



NATCO Pharma Limited

Registered Office: NATCO House, Road # 2, Banjara Hills, Hyderabad-500 034
Phone # 040-23547532, Fax No.23548243, website: www.natcopharma.co.in
Email: investors@natcopharma.co.in

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that an Extra-ordinary General Meeting of the Members of NATCO Pharma Limited will be held on Thursday, the 14th day of November, 2013 at 10.00 a.m. at NATCO House, Road # 2, Banjara Hills Hyderabad 500 034 to transact the following Special Business:

SPECIAL BUSINESS:

1. **Issue of Equity shares on Preferential Allotment basis:**

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

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force (the “Act”), and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the “SEBI ICDR Regulations”), the Foreign Exchange Management Act, 2000, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000, the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, including any amendment, modification, variation or re-enactment thereof, and the provisions of any rules/regulations/guidelines issued/framed by the Central Government, Reserve Bank of India, Foreign Investment Promotion Board, Securities and Exchange Board of India, the stock exchange where the shares of the company are listed and any other appropriate authorities (hereinafter collectively referred to as the “Appropriate Authorities”), enabling provisions of the Memorandum and Articles of Association of the Company and subject to such conditions and modifications, as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as the “requisite approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter called the “Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board to offer, issue, and allot up to an aggregate of 24,00,000 equity shares of ₹10 each (each an “Equity Share” and collectively the “said Shares” or “issue shares”) at a price of ₹638.40 per Equity Share aggregating to ₹153.22 crores to the investor named below (the “Investor”) on preferential allotment basis, at such time or times and on such terms and conditions and in such manner as may be decided by the Board in this connection:

Name of the Investor	No of Equity Shares	Issue Size in ₹
CX Securities Limited, Mauritius	24,00,000	153.22 Crores

“RESOLVED FURTHER THAT the said shares shall be issued and allotted by the Company to the above-mentioned Investor, inter alia, subject to the following:

- The said shares shall be allotted within a period of 15 days from the date of passing of this resolution provided that where the allotment of the said shares is pending on account of any approval of such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of such approval; and
- The said Shares to be issued and allotted including in the manner aforesaid shall rank pari passu with the existing equity shares of the Company in all respects".

"RESOLVED FURTHER THAT the price of the said Shares be calculated in accordance with provisions of Chapter VII of the SEBI ICDR Regulations. The "Relevant Date" for the purpose of calculating the price of the said Shares is 14th October, 2013 i.e. the date 30 days prior to the date of this Extraordinary General Meeting i.e. 14th November, 2013.

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of the Issue Shares, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary and desirable for such purpose, including without limitation, issuing clarifications on the issue and allotment of the Issue Shares, resolving any difficulties, effecting any modification to the foregoing (including any modifications to the terms of the issue), preparing, signing, filing applications and liaising with the appropriate authorities for obtaining requisite approvals, entering into contracts, arrangements, agreements, memoranda, term sheet documents for appointment of agencies for managing, listing and trading of Issue Shares, to appoint such consultants, legal advisors, advisors and all such agencies as may be required for the issuance of the Issue Shares".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or to any senior official of the Company and to generally do all such acts, deeds and things as may be necessary or incidental to give effect to the aforesaid resolutions.

"RESOLVED FURTHER THAT all actions taken by the Board or Committee duly constituted for this purpose in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects."

2. **Approval for Increase in the limit of shareholding by NRI/PIO and Registered Foreign Institutional Investors ("FIIs") upto 24/49% of the paid up capital of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Foreign Exchange Management Act, 1999, and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable rules, regulations, guidelines and laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any concerned authorities while granting such approvals, permissions, sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include a duly authorized committee of Directors for the time being exercising the powers conferred by the Board of Directors), consent of the Company be and is hereby accorded to the Board of Directors of the Company to permit NRI / PIO and Foreign Institutional Investors (the "FIIs") registered with the SEBI to acquire and hold on their own account and on behalf of each of their sub-accounts registered with SEBI, equity shares up to an aggregate limit to NRI/PIO and Registered Foreign Institutional Investors ("FIIs") up to 24/49% of the paid up capital of the Company for the time being, provided, however, that the equity shareholding of each FII

shall not exceed such limits as are or as may be prescribed, from time to time, under applicable laws, rules and regulations.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution including intimating the concerned authorities or such other regulatory body and for matters connected therewith or incidental thereto including delegating all or any of the powers conferred herein to any committee of Directors or any Director(s) or officer(s) of the Company."

NOTES:

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxy form duly completed should be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time of the Extraordinary General Meeting. Blank proxy form enclosed.
- 2) Members are requested to notify immediately the change, if any, in the address registered with the company.
- 3) Statement to be annexed to notice pursuant to Section 102 of the Companies Act, 2013 in respect of the Special businesses set out as above is annexed hereto.
- 4) The company has designated an exclusive email ID investors@natcopharma.co.in for redressal of shareholders' complaints/grievances, if any.

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

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

Hyderabad,
19th October, 2013

STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM 1

Issue of Equity shares on Preferential Allotment Basis:

Material Facts:

Your Company is a leading Pharmaceutical Company, It also has a strong emerging presence in markets outside India. To support its growth plans the Company proposes to increase its capital base by way of infusion of equity. The Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), has received a non-binding offer from CX Securities Limited, Mauritius (the "Investor") to subscribe to 24,00,000 equity shares of the Company of ₹10/- each at a price of ₹638.40 per equity share for an aggregate issue size of ₹153.22 crores (each an "Equity Share" and collectively

the "said shares" or "Issue Shares"). The Board has accepted this offer at its meeting held on 19th October, 2013. The investment is subject to customary conditions including receipt of shareholders approval and signing a mutually agreeable Share Subscription Agreement between the Company and the Investor ("SSA") and the terms and conditions contained in the SSA. The Issue Shares allotted to the investor shall rank pari passu with all other equity shares of the Company in respect of all rights including dividend.

The Board has the necessary authority to issue, offer and allot 24,00,000 equity shares to the Investor. It may be noted that in terms of Chapter VII of the SEBI ICDR Regulations, it is necessary to disclose the details of investor and certain other terms to the shareholders while seeking their approval for issuing the equity shares on preferential basis. Hence, the requisite approval of the shareholders is being sought in terms of the provisions of the Companies Act, 1956, and the SEBI ICDR Regulations, the relevant disclosures/details of which are given below:

Object of the preferential issue:

The proceeds of the issue would be used for general corporate purposes.

Type of security offered and the number of securities offered:

The Company proposes to offer, issue and allot 24,00,000 equity shares of ₹10/- each at a premium of ₹628.40 per Equity Share aggregating to approximately ₹153.22 crores to the Investor on the terms and conditions determined by the Board.

Important terms and conditions:

- The total subscription amount, payable by the Investor, shall be payable before the allotment of the Issue Shares.
- The allotment of Issue Shares are subject to the Investor not having sold any Equity Shares during the six months preceding the Relevant Date (defined below) and the Investor not acquiring or selling any Equity Shares until completion of the allotment of the Issue Shares under the proposed preferential issue;
- Under Chapter VII of the SEBI ICDR Regulations, issue of equity shares on a preferential basis shall be made at a price not less than higher of: (a) the average of the weekly high and low of the closing prices of the equity shares quoted on a recognized stock exchange during the six months preceding the Relevant Date or (b) the average of the weekly high and low of the closing prices of the equity shares quoted on a recognized stock exchange during the two weeks preceding the Relevant Date;
- The "Relevant Date" for determining the issue price of the equity shares shall be 14th October, 2013 being the date which is 30 days prior to the date of shareholders resolution i.e. 14th November, 2013.
- The investor will have a right to appoint a Director on the Board of the Company and the right to nominate an alternative director in his place and also to appoint an observer who can attend the meetings of the Board or Committees thereof, but without any voting rights.
- The investor's nominee will be a Member of all the Committees of the Board.
- Definitive agreements will have to be executed between the Company, Investor and the Promoters.
- Restrictions being placed on the Promoters for disposal of their shareholding, threshold limit for the promoters' shareholding, rights of first offer and refusal, tag-along rights, anti-dilution provisions, right to access and information etc. are also some of the terms and conditions.

Information about the proposed investor:

CX Securities Limited is a Foreign Institutional Investor based at Third Floor, Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius. CX Securities Limited is registered with the Securities & Exchange Board of India with Registration # 20090335.

Intention of promoter / directors / key management personnel to subscribe to the offer:

None of the promoters, directors or key management persons intend to subscribe to the offer.

Proposed time within which the allotment shall be complete:

As required under the SEBI ICDR Regulations, the allotment of issue shares will be completed within 15 days from the date of the passing of the resolution. Provided that where the allotment is pending on account of pendency of any application for approval or permission by any regulatory authority, if applicable, the allotment would be completed within 15 days from the date of such approval.

Shareholding Pattern pre and post preferential Offer:

Shareholder category	% of shareholding before the proposed preferential allotment (as on 30/09/2013)		% of shareholding after the proposed preferential allotment	
	No. of shares	%	No. of shares	%
A. Promoter' Share Holding				
Promoters and Promoter group	17761581	56.61	17761581	52.59
B. Public Share Holding				
I. Institutional Investors				
Mutual Funds	3946081	12.58	3946081	11.68
Foreign Institutional Investors	2147724	6.85	4547724	13.47
II. Non-Institutional Investors				
Non Resident Individuals	155762	0.50	155762	0.46
Bodies Corporate	1262856	4.03	1262856	3.74
Resident Individual	6099070	19.44	6099070	18.06
Total	31373074	100.00	33773074	100.00

Identity of the proposed allottees and percentage of post preferential issue capital that may be held by them and change in control, if any, consequent to the preferential issue:

Name of the Investor	No of Equity Shares	% of Post Issued Capital
CX Securities Limited, Mauritius	24,00,000	7.11

Change in Control:

There will be no change in control of the Company consequent to the preferential issue.

Lock in:

The equity shares being allotted on preferential basis under the SEBI ICDR regulations shall be locked in for a period of 1 year from the date of allotment.

Auditor's Certificate:

The Company is in the process of obtaining a certificate from M/s.Walker, Chandok & Co., Statutory Auditors of the Company, certifying that the issue of the Issue Shares is being made in accordance with requirements of SEBI ICDR Regulations. A copy of this certificate shall be placed before the shareholders' at the extra-ordinary general meeting and the same will also be made available for inspection at the registered office of the Company on any working day between 10.00 a.m. and 5.00 p.m until 15 days after date of EGM.

Further, under section 81(1A) of the Companies Act, 1956, approval of the members is required for allotment of securities on preferential basis.

Accordingly, the consent of the shareholders is being sought, pursuant to the applicable provisions of the Companies Act, 1956, and SEBI ICDR Regulations to issue and allot equity shares on preferential basis as stated in the resolutions.

The Special Resolution, if passed, will have the effect of allowing the Board to issue and allot Securities to the investor who may or may not be an existing shareholder of the Company.

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

The Board of Directors of the Company recommends passing of the resolution as set out at item no1 of the notice

ITEM 2

Approval for Increase in the limit of shareholding by NRI/PIO and Registered Foreign Institutional Investors ("FIIs") upto 24/49% of the paid up capital of the Company:

It is anticipated that NRI/PIO and FIIs may buy the securities of the Company, and this may result in the aggregate shareholding of FIIs in the Company exceed the prescribe limits of the paid up Capital of the company.

The NRI/PIO and FIIs have assumed a crucial role in the Indian capital market. It is proposed to facilitate greater NRI/PIO and FIIs investment in the Company , which would not only provide depth and liquidity to the Company's shares but will also reflect the Company's commitment to the highest standards of disclosures, transparency, corporate governance, its operational efficiencies, global competitiveness and proven management track record, which are the preferred investment qualifications for FIIs. With increased participation by NRI/PIO and FIIs , the Board considers it desirable to increase the share holding of NRI/PIO and Registered Foreign Institutional Investors ("FIIs") upto 24/49% for investment in the capital of the Company. The Board believes that it is prudent to seek the approval of the shareholders of the Company to increase the limit for investment by NRI/PIO and Registered Foreign Institutional Investors ("FIIs") upto 24/49% in the paid up equity share capital, of the Company.

The resolution set out at Item No. 2 of this Notice will also enable the NRI/PIO and FIIs to acquire shares of the Company through Stock Exchanges within the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India.

The Board recommends the passing of the resolution set out in Item No. 2 as a Special Resolution. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

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

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

Hyderabad,
19th October, 2013



NATCO Pharma Limited

Registered Office: NATCO House, Road # 2, Banjara Hills, Hyderabad-500 034

ATTENDANCE SLIP

Please fill Attendance Slip and hand it over at the entrance of the Meeting Hall

DPID* :
Client ID* :

Folio No. :

Name and address of the Shareholder
No. of Share(s) held :

I / We hereby record my / our presence at the EXTRA-ORDINARY GENERAL MEETING of the Company held on Thursday, the 14th day of November, 2013 at 10:00 a.m. at NATCO House, Road # 2, Banjara Hills Hyderabad 500 034.

Signature of the Shareholder or Proxy

* Applicable for investors holding shares in Electronic Form.

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NATCO Pharma Limited

Registered Office: NATCO House, Road # 2, Banjara Hills, Hyderabad-500 034

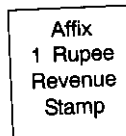
PROXY FORM

DPID* :
Client ID* :

Folio No. :

I/We -----
of----- being a member/members of Natco Pharma
Limited hereby appoint -----
of----- or failing
him/her ----- of
as my/our proxy to vote for me/us and on my/our behalf at the EXTRA-ORDINARY GENERAL
MEETING to be held on Thursday, the 14th day of November, 2013 at 10:00 a.m. or at any
adjournment thereof.

Signed this ----- day of ----- 2013.



* Applicable for investors holding shares in Electronic Form.

- Note:
- The Proxy Form should be signed across the stamp as per specimen signature registered with the Company.
 - The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
 - The Proxy need not be a member of the Company.

PRINTED MATTER
BOOK-POST

If undelivered please return to:

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