



Natco Pharma Limited

Regd. Off. : 'NATCO HOUSE', Road No. 2, Banjara Hills, Hyderabad - 500034,
Telangana, INDIA. Tel : +91 40 23547532, Fax : +91 40 23548243
CIN : L24230TG1981PLC003201, www.natcopharma.co.in



INDEPENDENT DIRECTORS LETTER OF APPOINTMENT





LETTER OF APPOINTMENT

Date:

Dear _____,

We thank you for your confirmation to our Company (the "Company") that you meet the "independence" criteria as envisaged in Section 149(6) of the Companies Act, 2013("the Act") and Clause 49 of the Listing Agreement.

Pursuant to your confirmation, we are pleased to confirm that upon the recommendation of the Board, the shareholders at their 31st Annual General Meeting held on 27th September, 2014 have approved your appointment as an Independent Director on the Board of Directors of the Company.

The terms of your appointment, as set out in this letter, are subject to the applicable provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement and the Articles of Association of the Company.

The terms and conditions of your appointment are as follows:

1. Appointment:

- (1) You will hold office as a Non-Executive Independent Director on the Board of Directors of the Company for a term of 5 consecutive years with effect from 27th September, 2014.
- (2) In compliance with provisions of Section 149(13) of the Companies Act, 2013, your directorship is not liable to retire by rotation.
- (3) Your appointment and tenure as Independent Director shall be in consistent with the applicable provisions of the Companies Act, 2013 and the Listing Agreement.
- (4) Your re appointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. Your re appointment would be considered by the Board based on the outcome of the performance evaluation process and you continuing to meet the independence criteria

2. Membership of Committees:

The Board of Directors may appoint you as a Member of one or more of existing Committee(s) or Committee(s) set up in the future. Your appointment on such Committee(s) will be subject to the applicable laws and regulations.



3. Time Commitment:

- (a) As a Non-Executive Director you are expected to bring objectivity and independence of view to the Board's discussions and help to provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. The Board and the Audit Committee Members generally meets atleast four times in a year. Nomination and Remuneration Committee, Stakeholders Relationship Committee ordinarily convened as per the requirement. You will be expected to attend Meetings of Board, Committees of the Board to which you may be appointed and Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively.
- (b) By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

4. Role, duties and responsibilities:

- (a) Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the Listing agreement. As a member of the Board you along with other Directors will be collectively responsible for meeting the following objectives :
 - (i) You shall act in accordance with the requirement under the Act, Listing Agreement and the Articles of Association.
 - (ii) You shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company, its employees, the community and for the protection of environment.
 - (iii) You shall monitor the performance of the Management and ensure that the Company adheres to high standards of values and ethical conduct of business.
 - (iv) You shall discharge your duties with due and reasonable care, skill and diligence.
 - (v) You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
 - (vi) You should scrutinize and evaluate the performance of management in meeting agreed goals and objectives
 - (vii) You should satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are effective.
 - (viii) You also responsible for providing guidance in the area of your experience.
 - (ix) You shall not assign your office as Director and any assignments so made shall be void.



5. Remuneration :

- (a) You will be paid sitting fees for attending the meetings of the Board and its Committees as decided by the Board from time to time. The sitting fees presently paid to the Non-Executive Independent Director is Rs.20,000/- per meeting of the Board and Rs.5,000/- per Meetings of Committees constituted by the Board.

In addition to the remuneration described above, the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you in the performance of your role and duties.

6. Code of Conduct and ethics

- (a) During the appointment, you are required to comply with regulations as contained in Schedule IV to the Companies Act, 2013, including Code of Conduct and ethics for Board of Directors and Senior Management and duties of directors as provided in Section 166 of the Act and requirements of Clause 49 of the Listing Agreement and such other requirements as the Board of Directors may from time to time specify.

7. Training and Development

The Company may, if required, conduct formal induction program for its Independent Directors. The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the company and its business.

8. Performance Evaluation

The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Your appointment and re-appointment on the Board shall subject to the outcome of the yearly evaluation process.

9. Disclosure of Interest :

During the term, you agree to promptly notify the Company of any change in your directorship and provide such other disclosures and information as may be required under the applicable law. You shall disclose material interest that in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the Minutes may record your interest appropriately. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Chairman.



10. Confidentiality

- (a) All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.
- (b) Your attention is also drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently you should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman.

11. Termination

- (a) You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice on the Board stating the reason(s) for resignation.
- (b) Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. You will not be entitled to compensation if the shareholders do not re-elect you at any time.
- (c) Your appointment may also be terminated prior to completion of your term in accordance with the provisions of the Act, upon violation of any provisions of Conduct of Conduct and Ethics for Directors or if you fail to meet the criteria for independence as envisaged in the Act and Listing Agreement.

12. General :

- (a) In line with provisions of Clause IV, sub-clause 6 of Schedule IV, under the Companies Act, 2013, the Company will arrange to display the terms and conditions of your appointment on the Company's website.
- (b) This letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with, the laws of India.

This letter constitutes neither a contract for services nor a service contract.

The Board is confident that the Company will benefit immensely from your rich experience and that you would be an integral part of the growth of the Company.



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If you are willing to accept and agree these terms of appointment relating to your appointment as a Non-executive Independent Director, kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

We thank you for your continued support and commitment to the Company.

Yours sincerely,
For Natco Pharma Limited

V C Nannapaneni
Chairman & Managing Director

AGREE AND ACCEPT

I have read and understood the above terms of my appointment as a Non-executive Independent Director of Natco Pharma Ltd., and I hereby affirm my acceptance to the same.

Name :

Date :

Signature