees without the written consent of the Transferee Company.

PART - III

3. CONSIDERATION

The Transferor Company is a wholly owned subsidiary of the Transferee Company and the entire Share Capital is held by the Transferee Company only. Accordingly there would be no issue of equity shares of the Transferee Company to the shareholders of the Transferor Company. Pursuant to the vesting of the undertaking in the Transferee Company the equity shares of the Transferor Company

shall automatically stand cancelled and extinguished. Towards consideration necessary entries will be passed in the books of accounts to reflect the investments made in the transferor company in an appropriate manner in consultation with the statutory auditors of the company.

4. DISSOLUTION OF THE TRANSFEROR COMPANY

With effect from the Appointed Date and upon the Scheme becoming effective the Transferor Company shall stand dissolved without being wound up.

5. APPROVALS AND MODIFICATIONS

(a) The Transferor Company and the Transferee Company may jointly assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to the Scheme or to any conditions or limitations which the High Court of Judicature at Madras and/or the other competent authorities, if any, under any law, may deem fit and approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and may resolve all doubts or difficulties that may arise for carrying out the Scheme and do and execute all acts, deeds, matters and things necessary for bringing the Scheme into effect. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by their respective board of directors, a committee(s) of the concerned board or any director or any authorised person (hereafter referred as the "delegates").

(b) For the purpose of giving effect to the Scheme or any modifications or amendments thereof or additions thereto the delegate(s) of the Transferor Company and Transferee Company may jointly give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any difficulties, as the case may be, which shall be binding on all parties in the same manner as if the same were specifically incorporated in the Scheme.

(c) After the dissolution of the Transferor Company the Transferee Company acting through its board of directors or other persons, duly authorized by its board in this regard, shall be authorized, to take such steps, as may be necessary, desirable or proper to resolve any doubts, difficulties or questions that may arise, whether by reasons of any order of the High Court of Judicature at Madras or of any directive or order of any other authorities or otherwise, in connection with this Scheme and/or matters concerning or connected therewith.

(d) If any part of this Scheme hereof is ruled illegal or invalid by, or is not sanctioned by, any High Court, or is unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

6. SCHEME CONDITIONAL UPON

This Scheme is conditional upon the approval of the members of the Transferee Company and Transferor Company and the sanction of the Scheme by the High Court of Judicature at Madras under Sections 391 to 394 of the Act and other applicable provisions of the Act, rules and regulations, as the case may be;

7. COSTS, CHARGES AND EXPENSES

Upon the Scheme becoming effective, all costs, charges, taxes including levies and all other expenses, if any, of the Transferor Company and the Transferee Company arising out of or incurred after the Effective Date for carrying out and implementing the Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company (save as otherwise expressly agreed).

8. SANCTION AND APPROVALS NOT FORTHCOMING

In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferee Company and the Transferor Company shall mutually waive such conditions as

they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the High Court, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

The Board of Directors recommends the Special Resolution as set out in item no.3 for the approval of the members.

None of the Directors of the Company is in any way concerned or interested in the above resolution.

ITEM 4

APPROVAL OF ESOP SCHEME UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

In order to reward and motivate employees as also to attract the talent as well as to retain the key managerial employees, the Board of Directors at its meeting held on 22nd May, 2015 have approved and proposed for the approval of the shareholders for issue of Stock Options as per which employees, who comply with certain eligibility criteria would be given / granted stock options to subscribe a specified number of equity shares of the Company offered to them at a price to be determined.

The ESOP Plan would be subject to and in conformity with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India (SEBI).

The object of the Plan is to attract, encourage and retain the talent in the management cadre and to enable such employees to participate in the long term growth of the Company and seek convergence of interest of shareholders and eligible employees such that eligible employees consciously work towards value creation for the shareholders.

However, future remuneration revisions will bear in mind and take due note of the fact that the employees in the management cadre have coverage of this plan. The plan would therefore, reduce dependence on cash compensation as a tool for retaining and rewarding talent.

The Salient features of the ESOP Plan are as under:

(A) Total number of options to be granted

- (i) The total number of options to be granted under this scheme is 1,50,000.
- (ii) The Board may with the approval of the shareholders increase the maximum number of options under the ESOP Scheme at any time.
- (iii) One option entitles the holder of the options to apply for one equity share of the company.

(B) Eligibility Criteria for the employees to participate in ESOP

The following are eligible to participate in the ESOP Scheme of the Company:

- (i) a permanent employee of the company; or
- (ii) a director of the company, whether a whole time director or not but excluding an independent director;

The following are not eligible to participate in the scheme:

- (a) an employee who is a promoter or a person belonging to the promoter group; or
- (b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company;

(C) Requirements of vesting

- (i) There shall be a minimum period of one year between the grant of options and vesting of options.
- (ii) The vesting shall happen in one or more tranches as may be decided by the ESOP Compensation Committee.

(D) Exercise price or price formula

The exercise price for the conversion of 1 option into 1 equity share shall be Rs.10/- or as decided by the Compensation Committee.

(E) Exercise Period and the Process of Exercise

- (i) Exercise period will commence from the vesting date and extend upto the expiry period of the option as decided by the ESOP Compensation Committee.
- (ii) The ESOP Compensation Committee will decide on the Expiry period of options for Employees leaving the Company after grant of options in their favour.
- (iii) The Options will be exercisable by the employees by a written application to the designated officer of the company to exercise the Options, in such manner and on execution of such documents as may be prescribed by the ESOP Compensation Committee under the Scheme.
- (iv) The Options will lapse if not exercised within the specified exercise period.

(F) Appraisal Process for determining the eligibility of employees to the ESOP Scheme

- (i) The company has a formal performance appraisal system established wherein the performance of the employees is assessed each year on the basis of various functional and managerial parameters. The appraisal process is revised at regular intervals.
- (ii) Employees and Directors would be granted Stock Options based on performance-linked parameters such as work performance, technical knowledge, period of service, designation and such other parameters as may be decided by the ESOP Compensation Committee from time to time.
- (iii) The ESOP Compensation Committee may at its discretion extend the benefits of the ESOP Scheme to a new entrant or any existing employee on such other basis as it may deem fit.

(G) Maximum number of options to be issued per employee and in aggregate

- (i) The maximum number of options to be granted to each employee will depend upon the rank/designation of the employee as on the date of grant of options. However no employee shall be entitled to more than such number of options as may be determined in any financial year.
- (ii) The aggregate number of options to be granted under this scheme shall not exceed 1,50,000.
- (iii) The ESOP Committee shall decide on the number of options to be granted to each employee within this limit.

(H) Accounting Methods

The Company shall confirm to the accounting policies specified in the Regulations and/or such other guidelines as may be applicable from time to time.

(I) Method of Valuation of these options

The Company shall use the fair value method for valuation of the options.

Clause 6 of the SEBI (Share Based Employee Benefits) Regulations, 2014 requires that any ESOP Scheme for offering stock options to the employees of the Company must be approved by the shareholders by way of a Special Resolution in the General Meeting and furthermore, as the Scheme will entail further shares to be offered to persons other than the existing shareholders of the company, consent of the members is required by way of a Special Resolution pursuant to the provisions of sub-section (b) of Section 62 of the Companies Act, 2013 for the Item No. 4 and all other applicable provisions of the law for the time being in force.

The Board of Directors recommends the Special Resolution as set out in item no.4 for the approval of the members.

None of the Directors of the Company is in any way concerned or interested in the resolution except to the extent of the financial interest for the shares that may be offered to him/her under the Scheme.



NATCO Pharma Limited

Registered Office: NATCO house, Road # 2,
Banjara Hills, Hyderabad 500034, Telangana

Email id: investors@natcopharma.co.in, website: www.natcopharma.co.in

Phone No.040-23547532 Fax No.040-23548243

CIN : L242301981PLC003201

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

Name of the member(s)			
Registered Address			
Email Id			
Folio No./Client ID		DP ID	

I/We, being the member (s) of _____ shares of the above named company,
hereby appoint

1	Name			
	Address			
	E-mail Id		Signature	
	or failing him			
2	Name			
	Address		Signature	
	E-mail Id			
	or failing him			
3	Name			
	Address		Signature	
	E-mail Id			

Contd...

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Extraordinary General Meeting of the company, to be held on Saturday, the 27th day of June, 2015 at 10.30 a.m. at Jubilee Hills International Centre, Road No.14, Jubilee Hills, Hyderabad 500033, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	For	Against
1. Approval of increase of equity investment percentage in the company up to 49% to Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) etc		
2. Approval of further issue of shares or convertible securities to Foreign Institutional Investors (FIIs)/ Qualified Institutional Buyers (QIBs) etc.		
3. Approval of Merger of Natco Organics Limited (100% WOS) into the Company		
4. Approval of ESOP scheme under SEBI (Share Based Employee Benefits) Regulations, 2014		

Signed this _____ day of _____ 2015.

Signature of shareholder: _____

Signature of Proxy holder(s): _____

Affix a
1 Rupee
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Printed Matter
By Courier / Regd. Post

If undelivered please return to:



Legal and Secretarial Department
NATCO Pharma Limited
NATCO House
Road No.2, Banjara Hills
Hyderabad 500 034, Telangana