

24 March 2026

To,

The Board of Directors,

NATCO Pharma Limited

NATCO House, Road No-2,

Banjara Hills,

Hyderabad, Telangana, 500034.

Sub: Fairness opinion on the fair share entitlement ratio proposed by an independent registered valuer for proposed demerger of Crop Health Sciences Business from NATCO Pharma Limited into NATCO Crop Health Sciences Limited

Dear Sir / Madam,

We refer to our engagement letter dated 31 October 2025 (“Engagement Agreement”) whereby Ernst & Young Merchant Banking Services LLP (hereinafter referred to as “EY” or “we” or “us”) was appointed by NATCO Pharma Limited (“NATCO” or “Client” or “you” or “Demerged Company”) to provide a fairness opinion on the fair share entitlement ratio proposed by an independent registered valuer, PwC Business Consulting Services LLP (“Registered Valuer”), with IBBI Registration No. IBBI/RV-E/02/2022/158, for the proposed demerger of Crop Health Sciences Business (“Demerged Undertaking”) from NATCO Pharma Limited into its wholly owned subsidiary Natco Crop Health Sciences (“NATCO CHS” or “Resulting Company”) and issue of equity shares by Resulting Company to the existing shareholders of Demerged Company as consideration, through a scheme of arrangement (“Proposed Demerger”). As part of the Demerger, Demerged Company will continue to hold its equity shares in the Resulting Company. Post fresh issuance of equity shares by Resulting Company to existing shareholders of Demerged Company, stake held by Demerged Company in Resulting Company would become 20% with the balance 80% stake being held by shareholders of Demerged Company. This effectively is similar to mirror shareholding in both Demerged Company and Resulting Company.

NATCO and NATCO CHS shall hereinafter be collectively referred to as “Companies”.

Our deliverable for this engagement is this fairness opinion report (“Fairness Opinion Report” or “Report”) dated 24 March 2026 (“Report Date”).

The fair share entitlement ratio for this Report refers to the number of equity shares of NATCO CHS of face value of INR 2/- each fully paid up, which would be issued to the equity shareholders of NATCO in lieu of demerger of Demerged Undertaking from NATCO into NATCO CHS pursuant to the Proposed Demerger.

Ernst & Young Merchant Banking Services LLP, Category - I Merchant Banker, holds a Certificate of Registration granted by the Securities and Exchange Board of India (SEBI) vide registration number INM000010700 dated 9 February 2022.



SCOPE AND PURPOSE OF THIS REPORT

NATCO is a company incorporated under the provisions of the Companies Act, 1956 on 19 September 1981 and has its registered office in Hyderabad, India. NATCO is engaged business of pharmaceuticals and agricultural chemicals which comprises research and development, manufacturing and selling of bulk drugs and finished dosage formulations. NATCO primarily operates in two key segments: pharmaceuticals and agrochemicals. The equity shares of NATCO are listed on National Stock Exchange of India Limited (“NSE”) and BSE Limited (“BSE”).

NATCO CHS, incorporated on 26 December 2025, is a wholly owned subsidiary of NATCO which does not have any operations currently.

We understand that Management and Board of Directors of NATCO, that they are contemplating the demerger, transfer and vesting of all the businesses, undertakings, activities and operations of NATCO pertaining to the Demerged Undertaking into NATCO CHS on a going concern basis, and issue equity shares of NATCO CHS to the shareholders of NATCO in consideration thereof, under a Scheme of Arrangement (“Scheme”) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, as may be applicable:

The shareholders of NATCO would receive equity shares of NATCO CHS of face value of INR 2/- each fully paid up as consideration, in addition to the equity shares of NATCO they hold, for Proposed Demerger of Demerged Undertaking from NATCO into NATCO CHS, at fair share entitlement ratio (“Share Entitlement Ratio”) recommended by the Registered Valuer. The Share Entitlement Ratio defined in this Report is same as defined in the Registered Valuer’s report dated 24 March 2026.

In this connection, the Management / Board of Directors of NATCO has engaged EY to submit a report on fairness opinion on the Fair Share Entitlement Ratio as recommended by Registered Valuer before the Board of Directors of NATCO (“Purpose”).

As per the Scheme and Registered Valuer’s report, we understand that the Appointed Date for the Transaction is 01 October 2026 (“Appointed Date”) or such other date as may be decided or approved by the National Company Law Tribunal or such other appropriate authority.

The scope of our services is to issue a Fairness Opinion Report on the Share Entitlement Ratio recommended by the Registered Valuer for the Proposed Demerger.

We have been provided with the Share entitlement ratio report issued by Registered Valuer titled “*Share Entitlement Ratio for the proposed demerger of Crop Health Sciences Business from NATCO Pharma Limited into Natco Crop Health Sciences Limited*” dated 24 March 2026.

We have been informed that all material information impacting the Companies have been disclosed to us.



We have been informed that there would not be any capital variation in the Companies till the Scheme becomes effective, except issuance and/ or conversion of employee stock options/ units in normal course of the business of the Companies. In the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Scheme becomes effective, the issue of shares pursuant to the Share Entitlement Ratio recommended in the Share entitlement ratio report shall be adjusted accordingly to take into account the effect of any such corporate actions.

We have relied on the above for the purpose of providing Fairness Opinion Report for the Proposed Demerger.

The Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

The Report has been issued only for the purpose of facilitating the Proposed Demerger and should not be used for any other purpose.

SOURCES OF INFORMATION

In connection with this exercise, we have received/obtain the following information from the Management:

- Registered Valuer's Report titled "*Share Entitlement Ratio for the proposed demerger of Crop Health Sciences Business from NATCO Pharma Limited into Natco Crop Health Sciences Limited*" dated 24 March 2026;
- The draft scheme of arrangement between NATCO and NATCO CHS for the Proposed Demerger;
- Background information regarding the NATCO and NATCO CHS provided through emails or during discussions.
- Shareholding pattern of NATCO CHS and NATCO as at Report Date.

In addition, we have obtained information from public sources/ proprietary databases including Annual reports and quarterly results of NATCO.

During the discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. The Client has been provided with the opportunity to review the draft report (excluding the Share Entitlement Ratio proposed by the Registered Valuer and the fairness opinion on the Share Entitlement Ratio recommended by the Registered Valuer for the Proposed Demerger) as a part of our standard practice to make sure that factual inaccuracy/omissions are avoided in the Report.

PROCEDURES ADOPTED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Considered data available in public domain related to the Companies including financial results.
- Discussions (physical/ over call) with the Management.
- Analysed shareholding pattern of the Companies.



- Reviewed the relevant portions of draft Scheme of Arrangement between NATCO and NATCO CHS
- Reviewed the Share Entitlement Ratio arrived by the Registered Valuer and had discussions to seek clarifications.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of fairness opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The user to which this Report is addressed should read the basis upon which the Report has been done and be aware of the potential for later variations in the Share Entitlement Ratio due to factors that are unforeseen at the Report date. Due to possible changes in market forces and circumstances, this opinion can only be regarded as relevant as at the Report Date.

EY is not responsible for choice of the Report Date/Appointed Date, and we have not looked at the appropriateness of the same.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the Engagement Agreement. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client's existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

The fairness opinion has been performed based on the Registered Valuer's Report on Share Entitlement Ratio dated 24 March 2026 and shareholding of Companies. The Management has also confirmed that there has not been any material change in the business operations and balance sheet of NATCO and NATCO CHS since the last available financial statements up to the Report date.

An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.



The Client/owners and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Client, their management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

Providing fairness opinion is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, our opinion will have to be tempered by the exercise of judicious discretion and judgment taking into accounts all the relevant factors. There is, therefore, no indisputable single Share Entitlement Ratio. The final responsibility for the determination of the Share Entitlement Ratio at which the Proposed Demerger shall take place will be with the Board of Directors of the Client who should take into account other factors such as their own assessment of the Proposed Demerger and input of other advisors.

We have assumed that the Proposed Demerger will be consummated on the terms set forth in the draft Scheme and that the final version of the Scheme will not change in any material respect from the draft version we have reviewed for the purpose of this opinion.

EY is not aware of any contingency, commitment or material issue which could materially affect the economic environment and future performance of NATCO and NATCO CHS.

The Report assumes that the NATCO and NATCO CHS comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that NATCO and NATCO CHS will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the annual report of NATCO.

The fairness opinion is governed by concept of materiality.

It has been assumed that the required and relevant policies and practices have been adopted by NATCO and NATCO CHS and would be continued in the future.

We owe responsibility to only to the Client that has appointed us under the terms of the Engagement Agreement. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person.

The Report does not address the relative merits of the Proposed Demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

We have also relied on data from external sources to conclude the fairness opinion. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.



Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

The fee for the Report is not contingent upon the results reported.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Demerger, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of the Client will trade following announcement of the Proposed Demerger, and we express no opinion or recommendation as to how the shareholders of Client should vote at any shareholders' meeting(s) to be held in connection with the Proposed Demerger.

The fairness opinion's analysis and result are governed by the concept of materiality.

It has been assumed that the required and relevant policies and practices have been adopted by the Companies and would be continued in the future.

The figures in the tables in the Report may not sum or cross cast, due to rounding differences.



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CAPITAL STRUCTURE

NATCO Pharma Limited

The issued and subscribed equity share capital of NATCO as at Report Date is INR 358.2 mn consisting of 179,109,879 equity shares of face value of INR 2/- each fully paid up.

The shareholding pattern of NATCO as at Report Date is as follows:

Particulars	No. of shares	% shareholding
Promoter & Group	88,515,126	49.42%
Public	90,594,744	50.58%
Total	179,109,870	100.0%

Source: Management

As of Report Date, NATCO does not have ESOPs/RSUs/Warrants/Convertible Instruments etc

Natco Crop Health Sciences Limited

The issued and subscribed equity share capital of NATCO CHS as of Report Date is INR 89.6 mn consisting of 44,777,468 equity shares of face value of INR 2/- each fully paid up.

The shareholding pattern of NATCO CHS as at Report Date is as follows:

Particulars	No. of shares	% shareholding
NATCO	44,777,468	100.0%
Total	44,777,468	100.0%

Source: Management

As informed by the Management,

- As of Report date, there are no ESOPs outstanding in NATCO CHS.
- There would not be any capital infusion into NATCO CHS by NATCO via equity shares prior to the completion of the Proposed Demerger.

REGISTERED VALUER'S RECOMMENDATION

The Registered Valuer has recommended the following Fair Share Entitlement Ratio for the Proposed Demerger:

- 1 (One) fully paid-up equity share of INR 2/- (Indian Rupees Two) each in NATCO CHS for every 1 (One) fully paid-up equity share of INR 2/- (Indian Rupees Two) each held in NATCO.



OUR OPINION

Based on the above, the Share Entitlement Ratio can be considered as fair to the shareholders of NATCO for the Proposed Demerger as the effective equity shareholding of the shareholders of NATCO before the Proposed Demerger would remain same in NATCO and NATCO CHS after the Proposed Demerger.

It should be noted that we have examined only the fairness of the Share Entitlement Ratio for the Proposed Demerger, as recommended by the Registered Valuer, from financial perspective only and have not examined any other matter including economic impact or rationale of the transfer per se, or accounting and tax matters involved in the Proposed Demerger.

Respectfully submitted,

Ernst & Young Merchant Banking Services LLP



Parag Mehta

Partner

Place: Mumbai

Date: 24 March 2026

