


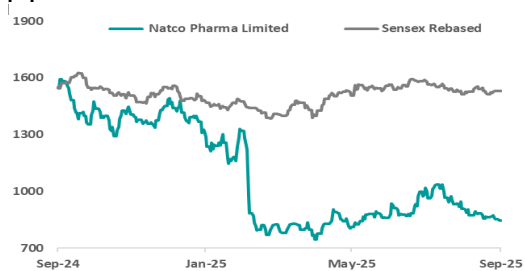


Sector: Pharmaceuticals

17th September 2025**HOLD**

Key Changes:	Target		Rating		Earnings		Target	Rs.940
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.853	
Small Cap	NTCPH:IN	82,381	NATCOPHARM	524816	12 Months	Return	+10%	

Data as of: 16-09-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	15,339		
52 Week High — Low (Rs.)	1,584 - 660		
Enterprise Value (Rs. cr)	13,577		
Outstanding Shares (cr)	17.9		
Free Float (%)	49.8		
Dividend Yield (%)	0.6		
6m average volume (cr)	1.13		
Beta	1.09		
Face value (Rs.)	2.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	49.6	49.6	49.6
FII's	17.9	17.9	15.5
MFs/Institutions	5.6	5.6	5.8
Public	26.9	26.9	29.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-2.0%	7.4%	-45.3%
Absolute Sensex	-2.0%	9.0%	-0.9%
Relative Return	0.0%	-1.7%	-44.3%
over or under performance to benchmark			
			
Consolidated (Rs.cr)	FY25A	FY26E	FY27E
Sales	4,430	3,858	2,795
Growth (%)	10.8	-12.9	-27.5
EBITDA	2,196	1,582	852
EBITDA Margin(%)	49.6	41.0	30.5
PAT Adj.	1,885	1,321	719
Growth (%)	35.8	-29.9	-45.6
Adj.EPS	105.3	73.8	40.2
Growth (%)	35.8	-29.9	-45.6
P/E	7.5	10.7	19.7
P/B	1.9	1.6	1.5
EV/EBITDA	5.8	7.4	12.4
ROE(%)	28.0	16.2	8.0
D/E	0.0	-0.1	-0.2

Some Green Shoots, Amidst Revlimid Overhang

NATCO Pharma Ltd (NATCO) is an India-based, vertically integrated and R&D-focused enterprise engaged in developing, manufacturing and marketing finished dosage formulations and active pharmaceutical ingredients and intermediates.

- NATCO reported revenue of Rs.1,329cr in Q1FY26, down 2.4% YoY from Rs.1,363 cr, primarily impacted by increased price erosion in Revlimid.
- EBITDA declined 29% YoY to Rs.571cr, with margins contracting 1,610 bps to 43%, impacted by heightened price erosion and higher R&D spend. PAT also fell 28% YoY.
- In Q1FY26, the export formulation business declined 6.9% YoY, while other segments posted growth—crop health science surged 122% and API rose 34% YoY on a low base. Domestic formulations recorded 4.7% YoY growth.
- NATCO's NCE candidate NRC-2694-A, for metastatic head and neck cancer, remains in phase 2 recruitment, with clinical results expected in FY27 as per management guidance.
- The company has acquired a 35.75% stake in South Africa's Adcock Ingram for Rs.2,000cr, which is expected to enhance NATCO's base business profitability over the long term.

Outlook & Valuation

The management maintains a long-term perspective on the business, aiming to navigate potential challenges and seize growth opportunities. We anticipate a steep revenue degrowth because of lower Revlimid sales in FY27. Focus will shift on the domestic formulations business with the anticipated launches of Semaglutide, which strengthens our case for **maintaining our rating to Hold with a target price of Rs.940 based on 24x FY27E EPS.**

Quarterly Financials (Consolidated)

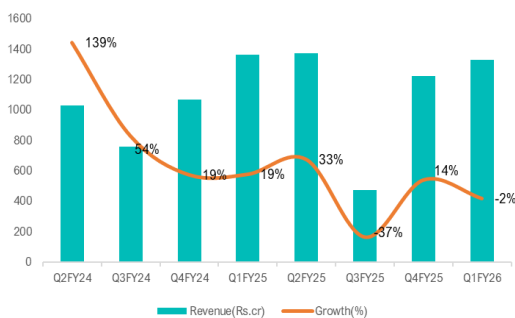
Rs.cr	Q1Y26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	1,329	1,363	-2.47	1,221	9
EBITDA	571	805	-29	548	4
Margin (%)	43.0	59.1	-1610bps	44.89	-192bps
EBIT	513	761	-33	450	-214
PBT	572	804	-29	506	13
Rep. PAT	480	669	-28	406	18
Adj PAT	480	669	-28	406	18
EPS (Rs)	27	37	-28	23	18



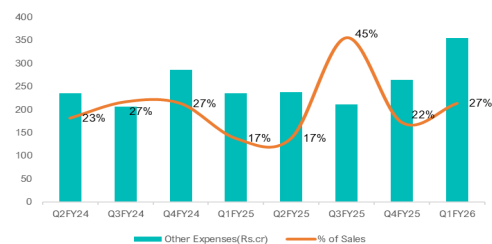
Key Highlights

- The company expects the majority of the Revlimid quota to get exhausted by the September quarter.
- The company needs around 60-70 patients to complete their clinical study for NRC-2694-A. Clinical recruitment is underway in the US, with an India arm expected to start soon.
- The management expects the crop health business to break even this year. The business has performed well due to the strong monsoons.
- The management expects the base business to grow at a rate of 8-9% per annum, but the growth can improve substantially if Semaglutide and Risdiplam are successfully launched.
- The management is incurring considerable R&D spending primarily targeting oncology products. The management is also spending on peptides and oligopeptides.
- The company is also planning an increase in authorized capital so that the management has the flexibility to carry out another transaction which can strengthen the base business.
- The management believes that South Africa will be about 15% to 25% of the base earnings in the future.

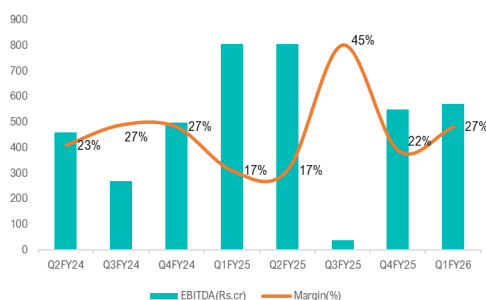
Revenue



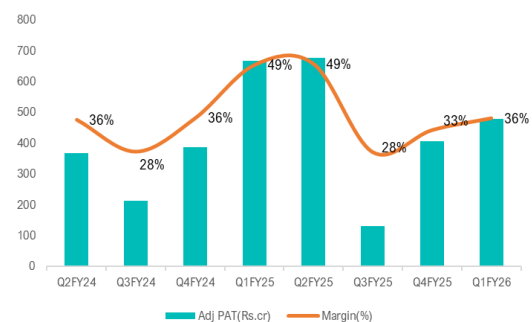
Other Expenses



EBITDA



Adj. PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	3,841	2,764	3858	2,795	0	1
EBITDA	1,575	829	1,582	852	0	3
Margins (%)	41.0	30.0	41.0	30.5	0bps	-50bps
Adj. PAT	1,422	757	1,321	719	-7	-5
EPS	79	42	74	40	-7	-4



Consolidated Financials

Profit & Loss

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	2,707	3,999	4,430	3,858	2,795
% change	39.2	47.7	10.8	-12.9	-27.5
EBITDA	978	1,751	2,196	1,582	852
% change	271.0	79.2	25.4	-28.0	-46.1
Depreciation	164	187	235	214	228
EBIT	814	1,565	1,961	1,368	625
Interest	15	19	24	19	16
Other Income	105	128	355	231	252
PBT	904	1,674	2,291	1,580	860
% change	347.0	85.2	36.9	-31.0	-45.6
Tax	147	285	408	259	141
Tax Rate (%)	16	17	18	21	21
Reported PAT	757	1,388	1,885	1,321	719
Adj.*	0.0	0.0	0.0	0.0	0.0
Adj. PAT	757	1,388	1,885	1,321	719
% change	345.4	83.3	35.8	-29.9	-45.6
No. of shares (cr)	18	18	18	18	18
Adj EPS (Rs)	41	78	105	74	40
% change	345.4	86.9	35.8	-29.9	-45.6
DPS (Rs)	6	10	10	11	11

Balance Sheet

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	546	953	2,176	3,185	4,269
Account Receivable	856	1,189	1,247	1,057	689
Inventories	743	701	766	740	564
Other Cur. Assets	328	497	603	634	459
Investments	392	539	474	545	626
Gross Fixed Assets	3,151	3,362	3,766	4,016	4,266
Net Fixed Assets	2,239	2,298	2,432	2,468	2,490
CWIP	64	137	225	235	245
Intangible Assets	188	193	266	266	266
Def. Tax (Net)	-12	19	50	78	94
Other Assets	291	371	383	463	335
Total Assets	5,645	6,906	8,631	9,687	10,050
Current Liabilities	350	338	377	390	308
Provisions	102	174	144	127	92
Debt Funds	167	371	279	256	233
Other Liabilities	153	171	224	174	146
Equity Capital	37	36	36	36	36
Reserves & Surplus	4,837	5,817	7,571	8,704	9,235
Shareholder's Fund	4,874	5,853	7,607	8,740	9,271
Total Liabilities	5,645	6,906	8,631	9,687	10,050
BVPS	267	327	425	488	518

Cash Flow

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,026	1,860	2,527	1,794	1,088
Non-cash adj.	-161	-267	-352	-241	-125
Changes in W.C	63	-309	-200	174	607
C.F. Operation	849	1,212	1,697	1,728	1,569
Capital exp.	-146	-339	-401	-260	-260
Change in inv.	-331	-695	-1,033	-71	-82
Other invest.CF	354	279	385	-80	128
C.F - Investment	-477	-1,033	-1,415	-411	-214
Issue of equity	0	0	7	0	0
Issue/repay debt	-339	27	-197	-211	-211
Dividends paid	-100	-171	-108	-188	-188
Other finance.CF	-14	-18	-18	-19	-16
C.F - Finance	-363	-247	-211	-308	-271
Chg.in cash	9	-68	72	1,009	1,084
Closing cash	546	953	2,176	3,185	4,269

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab & Return					
EBITDA margin (%)	36.1	43.8	49.6	41.0	30.5
EBIT margin (%)	30.1	39.1	44.3	35.5	22.4
Net profit mgn.(%)	28.0	34.7	42.6	34.2	25.7
ROE (%)	16.6	25.9	28.0	16.2	8.0
ROCE (%)	16.7	26.7	25.8	15.6	6.7
W.C & Liquidity					
Receivables (days)	99.6	93.3	100.3	109.0	114.0
Inventory (days)	101.5	65.9	60.4	71.2	85.1
Payables (days)	118.4	124.7	129.3	123.4	125.0
Current ratio (x)	5.5	6.5	9.2	10.9	15.0
Quick ratio (x)	4.0	6.3	9.1	10.9	16.1
Turnover & Leverage					
Gross asset T.O (x)	0.9	1.2	1.2	1.0	0.7
Total asset T.O (x)	0.5	0.6	0.6	0.4	0.3
Int. covge. ratio (x)	56.1	81.5	82.0	73.0	39.3
Adj. debt/equity (x)	0.0	0.1	0.0	-0.1	-0.2
Valuation					
EV/Sales (x)	5.3	3.5	2.9	3.0	3.8
EV/EBITDA (x)	14.6	8.0	5.8	7.4	12.4
P/E (x)	19.1	10.2	7.5	10.7	19.7
P/BV (x)	3.0	2.4	1.9	1.6	1.5



Recommendation Summary (last 3 years)



Dates	Rating	Target
05.Dec.22	BUY	704
21.Jun.23	BUY	765
27.Mar.24	ACCUMULATE	1,116
20.Aug.24	ACCUMULATE	1,597
04.Dec.24	HOLD	1,533
17.Mar.25	HOLD	858
06.Jun.25	HOLD	942
17.Sep.25	HOLD	940

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

DISCLAIMER & DISCLOSURES

Certification: I, Gopika Gopan, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Investments Limited, hereinafter referred to as GIL.

For general disclosures and disclaimer: Please [Click here](#).

Regulatory Disclosures:

Group companies/ Fellow subsidiaries of Geojit Investments Ltd (GIL) are Geojit Financial Services Limited (GFSL), Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Fintech Private Ltd, Geojit IFSC Ltd (a company incorporated under IFSC Regulations), Qurum Business Group Geojit Securities LLC (a subsidiary of holding company in Oman engaged in Financial Services), Barjeel Geojit Financial Services LLC (a joint venture of holding company in UAE engaged in Financial Services), and BBK Geojit Consultancy and Information KSC (C) (a joint venture in Kuwait-engaged in Financial services). In the context of the SEBI Regulations on Research Analysts (2014), GIL affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above-mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

1. Disclosures regarding Ownership:

GIL confirms that:

(i)It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report.

(ii)It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein, at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:

(i) He, his associates and his relatives shall take reasonable care to ensure that they do not have any financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report.

(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report.

2. Disclosures regarding Compensation:

During the past 12 months, GIL or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

3. Disclosure by GIL regarding the compensation paid to its Research Analyst:

GIL hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. **Disclosure regarding the Research Analyst's connection with the subject company:** It is affirmed that I, Gopika Gopan, Research Analyst (s) of GIL have not served as an officer, director or employee of the subject company.

5. **Disclosure regarding Market Making activity:** Neither GIL/its Analysts have engaged in market making activities for the subject company.

6. **Disclosure regarding conflict of interests:** GIL shall abide by the applicable regulations/ circulars/ directions specified by SEBI and Research Analyst Administration and Supervisory Body (RAASB) from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. GIL will endeavour to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

7. "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

8. Clients are required to keep contact details, including email id and mobile number/s updated with the GIL at all times.

9. In the course of providing research services by GIL, GIL cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit GIL to execute any trade on their behalf.

10. GIL will never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. The Clients are advised not to share such information with anyone including GIL.

11.Standard Warning: "Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

12. Disclosures regarding Artificial Intelligence tools. Neither Geojit Investments Limited nor its Analysts have utilized any AI tools in the preparation of the research reports.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

Geojit Investments Ltd. Registered Office: 7th Floor 34/59-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

GRIEVANCES

Step 1: The client should first contact the RA using the details on its website or following

contact details: Compliance officer: Ms. Indu K. Address: 7th Floor, 34/659-P, Civil Line Road, Padivattom, Ernakulam,; Phone: +91 484-2901367; Email: compliance@geojit.com. For Grievances: grievances@geojit.com. **Step 2:** If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in **Step 3:** The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>

Corporate Identity Number: U66110KL2023PLC080586, Research Entity SEBI Reg No: INH000019567; Depository Participant : IN-DP-781-2024.

