



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

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF NATCO PHARMA LIMITED ("NPL" OR "COMPANY" OR "DEMERGED COMPANY") IN ACCORDANCE WITH SECTION 232(2)(c) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON TUESDAY THE 24TH DAY OF MARCH, 2026 AT REGISTERED OFFICE OF THE COMPANY SITUATED AT NATCO HOUSE, ROAD NO.2, BANJARA HILLS, HYDERBAD – 500 034, TELANGANA THROUGH VIDEO CONFERENCE

1. Background

- 1.1. Based on the recommendations of the Audit Committee and the Independent Directors Committee ("ID Committee") of the Company, the Board of Directors of the Company at its meeting held on 24th day of March, 2026, had, subject to applicable approvals, approved the draft Scheme of Arrangement amongst NATCO Pharma Limited ("NPL" or the "Company" or the "Demerged Company") and Natco Crop Health Sciences Limited ("NCHSL" or the "Resulting Company") (Company and NCSHL collectively referred to as, the "Companies") and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules and/or regulations made thereunder (as amended from time to time) ("Companies Act"), Section 2(19AA) read with other relevant provisions of the Income Tax Act, 1961 (as amended from time to time) ("IT Act") and other applicable laws including the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by the Securities and Exchange Board of India ("SEBI") on 20th June, 2023 (as amended from time to time) or any other circulars issued by SEBI applicable to schemes of arrangement from time to time ("SEBI Scheme Circular" and such scheme, the "Scheme").
- 1.2. As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors explaining the effect of the Arrangement on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders has to be appended with the notice of the meeting of the shareholders and the creditors. Further, the said Report has to lay out in particular the share exchange ratio, specifying any special valuation difficulties.
- 1.3. Accordingly, this report of the Board is prepared to comply with the requirements of Section 232(2)(c) of the Companies Act, 2013.





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1.4. The following documents were placed before the Committee for its consideration:

- (a) Draft Scheme;
- (b) Share Entitlement Ratio Report dated 24th March, 2026 ("SER Report") issued by M/s. PwC Business Consulting Services LLP, Registered Valuer (IBBI Registered Valuer No. IBBI/RV-E/02/2022/158), basis which, the Resulting Company shall issue shares to the members of the Company;
- (c) Fairness Opinion Report dated 24th March, 2026 ("Fairness Opinion") issued by M/s. Ernst and Young Merchant Banking Services LLP, an independent SEBI Registered Category-I Merchant Banker (SEBI Registration No. INM000010700), providing its opinion on the fairness of the Share Entitlement Ratio as provided in the SER Report;
- (d) Auditors' Certificate dated 24th March, 2026 ("Auditors' Certificate") issued by M/s. B S R and Co, Chartered Accountants (Firm Registration No. 128510W), the statutory auditors of the Company, as required under Section 232(3) of the Companies Act, 2013 certifying that the accounting treatment contained in the draft Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013;
- (e) Undertaking dated 24th March, 2026, confirming the non-applicability of the requirements under Para A(10)(b) read with Para A(10)(a) of the Part I of the SEBI Scheme Circular relating to obtaining approval of the majority of public shareholders.
- (f) Certificate dated 24th March, 2026 from M/s. B S R and Co, Chartered Accountants, Statutory Auditors of the Company, certifying the undertaking in relation to the non-applicability of the requirements under Para A (10)(b) read with Para A (10)(a) of the Part I of the SEBI Scheme Circular relating to obtaining approval of the majority of public shareholders.
- (g) Report dated 24th March, 2026, adopted by the Audit Committee of the Company in terms of the requirements of the SEBI Scheme Circular;
- (h) Report dated 24th March, 2026, adopted by the ID Committee of the Company in terms of the requirements of the SEBI Scheme Circular; and
- (i) Other presentations, reports, documents and information made to/ furnished before the Board of Directors of the Company pertaining to the draft Scheme.

The following is the Report taking into consideration the aforesaid provision:





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2. Share Entitlement Ratio

2.1. Upon the Scheme becoming effective and in consideration of the Demerger, the Resulting Company shall, as per the Share Entitlement Ratio (as defined below), issue and allot equity shares, credited as fully paid-up to the members of the Company who are holding fully paid up Ordinary Shares and whose names appear in the register of members, including register and index of beneficial owners maintained by the depositories on the record date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the record date in the following manner:

'For every 1 fully paid up equity share of INR 2/- (Rupee Two only) each held in Natco Pharma Limited, 1 fully paid up equity share of face value of INR 2/- (Rupee Two only) in Natco Crop Health Sciences Limited" ("Share Entitlement Ratio")

2.2. Share Entitlement Ratio was recommended by PwC Business Consulting Services LLP, Registered Valuer (IBBI Registered Valuer No. IBBI/RV-E/02/2022/158), under the SER Report. The SER Report was obtained in terms of the SEBI Scheme Circular. The Registered Valuer appointed to determine the recommended Share Entitlement Ratio for the proposed demerger pursuant to the Scheme has not expressed any difficulty while determining the same.

2.3. Fairness Opinion obtained from M/s. Ernst and Young Merchant Banking Services LLP, an independent SEBI Registered Category-I Merchant Banker (SEBI Registration No. INM000010700) has in its Fairness Opinion opined that the proposed Share Entitlement Ratio recommended by the Registered Valuer is fair and reasonable and does not mention any special valuation difficulties.

2.4. The recommendation of the Share Entitlement Ratio for the proposed Demerger pursuant to the Scheme has been considered and taken on record by the Board of Directors of the Company, the Audit Committee of the Company and the ID Committee of the Company.





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- 3. Effect of the Scheme of Arrangement on the Promoter/Non-Promoter shareholders of the Demerged Company**
- 3.1. There is only one class of shareholder i.e. equity shareholders, which includes the promoter as well as non-promoter shareholders of the Demerged Company.
- 3.2. On demerger, the shareholders of the Demerged Company would receive shares in the Resulting Company i.e. Natco Crop Health Sciences Limited ("NCHSL" or the "Resulting Company") whose names appear in the register of members, including register and index of beneficial owners maintained by the depositories on the record date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date, as per the above mentioned Share Entitlement Ratio. The existing shareholding of the Demerged Company in the Resulting Company shall continue upon the Scheme becoming effective and following the issuance of the equity shares in accordance with paragraph 2.1 above the Company's shareholding in the Resulting Company shall stand at 20% of the issued and paid-up share capital of the Resulting Company post Demerger coming into effect.
- 3.3. Shares issued by the Resulting Company pursuant to the Demerger shall rank pari passu in all respects with the existing shares of the Resulting Company. The shares of the Resulting Company shall be listed and/or admitted to trading on NSE and BSE.
- 3.4. There will be no detrimental impact on the shareholders of the Company due to the proposed Scheme, given all the shareholders of the Demerged Company shall, upon Demerger be the ultimate beneficial economic owners of the Resulting Company and upon allotment of equity shares of the Resulting Company as per Share Entitlement Ratio recommended under the SER Report, the ultimate beneficial economic interest of the shareholders in the share capital of the Resulting Company shall be the same as in the share capital of the Company. That is, shareholders of the Company will have direct interest over the Resulting Company through the 80% of the share capital proposed to be issued by the Resulting Company (in the same proportion as they hold shares in the Company) and 20% of the interest in the Resulting Company will be held indirectly through their shareholding in the Company.
- 3.5. The shareholders of the Demerged Company, classified as promoters and public currently, receiving equity shares in the Resulting Company, upon demerger would be classified as promoters and public in the same manner as that in the Demerged Company and thus, the overall economic interest of equity shareholders of the Demerged Company shall remain the same.





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4. Effect of the Scheme on the Key Managerial Person (KMP) of the Demerged Company

4.1. KMPs as shareholders of the Demerged Company

KMPs who holds shares in the Demerged Company on the Record Date would be allotted shares in the Resulting Company on demerger as per the Scheme.

5. Adoption of the Board Report by the Board of Directors

5.1. The Board of Directors of the Company have adopted this Board Report after noting and considering the information set forth in this Report. The Board of Directors of the Company or any fully authorized Committee by the Board of Directors of the Company is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For and on behalf of the Board of Directors of
NATCO Pharma Limited

V.C. Nannapaneni

Chairman & Managing Director

DIN: 00183315



Date:24.03.2026

Place: Hyderabad