

Natco Pharma

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to Natco Pharma Ltd.'s Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and zero on your touch-tone phone. Ladies and gentlemen, a reminder that this call is hosted by 361 Capital Market Private Limited. I now hand the conference over to Mr. Rishikesh Patole from 361 Capital Market Private Limited. Thank you, and over to you, Mr. Rishikesh.

Operator: Thank you, Danish. Good evening, everyone. On behalf of 361, I welcome you all to the Q1 FY27 earnings conference call of Natco Pharma. I hope everyone is in good health and doing well. On behalf of Natco, today we have with us Mr. Rajeev Nannapaneni, Vice Chairman and CEO; Mr. Amit Parekh, Chief Financial Officer; Mr. Rajesh Chebiyam, Executive Vice President, Crop Health Sciences; and Mr. Raju Menon, Investor Relations. I now hand over the call to Raju Menon for the opening remarks, after which we will open the session for Q&A. Over to you, Raju.

Raju Menon – Investor Relations: Thank you, Rishikesh. Good evening and welcome, everyone, to Natco's conference call discussing our earnings results for the first quarter of FY27. I am Raju Menon, lead investor relations at Natco. We hope you have received the press release that was sent out earlier. It is also available on our website.

Let me draw your attention to the fact that on this call, we may be making certain forward-looking statements that are not necessarily historical facts, and anything said on this call that reflects our outlook for the future must be reviewed in conjunction with the risks that the company faces. We undertake no obligation to update these forward-looking statements.

I would like to state that the material of the call, except for the participant questions, is the property of Natco and cannot be recorded or rebroadcast without Natco's express written permission. We will begin with the financial highlights and then follow up with an interactive Q&A session. With that, I would request our CFO, Amit Parekh, to discuss the financial highlights. Over to you, sir.

Amit Parekh – CFO: Thank you, Menon. Greetings to everyone, and thank you once again for joining Natco's Q1 FY27 earnings call. The company recorded consolidated total revenues of Rs 794.4 crores in Q1 FY27 compared to Rs 1,390.6 crores in the corresponding quarter last year. The decline is largely attributable to lower Revlimid revenue during the quarter, which was partially offset by double-digit growth in the base business.

EBITDA, including other income, for the quarter stood at Rs 245.7 crores, with an EBITDA margin of 30.9%. There has been an improvement in EBITDA margin quarter-on-quarter, which can be attributed to the performance of our international and domestic businesses and lower, measured operating costs.

Consolidated profit after tax stood at Rs 206.5 crores compared to Rs 269 crores in Q4 FY26, which included a one-time benefit of Rs 115 crores arising from the remeasurement of deferred tax assets on MAT credit and other deferred tax assets and liabilities following the company's decision to move to the new tax regime from FY27. On a normalized basis, excluding this one-time tax benefit in Q4 last year, consolidated PAT grew by 34% quarter-on-quarter.

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With regard to our associate company, Adcock Ingram Holdings Limited, South Africa, revenue for the quarter stood at Rs 1,582.8 crores and profit after tax stood at Rs 242.2 crores. Natco's share of profit based on a 35.75% holding as of June 30, 2026, was Rs 84.8 crores.

In July 2026, we acquired an additional stake of 13.25% in Adcock Ingram, taking our total holding to 49%. We believe this will further strengthen our strategic position in the South African market and increase our participation in the performance of Adcock Ingram.

Our domestic formulation business revenues stood at Rs 136 crores. We also saw strong growth in our Brazil business. Revenue from Brazil stood at Rs 178 crores, representing growth of 180%. Thank you all, and now we will take questions and answers.

Operator: Thank you so much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Reminder to all participants: if you wish to ask a question, please press star and one. Our first question comes from the line of Vamsi from ASK IMP. Please go ahead.

Vamsi – ASK IMP: Hi, sir. Thanks for the opportunity, and congratulations on a good set of numbers. My first question is regarding the breakdown of your export revenues. Can you please give me the constant-currency growth across your key geographies, Canada and Brazil?

Management: Brazil has grown, as I said, by 180%. The revenues from Brazil, as I mentioned earlier, were Rs 178 crores. Canada sales for the quarter were around Rs 56 crores.

Vamsi – ASK IMP: Understood, sir. Also, if I were to look at it on a quarter-on-quarter basis, in constant-currency terms, there seems to be a decline of around 14%. Is there any specific geography to which you would attribute this?

Management: Could you repeat that question? I did not understand it. Could you say that again?

Vamsi – ASK IMP: Yes, sir. I was trying to understand the quarter-on-quarter decline in export sales. There seems to be a constant-currency decline of almost 14%. Is this attributable to any specific geography?

Management: No, it is just a seasonal factor. I think you have different orders at different times. I think the increase in profit did not come from the company's business; it came from the associate company. If you look at the numbers, normally the Adcock profit share is around Rs 35–40 crores a quarter at our 35% holding. This quarter, it came to Rs 80 crores. I think that is why the increase in earnings came from there, and it is not attributable to the decrease in profit.

The orders themselves are cyclical. The reason Adcock delivered a good set of numbers was that there was a strong flu season in South Africa this time. I think that is why the numbers were doing so well.

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Vamsi – ASK IMP: So, even on a constant-currency basis in the Adcock business, there is healthy growth, of, let us say, high single digits?

Management: In this particular quarter, yes, because of the flu season.

Vamsi – ASK IMP: Understood, sir. Also, I would like to ask a question on domestic sales growth. Could you provide a breakdown of how the base business has grown and how Semaglutide has incrementally contributed this quarter?

Management: The base business is normally about Rs 107 crores a quarter. I think this quarter it went to Rs 130—something crores. We believe we will be able to maintain that Rs 130 crores level. A lot of it has obviously come from Semaglutide. We had a pretty good run on Semaglutide and some third-party orders for Semaglutide. Our base business has also done well in oncology and other segments in which we operate.

Overall, domestic has done very well. This year, we expect domestic revenue to increase by about 25% because of Semaglutide.

Vamsi – ASK IMP: Understood, sir. Just one last question, if permitted. During the quarter, we closed the year with about Rs 2,400 crores of cash. After paying for the incremental stake in Adcock, I think we still have decent cash of close to Rs 1,000–1,500 crores. Do you have any incremental insight into why the proposed fundraise of Rs 2,000 crores is planned? Are there any specific therapies or assets that you are looking at?

Management: You are right. Our net cash as of today is around Rs 1,400 crores. Obviously, in the last 1 year, if you look at the kind of investments we have made, it is almost Rs 3,000 crores, primarily in Adcock. We had two acquisitions of stakes in Adcock. Both of them put together were around Rs 3,000 crores.

We obviously have some short-term loans to pay off and some capital expenditure. At this juncture, we are also looking at a couple of very interesting acquisition opportunities and some kind of M&A opportunity. We believe that this cash could be required, and we believe that it would be helpful at the right time. Hence, we want to raise money from the market.

Vamsi – ASK IMP: Understood, sir. Any color on the kind of M&A you are looking at?

Management: We will give another person a chance. We will come back to you again, my friend. We will come back again. Next caller, please.

Vamsi – ASK IMP: Sure, sir. Thank you. I will rejoin the queue.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one. Also, in order to ensure that management is able to address all the questions from participants, we request you to kindly limit your questions to two per participant. If you have a follow-up question, please rejoin the queue. Thank you. Our next question comes from the line of Kunal Randeria with Axis Capital. Please go ahead.

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Kunal Randeria – Axis Capital: Hi, good evening. My first question is on other expenses. There has been a very sharp decrease in other expenses, both quarter-on-quarter and year-on-year. Could you highlight the reasons behind it, and is this the kind of new run rate that we should expect going forward?

Management: Kunal, thank you for the question. There has been a decline. Obviously, if you look at Q1 last year, there was high R&D expenditure. R&D is not a very stable quarter-on-quarter run rate; it depends on a lot of milestones, exhibit batches, clinical trials, and so on. In the same quarter last year, there was very high R&D expenditure. We also had higher legal costs last year.

The current quarter is slightly lower, and this cannot be considered the run rate. There will be somewhat higher expenditure going forward, but the current quarter has been lower than the previous quarter for sure.

Kunal Randeria – Axis Capital: On an annualized basis, what would be a better number to consider?

Management: Sometimes there will be an increase based on the project. For example, if we are conducting a large clinical trial or producing a large exhibit batch, there will sometimes be high expenditure. If we do not have that batch in a particular quarter, then there is no expenditure.

We plan according to the cash flows we have. We plan our projects based on when we have cash flows, and so on. Therefore, you cannot ask me to commit that the expenditure will be a particular amount in a particular quarter. It could be higher or lower.

Typically, when we provide our guidance, we assume these costs and build the PAT numbers based on what we believe will be spent during the year. I think you should take an annual approach rather than a quarter-on-quarter approach.

Kunal Randeria – Axis Capital: Sure, understood. Thank you. My second question is on the international formulations business. This quarter was Rs 477 crores. You also mentioned that there was good growth in Brazil. What would explain the quarter-on-quarter decline? Is it seasonality or a decline in Lenalidomide? Could you shed some light on this?

Management: There are cycles, Kunal. There are different cycles for different products. I generally do not provide product-by-product guidance on why a particular product performed in a certain way. Sometimes we have one tender for one product, and sometimes, obviously, Lenalidomide contributes. The contribution was higher in the previous quarters.

All these seasonal and quarterly factors occur. I think I would focus on the larger picture. We generally provide guidance for the year and then tell you the major highlights for the year and for the quarter.

Kunal Randeria – Axis Capital: Sure, understood. Thank you.

Management: Next call, please.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one on their touch-tone telephone. Our next question comes from the line of Reshmi Shetty

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with Dolat Capital. Please go ahead.

Reshmi Shetty – Dolat Capital: Thank you for the opportunity. Out of your total export formulation business of Rs 477 crores, how much is contributed by the subsidiary? You have given the Canada and Brazil numbers. Could you also give the rest-of-the-world number?

Management: I do not have the split, Reshmi. I have the figures for the larger markets, but I do not have the smaller ones on hand. I do not want to provide a subjective number, so I will pass on that.

Reshmi Shetty – Dolat Capital: On the Agrotech sales, which is your Crop Health Sciences business, have you broken even in this business?

Management: Could you say that again? Please repeat the question.

Reshmi Shetty – Dolat Capital: On the crop health business, are we still making an EBITDA loss, or have we already broken even?

Management: Basically, there was a loss for the quarter. However, our goal and expectation for the year is to break even. The overall crop health business is very, very seasonal, Reshmi. As most of you are probably aware, there was fear of El Niño and a delay in the rains, which caused some delay in the cropping season.

We expect Q2 to be significantly better than Q1, and I think we are on track to break even for the year, as I said.

Reshmi Shetty – Dolat Capital: On the revenue side, what will be the guidance for Crop Health Sciences?

Management: Let me give you an indicative number. Last year, we did about Rs 138 crores or so, and we did about Rs 40 crores in Q1. By Q2 and Q3, I think we should be fairly close to that number, and we are expecting some growth.

However, I think Q2 will give us a fair idea of how things are, because Q2 is the strongest quarter for the agro business. Therefore, I think we would defer providing any particular guidance. I will stick to the same guidance that we gave earlier in the year: we will end the year with about Rs 1,200 crores of PAT, and our gross sales would be between 33 billion and 34 billion in that region. Beyond that, at this time, we do not want to say anything.

Reshmi Shetty – Dolat Capital: Regarding the total sales of 33–34 billion that you mentioned, when you annualize this quarter's sales, it comes to around Rs 2,800 crores, which is roughly Rs 28 billion. The additional sales that we generate will basically come from which geography? Who will be the major contributor? Will we see traction in the export business in the US, in India, or in the rest of the world?

Management: I think it will be all-around growth. The US will contribute through the couple of US orders we have, although I do not have the geographical split per se. We have the Brazil and Canada numbers because we have the subsidiaries that we can identify. The other numbers are combined.

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However, yes, I think the growth areas will come from these three geographies, as you said: Brazil, Canada, and the US. All three should do well.

Reshmi Shetty – Dolat Capital: Understood, sir. Thank you. That is all from my side.

Management: Thank you. Next call, please.

Operator: Thank you. Our next question comes from the line of Abhigyan Shrivastava with Marcellus Investment Managers. Please go ahead.

Abhigyan Shrivastava – Marcellus Investment Managers: Hello?

Management: Hello. We are not able to hear you if you are speaking.

Management: Can we go to the next caller, please?

Operator: Abhigyan, can you hear us?

Abhigyan Shrivastava – Marcellus Investment Managers: Yes, I can hear you. Can you hear me?

Operator: Yes, yes, we can hear you now.

Abhigyan Shrivastava – Marcellus Investment Managers: Thanks for taking my questions. I have a few questions. Firstly, did we have any contribution from Revlimid in the current quarter?

Management: In the current quarter, it was very, very small, negligible to say the least.

Abhigyan Shrivastava – Marcellus Investment Managers: Understood. Our tax rate has been somewhat volatile in this quarter and the previous quarter as well. Do we have specific tax guidance for FY27 and going forward?

Management: The tax rate at the consolidated level is a combination of global tax rates and the contribution from each country. In India, I can say that since we have moved to the new regime, the tax rate would be around 25.16%, and obviously there are some disallowances related to CSR and donations. Therefore, in India, we will be at roughly 27%.

Globally, it all depends on which geography is contributing more. This quarter, Brazil had a larger contribution, where the tax rate is more than 35%, and hence the quarterly tax rate is quite high this quarter.

It is very difficult to provide clear guidance on tax because it is a combination of multiple factors. However, yes, the tax rate is high this quarter.

Abhigyan Shrivastava – Marcellus Investment Managers: I see. I have two questions regarding our recent and upcoming launches. For Carfilzomib, we likely have a calendar 2027 launch with the launch settlement with the innovator. Are we on track for this launch?

Management: I cannot confirm the date, but yes, the launch is on track. I believe we will talk about it closer to the launch date.

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The plant is currently being upgraded, and I think the upgradation should be completed by the end of the year. We believe we will be able to launch it at the time when the launch date is set.

Because of confidentiality, I am not providing the launch date, but yes, we are on track. You have the chance to ask another question on Carfilzomib; you have it on two separate— I am sorry. Next caller, please.

Operator: Thank you. Abhigyan, have you completed your questions?

Abhigyan Shrivastava – Marcellus Investment Managers: Yes, just one more question. Regarding Olaparib, could you please share the current litigation status with the innovator? Do we have any outer timeline by which you believe an outcome might be decided?

Management: I do not remember the date. I think the trial date is set for sometime in the next few months, but I do not remember the exact date off the top of my head. We have the filter, of course, so that is good. The issue of exclusivity is also there because it took more than 30 months. Therefore, we are hoping that we have the exclusivity.

We have some arguments that have not been determined yet. I think the two important factors are the determination of the launch date and the trial. I am not able to remember the trial date, so I do not want to misstate it. It is scheduled for the next few months, I think, but I cannot declare the date.

The other factor is the determination of exclusivity, which has not been determined yet. These are the two open factors or open questions regarding this product.

Abhigyan Shrivastava – Marcellus Investment Managers: Understood. Thank you. Next call.

Operator: Thank you. A reminder to all participants: please limit your questions to two per participant. Our next question comes from the line of Tanya Chaudhary with Investec. Please go ahead.

Tanya Chaudhary – Investec: Thank you for the opportunity. Given that you now have some experience in South Africa after the acquisition, what are your plans to improve growth and profitability in South Africa?

Management: Overall, we see a lot of synergies between Natco and Adcock. The first synergy is obviously Natco's pipeline, which can be put into Adcock and distributed in South Africa.

The second is our connections with our Indian counterparts. We have many alliances with other Indian companies for other markets, so we have strong relationships with other Indian family-owned companies. We bring those relationships to the table as well, and we are using them to improve Adcock's pipeline.

The two major synergies I see are R&D synergy and the ability to source a pipeline. The benefit of our shareholding is that what we are receiving right now from Adcock is based on the existing base business that they already have.

I think the value of Natco, Natco's pipeline, and everything else will come in the next 2–3 years, not today. We are playing for the long term, as you know. Adcock also adds meaningful strength to our

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base business.

As you can see, for example, in this quarter, 35–40% of our earnings are coming from Adcock. We are therefore able to build a strong base business that brings less volatility to our earnings, which has always been the case with Natco. We are trying to strengthen that.

Tanya Chaudhary – Investec: Understood. Also, in Brazil, given that you are witnessing strong growth, are there any key launches driving this growth, and are there any meaningful launches planned going forward?

Management: I think our oncology pipeline is driving the growth. That is why you see very good numbers. We also have other meaningful launches in FY27, subject to some patent litigation.

Generally, we do not disclose which molecules they are because of competitive reasons, but overall, the portfolio is doing extremely well. We therefore anticipate very good growth in Brazil as well. It is a fairly diversified model now, with India, the US, and Brazil.

Rajiv: A lot of the revenue pickup we are getting now is across multiple geographies, so I think we are in a fairly comfortable position. The objective is to complete another acquisition, hopefully. If we are able to do that, we will be able to build a diverse pipeline of geographies and revenue avenues so that we have more stability in our future projections.

Arjun – Individual Investor: Understood. Lastly, sir, could you guide us on how much we have generated from Semaglutide in the first quarter, just as a broad indication?

Rajiv: The brand is doing around— I mean, I can tell you what we are doing. The market is fairly competitive. This is what we also said in our earlier calls. It has been fairly competitive.

Our brand is generating around Rs 2 crores per month, roughly. However, we have a lot of other third-party business, which I do not think we can keep track of. Our salespeople say that this is where we are currently, but over a period of time, this brand should do very well.

Right now, the market is not very favorable because the competition is very intense. Things are just settling down, and I think pricing stability will come in the next few months. I think things will settle down, but as of now, it is a bit early.

Arjun – Individual Investor: Is it profitable, sir?

Rajiv: As of now, it does not lose money, but it does not make much money yet.

Arjun – Individual Investor: All right, understood, sir. Thank you so much.

Rajiv: Thank you. Next caller.

Operator: Thank you. Our next question comes from the line of Arjun, an individual investor. Please go ahead.

Arjun – Individual Investor: I hope I am audible.

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Rajiv: You are audible, Arjun. Go ahead.

Arjun – Individual Investor: We are in interesting times with respect to South Africa. On August 12, India and South Africa signed the Terms of Reference for a Preferential Trade Agreement, correct? I want to understand how this is going to impact our business. I have also seen that one of the Indian companies has already received approval for the launch of Semaglutide in South Africa. When are we going to receive approval, and how large would the market be?

Rajiv: Regarding the trade deal, I am not well-informed, so I do not want to answer that question because I do not know enough about it.

Regarding Semaglutide, my understanding is that Sun Pharma received approval in South Africa. In terms of our approval, I think we are still some time away, but we are trying to see how we can hasten the launch of Semaglutide.

We are also looking at other third-party vendors. At this time, our launch is still some time away, but we are looking at other possible third-party vendors who could supply it to us. We are working on it.

The size of the Semaglutide market in South Africa is an interesting opportunity, but I do not know the numbers either. I do not know them off the top of my head.

Arjun – Individual Investor: Understood. One more question regarding our Natco Health Sciences business. I understand that we have already approved the demerger and related matters. From an investor's point of view, when can we expect the actual demerger to take place?

Management: The demerger plans are still active, but we are now also looking at this potential fundraising activity. Since that activity is in the immediate foreground, we will continue with the demerger aspects after that. It could probably be delayed by about 2–3 months. You can anticipate it around March instead of December.

Arjun – Individual Investor: Thank you so much, sir.

Management: Thank you. Next caller.

Operator: Thank you. Our next question comes from the line of Pranav Chawla with JM AMC. Please go ahead.

Pranav Chawla – JM AMC: Hi, sir. Congratulations on a good quarter. I wanted to understand one small thing. We had somewhere close to Rs 3,000–3,500 crores of cash on our balance sheet as of March. After that, we would have spent some amount to acquire the additional stake in Adcock. Is there any particular reason for seeking the additional resolution?

Management: As already explained earlier in the call, between March and now we have spent money on the acquisition of the additional stake in Adcock. We currently have around Rs 1,400 crores of net cash.

As you would have realized, over the last 1 year, Rs 3,000 crores has already been spent. We are looking at a couple of interesting acquisition opportunities for which we would require cash. Additionally, we have some short-term loans and some capital expenditure requirements.

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Whatever money we raise will be used for these purposes. We want to be ready with the money for any interesting opportunity that is already under evaluation. That is the primary reason we want to raise the funds.

Pranav Chawla – JM AMC: Understood. You highlighted that you require cash for internal capex and some capacity expansion that you have been planning. Can you highlight what that number will be for this year and the next year, excluding inorganic investments?

Management: I do not have the details at this juncture.

Pranav Chawla – JM AMC: For organic capex, can you at least highlight your number for the next 2 years?

Management: Organically, every year we have around Rs 250–300 crores of capex. That is the run rate we have.

Pranav Chawla – JM AMC: Understood. Can you provide any color on when you plan to launch some of Natco's India products in the Adcock entity, now that you have a 49% stake?

Management: We have applied for registrations, and we have already filed three dossiers. Typically, registration takes around 2 years. We believe Natco's products might come into the market around 2028. That would be a reasonable expectation because typical registration takes about 18–24 months, so 2028 is a...

Pranav Chawla – JM AMC: Understood, perfect. Thank you so much, sir, and all the best.

Management: Thank you. Next caller.

Operator: Thank you. Our next question comes from the line of Rishikesh Patole with 361 Capital Market Private Limited. Please go ahead.

Rishikesh Patole – 361 Capital Market Private Limited: Hi, am I audible?

Rajiv: Yes, Rishikesh. Go ahead.

Rishikesh Patole – 361 Capital Market Private Limited: Rajiv, can you quickly provide any material changes that could have happened on the innovation side? We have four assets. Can you take us through them?

Rajiv: I think there is nothing much to report at this time. The biggest bet we have is eGenesis. That entity is doing reasonably well. They have completed transplants for multiple patients, and two patients have done extremely well. They survived on the pig kidney for more than 8 months.

I think we will have some updates on that asset shortly. Of the four assets we have, I am very happy with this one. It is the most exciting one we have and, recently, the most valuable one we have.

At this time, I cannot give an update, but I am hoping that in the next few months we will be able to provide some very exciting updates on this front.

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Rishikesh Patole – 361 Capital Market Private Limited: When can we see the next catalyst or update?

Rajiv: I think it would be premature to say at this time, but as I said, we are hoping to provide some good updates in the next few months.

Rishikesh Patole – 361 Capital Market Private Limited: Great. My second question is on the R&D pipeline and FTF assets. What kind of filings do we expect in the next 2 years? Any idea or brief indication?

Rajiv: We have an internal target of filing about 8-10 ANDAs a year, and we usually target about 2-3 FTFs. We will see how things go. I am very positive that we will be able to deliver some FTFs, but so far it is a bit premature to say.

We are hoping to deliver at least 1 or 2 this year, over and above the pipeline we already have.

Rishikesh Patole – 361 Capital Market Private Limited: Sure, thank you, Rajiv. I will rejoin the queue.

Rajiv: Sure, thank you. Next caller.

Operator: Ladies and gentlemen, anyone who wishes to ask a question may press star and one. Our next question comes from the line of Vamsi with ASK IM. Please go ahead.

Vamsi – ASK IM: Hi, sir. Thanks for the follow-up. I wanted to check whether the PAT guidance of close to Rs 750 crores still holds, or whether there is upside risk to this number.

If I look at Adcock's current contribution, there is close to around 150 million in constant-currency terms, or in real terms close to around 150 million of contribution to Natco's earnings. Given the increase in the stake, it is likely that if I annualize the same number, close to Rs 440-450 crores of PAT would be coming from the Adcock entity itself.

Rajiv: Wait, wait, wait, wait one second. Do not annualize it. It is a seasonal increase because it was a flu season. Our guidance still remains around Rs 750 crores. I am not changing the guidance.

There was an increase because of the flu season. Normally, the profit is usually around Rs 100 crores per quarter, typically. Obviously, we now have a 49% share with the increase in our stake. I think that is usually the base number.

However, how the year performs, I do not want to comment on that. Please do not annualize the quarterly numbers because there was an increase due to the flu season.

Vamsi – ASK IM: Sure, sir. Thank you, and all the best.

Rajiv: Thank you. Next caller.

Operator: Thank you. Our next question comes from the line of Santosh, an individual investor. Please go ahead.

Santosh – Individual Investor: Hi, sir.

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Rajiv: Yes, go ahead.

Santosh – Individual Investor: I want to ask whether, in the future, if Adcock gives us an opportunity to buy an additional percentage of the stake, we will pursue it.

Management: Yes, of course. As you know, our management strategy is always long term, and we are very strongly committed to our investment in South Africa. At this point, we do not have an opportunity, but whenever one comes up, we will be more than happy to pursue it. That is our strategy.

It is a very strategic decision for us, and yes, of course, we will pursue it. However, right now, there is no opportunity.

Santosh – Individual Investor: How much could our stake increase? Could we be considering something like 70% or 80%?

Rajiv: I did not understand your question, my friend. We lost you.

Santosh – Individual Investor: Right now, we have a 49% stake. If we get an opportunity, up to what percentage would we pursue?

Rajiv: As of now, we have 49%. Bidvest wants to hold on to its 51%, so there is no opportunity currently. However, we have a first right of refusal. If an opportunity arises, then yes, we will definitely look at it.

We like the asset and are very happy with it. At this time, we were able to acquire only 49%, and in the near term, I do not see that increasing. This is the current situation.

Santosh – Individual Investor: Thank you, sir.

Rajiv: Thank you.

Operator: Thank you. Our next question comes from the line of Arjun, an individual investor. Please go ahead.

Arjun – Individual Investor: I hope I am audible.

Rajiv: You are audible, Arjun. Go ahead.

Arjun – Individual Investor: I believe our company also has a very good land bank. Some time ago, I think we sold some land to Microsoft. Are we not receiving such offers nowadays? Since we are also raising funds, I thought this could be one of the sources.

Rajiv: We have a reasonable land bank. However, there are some parcels that we want to sell and some that we want to use for our own operations.

The problem with land banks, Arjun, is that there is always some litigation. I would say that 15–20% of our land is tied up in litigation. It is all frivolous in nature because people simply want to profit by initiating litigation and then asking us for money.

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These assets can be monetized, and I agree with you completely. However, it has to be at the right time and the right price. I am also looking at this, and it could be another avenue for us to raise funds. This would be subject to the right price and the clearance of these minor litigations.

To give you an example so that you understand our predicament, let us say you want to sell a 20-acre parcel. You may have 19 acres that are clear, but there may be 1 acre right in the middle that is not clear. If you want to get a good price, you have to sell all 20 acres; otherwise, you have to divide it into smaller pieces.

Sometimes, we wait to resolve all these issues so that we can achieve the right price. These are the predicaments we tend to face. I would say that yes, we can monetize the land, but as of today, we are holding on to it.

Arjun – Individual Investor: My next question is regarding the fundraise. I have seen the history of the prior fundraises we have conducted, and they have mostly been QIPs. As an individual investor, I would like to request that if there is a rights issue, we would like to participate and increase our stake. This is a request rather than a question.

Rajiv: I understand. We are exploring all options, Arjun. We are looking at a QIP, a rights issue, and all other options.

Management: I think that would allow us to consider all these options. We are looking at various possibilities. Once we get a sense of what the right thing to do is, we will consider your request. We are clearly looking at what is in our best interest as well, but we are exploring all options.

Arjun – Individual Investor: Thank you so much, sir. We are very happy with the way you are running this organization and with how transparent and honest you are. Thank you so much.

Management: Thank you so much.

Operator: Thank you. The next question comes from the line of Sahil Mahajan, an individual investor. Please go ahead.

Sahil Mahajan: Am I audible?

Management: Yes, you are. Please go ahead.

Sahil Mahajan: I am a new investor in Natco, so I wanted to understand the payback timescale for our R&D expenses. How do we think about the future while we are incurring R&D expenses?

Management: That is a very good question. I generally have a different payoff period for different things, but I will tell you what really makes money, what makes moderate or more money, and what makes less money.

The opportunities that come sooner are the ones that require the least amount of money because their outcomes have many competitors. The opportunities for which you wait the longest have the highest returns.

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Typically, if you look at this business, things that are 8–9 years away are the most valuable ones. They will probably generate 20–30x or 40x of what you invest. However, if you want to pursue things that are coming in the next 12 months, the chances of your ROI being high are limited to a 15–20% return.

The longer you wait, the bigger the returns, and the higher the risk, the bigger the returns. You always have to look at this business on an 8–10-year cycle, not on a 2–3-year cycle. That is how you should think about it.

Sahil Mahajan: What percentage of our expenses do we allocate toward the long term, and what percentage is allocated toward the short term?

Management: I would say 70–80% of our money is allocated to things that are going to happen in 2028 and 2029. The earliest ones would probably be in 2028 or 2029, and then they extend up to 2035. Therefore, everything is between 2028 and 2035.

Sahil Mahajan: Thank you.

Management: Thank you very much.

Operator: Next call, please. Thank you. Our next question comes from the line of Aman, an individual investor. Please go ahead.

Aman: Am I audible, sir?

Management: Yes, you are. Please go ahead.

Aman: You invested Rs 1,400 crores in South Africa. What was the reason for this?

Management: We took a resolution, but I think the total amount we invested in that particular tranche, when we bought 13%, was {? 1,065 ?}.

Aman: My second question is whether you are looking to acquire more stakes, meaning a controlling stake in Adcock.

Management: Regarding a controlling stake in Adcock, as we mentioned earlier, we are very happy with the investment. The company is doing very, very well and is run very professionally. Overall, it is a very good asset for us.

Regarding a controlling stake, the other shareholder is Bidvest, and they are not offering it right now. Whenever it becomes available, we have a first right of refusal and will be happy to exercise it, provided it comes at the right price. We are looking for an opportunity to increase our stake, but currently, that opportunity is not available.

Aman: And my last question, when I...

Operator: Hello.

Management: Yes.

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Aman: My last question is regarding the Rs 2,000 crores you are raising. In which geography will you use this?

Management: You broke up. Could you repeat that, please?

Aman: Am I audible? You raised Rs 2,000 crores through an equity issue. In which geography will you use it for acquisitions?

Management: Yes, I understand the question. We are evaluating various options for raising the money. It can be a QIP, a rights issue, or something else.

There are acquisition opportunities, as we mentioned earlier. There is a smaller opportunity in India and a very large opportunity outside India. I will not get into the specific geographies, but there are two opportunities: one could be outside India and the other could be within India.

Aman: Thank you. That is all from my side.

Management: Thank you very much.

Operator: Thank you. Our next question comes from the line of Rishikesh Patole with 360 One Capital Market Private Limited. Rishikesh, you may proceed with the question.

Rishikesh Patole – 360 One Capital Market Private Limited: Hi, am I audible?

Rajesh: Yes, you are.

Rishikesh Patole – 360 One Capital Market Private Limited: Quickly, on Semaglutide, you provided an update for the India market and also for South Africa, where we are still some time away. Can you similarly provide an update for Canada and Brazil? At what stage are our dossiers, and when do we expect the launch?

Rajesh: We have not filed in Canada. Brazil is on my list, but we have not filed there either. We are at the dossier preparation stage.

Rishikesh Patole – 360 One Capital Market Private Limited: In both Canada and Brazil?

Rajesh: Both.

Rishikesh Patole – 360 One Capital Market Private Limited: That is helpful. Can you provide an update on the launches lined up for FY27, FY28, and FY29 for the US market? Is there anything you can discuss?

Rajesh: We have two {? intense ?} launches expected. We cannot name them because of confidentiality agreements, but yes, we have two launches in the next financial year.

Rishikesh Patole – 360 One Capital Market Private Limited: Lastly, on the agro business, CTPR exports have declined, or are we still seeing activity? Do you have any update on that?

Rajesh: Some level of exports of CTPR technical has been completed, Rishikesh, but it is not very significant. We are predominantly focused on the domestic market at this stage. However, we are

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working on several registrations across interesting geographies.

Rishikesh Patole – 360 One Capital Market Private Limited: Just a follow-up on the domestic portfolio. Apart from CTPR, have you completed any more launches?

Rajesh: Yes, quite a few. CTPR was our entry point. Today, we have roughly 35 products, with a good combination of insecticides, fungicides, and other products. Some of our fungicides are doing fairly well.

In fact, one of the top products performing well in fungicides is a product under the brand called Glanz, which is a {? diamide ?} product with limited competition.

If you look at CTPR versus non-CTPR products, including their revenue contribution, I cannot provide an exact number, but out of the 35 products we have, 8 products are CTPR-related and the rest are non-CTPR. Therefore, it is a significant number of products.

From a revenue perspective, I will get back to you on that, but perhaps CTPR contributes 30–35% of revenue. The rest comes from non-CTPR products.

The pipeline is also very interesting. The registrations we typically undertake internally are called 9(3) registrations, which means limited competition, versus 9(4) registrations, where there are many competing players.

We have interesting 9(3) products that continue to come through, and the next financial year also has a very interesting portfolio. I think we are quite bullish about where we are today.

Rishikesh Patole – 360 One Capital Market Private Limited: Thank you, Rajesh. That is all from my side.

Operator: Thank you so much. Ladies and gentlemen, anyone who wishes to ask a question may press star and one. Reminder to all participants: if you wish to ask a question, you may press star and one. At this point, for the questions from participants, I now hand the conference over to management for the closing remarks. Thank you, and over to you, team.

Management: Thank you, everyone, for joining the call. We value your time and participation. If you have any further questions or need any additional information, please feel free to reach out to us. With that, we conclude today's earnings call. Thank you very much.

Operator: Thank you so much, sir. Ladies and gentlemen, on behalf of Natco Pharma Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.