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focus on high-value niche products. With key launches in the US and Indian markets, we continued to make progress and deliver strong results in the year under review.

### Complex products, simple strategy

Since inception, we have tried to make our products accessible and affordable. In the last fiscal, we strengthened our R&D pipeline to develop generic drugs that meet the evolving medical threats affecting patients across the globe.

It was certainly a successful year in terms of financial results, and in laying the groundwork for our future pipeline. The year reinforced our vision to look for complex products that may involve long gestation periods but drive long-term growth. We are confident of the course we are defining for ourselves.

### A year of many wins

NATCO made considerable progress during the year and registered a PAT of ₹6,962 million, an increase of 43.2% compared to the previous financial year. Most importantly, our total revenue exceeded our targets and came in at ₹22,424 million, posting a growth of 7.9% over FY 2016-17.

In formulations, overall revenue has improved from the prior year. This is notable given the pricing pressure and a volatile geo-political environment faced by pharmaceutical companies in the US during the year.

The fiscal was marked by launches in the US that validated our efforts to focus on complex products. After a decade of labour led by our robust R&D strengths and resourceful collaboration with our marketing partner, in FY 2017-18, we launched our first Glatiramer Acetate injection of 40 mg/mL and 20 mg/mL in the US. With this launch, we have been able to penetrate into the US market with more affordable pricing of this drug to the patient base suffering from a chronic inflammatory



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disease of the central nervous system. We also received approval for another complex product, the anti-cancer drug Doxorubicin Hydrochloride Liposome injection. This approval is an extension of our commitment to bring generic versions of complex products to patients at large.

The RoW markets also supported our growth in the last fiscal. The subsidiaries generated a total revenue of ₹945.5 million (net). Amongst these, Canada was profitable with about ₹737 million in revenue, while our arm in Singapore had a fruitful year with eight product approvals.

Our domestic formulations business accounted for 32% of our revenue from operations for FY 2017-18. As one of the major pharmaceutical companies in oncology in India, we have strengthened our presence in the domestic market. The domestic oncology formulations business continued to be strong during the year in spite of temporary headwinds driven by policy reforms such as the Goods and Services Tax (GST). This was possible due to some first-to-launch generic domestic oncology products and the continued growth of our existing products.

Our specialty pharma segment witnessed some corrections owing to price erosion and thereby reduction in market size of our Hepatitis C product basket. However, as Hepatitis C cases are on the decline, we continue on our business goal to find cost-effective medicines for unmet patient needs.

Last year, we launched our new business vertical – Cardiology and Diabetology (CnD). In the year under review, we launched first-to-market niche products in this segment and we remain enthused about the growth opportunities the segment has to offer for specialised and niche molecules.

### Following the well-defined path

We will continue to focus on high barrier-to-entry products as a core business strategy in order to create long-term growth opportunities. In FY 2017-18, we raised around ₹9,150 million via a Qualified Institutional Placement (QIP). This capital will be invested in organic growth and potential niche inorganic opportunities. Our aim remains to stay sufficiently cash-rich to move forward with high-risk R&D and build long-term business prospects.

At NATCO, we have relied on our robust R&D, manufacturing capabilities and strategic partners to drive growth through focus on exclusivity-driven, niche products, no matter how long the development period. We have carefully chosen to balance a long-gestation approach for the US market, with shorter gestation and high-growth opportunities in the Indian market. We remain focused on creating solutions designed to address the challenges of today and anticipate the needs of tomorrow.

Globally, we intend to focus on sales growth in existing geographies in Europe, Canada and Brazil and grow our market share in newer markets such as Australia and Philippines by increasing our product portfolio. We will continue to carefully select products of value for launch in Europe. We are in the process of marketing and distributing our products in South East Asia through our subsidiary in Singapore and other third-party distributors, with a similar strategy in Australia. In the future, we may either engage with companies with strong local presence or appoint local distributors through whom we can undertake our own sales and marketing, in Europe and the RoW.

Our strategy in the emerging markets will be to create strong local presence and expertise with required infrastructure and develop capabilities to exploit the growth potential offered by these markets. Further, it remains one of our core focus areas to improve the reach of the Hepatitis C generic in these markets.

### Science. Success. Stability

One of our business strengths remains our knowledgeable R&D team and product development capabilities. We continue to sharpen our focus and drive efforts that involve identifying risks at the R&D stage to enable better and quicker decisions, and thereafter accelerate the pace at which we receive product approvals. We received six ANDA approvals from the USFDA in FY 2017-18. Our R&D spends for the fiscal stood at ₹1,665 million, 7.8% of the standalone revenue. We persist on driving our R&D team to identify unique pharmaceutical solutions that may have a life-changing impact on patients while creating enhanced value for our stakeholders.

### Enabling inclusive growth

At NATCO, Corporate Social Responsibility (CSR) has been an integral part of the way we have been doing our business since inception. The Company's CSR initiatives provide vital support in the fields of healthcare, education and also provide livelihoods to the communities we serve and the society at large. We have also made steady progress towards reducing our environmental impact by enhancing the utilisation of renewable energy across our units and having a well-defined Environment, Health and Safety (EHS) policy in place. We endeavour to build a more sustainable future and accordingly enhance our business from financial, environmental and social perspectives.

### Our skilled team

At NATCO, our team consistently strives to drive business potential and contribute to the global pharma landscape more impactfully. We continue to deep-dive into intellectual property aspects while developing technologies. We are thankful for the passion with which our teams collaborate and create limitless possibilities. This is driven by a goal to create solutions that help patients live longer and healthier lives.

We would like to applaud the commitment and determination of our employees and the esteemed Board. Their perseverance and trust has enabled our

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progress over the years. With an increased focus on strategy, execution and talent development, we are better organised to serve healthcare needs and enhance shareholder value.

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