


**Q3FY26 Performance**

- Q3FY26 revenue stood at ₹647crs, up 36% YoY but down 53% sequentially, reflecting normalization after a strong Q2. Importantly, the quarter had no Revlimid contribution, indicating performance was entirely driven by the core base business. EBITDA stood at ₹159crs, up 309% YoY on a low base but down 73% QoQ, with margins at 25% versus 8% YoY and 42% QoQ. Reported PAT came in at ₹151crs, up 14% YoY but down 71% sequentially, reflecting normalization in profitability on a sustainable earnings base.
- The company also completed the acquisition of a 35.75% stake in Adcock Ingram Holdings, South Africa. Adcock reported revenue of ₹2,464crs and PAT of ₹198crs for the 1H FY25. The company accounted for ₹29.65crs as its share of profit based on the holding period, which reduced to ₹10.90crs after one-time amortization of ₹18.75crs.
- During Q3FY26, the company launched Risdiplam in India for the treatment of Spinal Muscular Atrophy, further strengthening its domestic portfolio.

**Management concall Highlights**

- **Adcock Ingram Acquisition:** The company is consolidating 35.75% of Adcock Ingram's profits into Natco's financials. An annual amortization charge of approximately ₹10–14crs (around ₹3crs per quarter) is expected. While Adcock's business has remained largely flat historically, management aims to enhance growth by leveraging Natco's oncology, GLP-1, and HIV pipelines to strengthen Adcock's product portfolio. The full financial and strategic benefits of this integration are expected to materialize over the next 18–24 months.
- **Semaglutide Launch (Ozempic & Wegovy):**
  - The company has filed applications for both the diabetes (generic Ozempic) and weight management (generic Wegovy) variants of semaglutide. The Ozempic application has received SEC committee clearance, and the commercial license is expected shortly. The clinical trial for Wegovy is nearing completion, following which the company intends to file for regulatory approval.
  - Management indicated that the launch is planned post-March, subject to market opening conditions. The company is also engaged in ongoing patent litigation related to these products and maintains a defined legal strategy to enable commercialization once regulatory and market pathways become clear.
- **Crop Health Sciences Demerger:** The company has initiated the process and is targeting completion by October–November; however, timelines have not yet been finalized.
- **Cash Position & Capital Allocation Strategy:** Post the Adcock acquisition, the company holds a cash balance of approximately ₹2,500–2,700crs. Management has said that capital allocation remains focused on pursuing strategic acquisitions rather than shareholder distributions. The company is actively evaluating 2–3 acquisition targets, primarily in emerging markets and established branded businesses. Management intends to close one or more sizeable transactions, subject to due diligence and regulatory approvals, with additional opportunities being assessed on an ongoing basis.
- **eGenesis Investment:** The company has invested \$8 million in eGenesis, which is developing genetically modified pig organs for human transplantation. Management views this as a high-risk, high-reward opportunity with potentially disruptive implications and remains optimistic about meaningful value creation if clinical trials are successful

**Important Data**

Nifty	25,682.75
Sensex	83,277.15

**Key Stock Data**

Close* (₹)	881.45
Market Cap (₹ bn)	157.25
52W High/Low	₹1,059 / 727
NSE Code	NATCOPHARM
BSE Code	524816
Bloomberg Code	NTCPH IN

*Close\* as on 16th Feb 2026*

Shareholding Pattern (%)	Jun'25	Sep'25	Dec'25
Promoter	49.56%	49.48%	49.48%
DIs	15.52%	14.09%	15.16%
FIs	5.81%	5.87%	5.39%
Public & Others	29.12%	30.56%	29.97%

**Financial Summary**

Particulars	(₹ crs)					
	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,945	2,707	3,999	4,430	3,999	2,557
growth %	-5%	39%	48%	11%	-10%	-36%
EBITDA	263	935	1,751	2,195	1,460	588
EBITDA margins %	14%	35%	44%	50%	37%	23%
PAT	170	715	1,388	1,883	1,304	534
PAT margins %	9%	26%	35%	43%	33%	21%
EPS	9	40	77	105	73	30
ROE %	4%	15%	24%	25%	15%	6%
ROCE %	6%	20%	34%	30%	17%	6%
P/E Ratio	88	21	11	8	11	28
EV/EBITDA (x)	60	15	8	6	8	20

*Source: Company, Way2Wealth Research*
**Relative Performance**

Return (%)	1Yr	3Yr	5Yr
NATCO PHARMA	1%	68%	8%
Nifty 50	12%	43%	69%
Nifty Pharma	7%	85%	78%

*Source: Company, Way2Wealth Research*
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- **USFDA Update on plant:** The Kothur warning letter has been resolved. Mekaguda has received clearance, Chennai is awaiting final classification, and the Vizag facility is due for inspection.
- **Management guidance:** The company expects to meet its revenue guidance of ₹4,200–4,300crs. Over the medium to long term, management has expressed an ambition to scale meaningfully, with a potential pathway toward ₹10,000crs in turnover. Growth is expected to be driven by a combination of organic expansion, sizeable M&A transactions, and a potential increase in stake in Adcock, subject to shareholder willingness. Management believes acquisition opportunities outside India offer relatively superior returns on capital, albeit with associated geopolitical and execution risks.
- **Semaglutide (India):** The domestic business is expected to grow by over 20%, primarily supported by the semaglutide launch, which is anticipated to be a key incremental growth driver.
- **Olaparib / Carfilzomib Litigation:** Litigation remains ongoing and launch timelines are currently uncertain. The company is pursuing settlement discussions where applicable and holds exclusivity for certain strengths, subject to legal outcomes.

### View & Valuation

- We believe the current quarter reflects a normalized earnings base in the absence of Revlimid contribution. Going ahead, Growth is likely to be driven by new product launches, traction in emerging markets, and incremental contribution from Adcock. We expect the domestic business to benefit from the semaglutide and Risdiplam launches, which could support healthy growth momentum. In the U.S., upcoming approvals and select launches should provide incremental revenue visibility over the coming quarters. Emerging markets, particularly Brazil and other subsidiaries, are likely to remain steady contributors.
- Looking ahead, we expect the company's growth trajectory to be supported by key product launches over the next few years, including Semaglutide, Carfilzomib, Trabectedin, and Imbruvica. Among these, Semaglutide remains the most critical growth driver across India, the U.S., and other regulated markets. In parallel, the company continues to evaluate acquisition opportunities to strengthen its presence in RoW markets and expand its U.S. prescription portfolio.
- We project FY27E revenue, EBITDA, and PAT at ₹2,557crs, ₹588crs, and ₹534crs, respectively. Margins are expected to moderate, with EBITDA and PAT margins declining to 23% and 21%, respectively, reflecting earnings normalization in the absence of Revlimid contribution. We had initiated a Quick Insight report on 21<sup>st</sup> January at a CMP of ₹1,220. At the current price, Natco Pharma trades at 28x FY27E EPS of ₹30 and 20x EV/EBITDA. Given the limited near-term upside and a balanced risk-reward profile, **we assign an EXIT rating**. We will continue to monitor developments closely and may review, as we see any signs of better earnings visibility from upcoming product launches in the coming quarters.

**Quarterly Financials**

(₹ crs)

Quarterly performance	Q3FY26	Q3FY25	YoY %	Q2FY26	QoQ %	9MFY26	9MFY25	YoY %
Revenue (net)	647	475	36%	1,363	-53%	3,339	3,209	4%
<b>TOTAL INCOME</b>	647	475	36%	1,363	-53%	3,339	3,209	4%
<b>Total Material Cost</b>	133	83	61%	170	-22%	536	441	22%
<i>% of Revenue</i>	21%	17%		12%		16%	14%	
<b>Gross Profit</b>	514	392	31%	1,193	-57%	2,803	2,768	1%
<i>% Margin</i>	79%	83%		88%		84%	86%	
Employees exp	159	142	13%	200	-20%	529	435	22%
<i>% of Revenue</i>	25%	30%		15%		16%	14%	
other expenses	196	212	-7%	414	-53%	966	685	41%
<b>TOTAL OPER EXPENDITURE</b>	489	436	12%	784	-38%	2,030	1,561	30%
<i>% of Revenue</i>	75%	92%		58%		61%	49%	
<b>EBITDA</b>	159	39	309%	579	-73%	1,309	1,648	-21%
<i>% Margin</i>	25%	8%		42%		39%	51%	
Depreciation	46	47	-2%	52	-12%	156	137	14%
<b>Operating Profit</b>	113	(8)	-1472%	527	-79%	1,153	1,511	-24%
<i>% Margin</i>	17%	-2%		39%		35%	47%	
Other Income	58	176	-67%	100	-42%	220	288	-24%
<b>EBIT</b>	171	168	1%	627	-73%	1,373	1,799	-24%
Finance Cost	10	4	116%	13	-27%	26	14	88%
<b>EBT</b>	161	164	-2%	614	-74%	1,347	1,786	-25%
<b>Total Tax Expense / (Credit)</b>	21	31	-34%	96	-78%	208	308	-32%
<b>PAT (Reported)</b>	151	132	14%	518	-71%	1,150	1,477	-22%
<i>% Margin</i>	23%	28%		38%		34%	46%	
<b>PAT (Adjusted)</b>	151	132	14%	518	-71%	1,150	1,477	-22%
<i>% Margin</i>	23%	28%		38%		34%	46%	
EPS - Reported	8.5	7.4	14%	28.9	-71%	64	83	-22%
EPS - Adjusted	8.5	7.4	14%	28.9	-71%	64	83	-22%

Source: Company, Way2Wealth Research

**Financials**

(₹ crs)

Particulars (Rs. Cr)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue (net)	2052	1,945	2,707	3,999	4,430	3,999	2,557
<b>TOTAL INCOME</b>	<b>2,052</b>	<b>1,945</b>	<b>2,707</b>	<b>3,999</b>	<b>4,430</b>	<b>3,999</b>	<b>2,557</b>
growth %		-5%	39%	48%	11%	-10%	-36%
<b>Total Material Cost</b>	<b>511</b>	<b>561</b>	<b>627</b>	<b>717</b>	<b>690</b>	<b>648</b>	435
<b>Gross Profit</b>	<b>1,541</b>	<b>1,384</b>	<b>2,080</b>	<b>3,282</b>	<b>3,740</b>	<b>3,351</b>	2,122
% Margin	75%	71%	77%	82%	84%	84%	83%
Employees exp	415	445	487	525	595	694	639
other expenses	520	676	658	1,006	949	1,197	895
<b>TOTAL OPER EXPENDITURE</b>	<b>1,446</b>	<b>1,682</b>	<b>1,772</b>	<b>2,248</b>	<b>2,234</b>	<b>2,539</b>	1,969
% of Revenue	70%	86%	65%	56%	50%	63%	77%
<b>EBITDA</b>	<b>606</b>	<b>263</b>	<b>935</b>	<b>1,751</b>	<b>2,195</b>	<b>1,460</b>	588
% Margin	30%	14%	35%	44%	50%	37%	23%
Depreciation	117	143	164	187	235	220	280
<b>Operating Profit</b>	<b>489</b>	<b>121</b>	<b>772</b>	<b>1,564</b>	<b>1,960</b>	<b>1,240</b>	307
% Margin	24%	6%	29%	39%	44%	31%	12%
Other Income	104	99	105	128	355	260	200
<b>EBIT</b>	<b>593</b>	<b>220</b>	<b>876</b>	<b>1,692</b>	<b>2,315</b>	<b>1,500</b>	507
Finance Cost	13	18	15	19	24	31	24
<b>EBT</b>	<b>579</b>	<b>202</b>	<b>862</b>	<b>1,673</b>	<b>2,291</b>	<b>1,469</b>	483
<b>Total Tax Expense / (Credit)</b>	<b>137</b>	<b>32</b>	<b>147</b>	<b>285</b>	<b>408</b>	<b>231</b>	82
<b>PAT (Reported)</b>	<b>442</b>	<b>170</b>	<b>715</b>	<b>1,388</b>	<b>1,883</b>	<b>1,304</b>	534
% Margin	22%	9%	26%	35%	43%	33%	21%
EPS - Reported	24.6	9.4	39.7	77.1	105.2	72.9	29.8

Source: Company, Way2Wealth Research

**Coverage**

Date	Coverage	Report Price (₹)	Buy Range (₹)	Target Price (₹)
21-Jan-25	Quick Insight	1,240.00	1200 – 1240	1460 – 1500
17-Feb-25	Q3FY25	880.95		
2-Jun-25	Q4FY25	883.00		
19-Aug-25	Q1FY26	874.45		
19-Nov-25	Q2FY26	814.55		

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**Disclosure of Interest Statement: Natco Pharma Ltd. as on 17<sup>th</sup> February 2026**

Name of the Security	Natco Pharma Ltd.
Name of the analyst	Rupali Singh
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	Yes (10 Shares bought on 12 December 2024)
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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