

'Innovation in R&D top focus'

Living with the pandemic for two years has resulted in strategic shifts in business models that are here to stay. In an emailed interview with Sohini Das, chairman of Dr Reddy's Laboratories **SATISH REDDY** outlines how the pharma industry came together globally to produce essential Covid-19 drugs and vaccines, among others. Ahead of the Budget, the industry has already made representations for creating a policy environment to encourage innovation. Edited excerpts:

The pandemic has caused significant shifts in the dynamics of the pharma industry. What are your views?

I think that after two years of living with the pandemic, these are some very important points to reflect on. And, all the points that you mention – shift in focus areas, agility in R&D and supply, and collaborations – are interconnected. Our way of working as an industry has become far more collaborative. For almost two months initially, there were daily calls between industry leaders. I would like to speak from our own experience at DRL. Vaccines and antivirals or even sanitisers were not core to our business model and therapy choices. We went from that position to being able to offer treatment options for the entire spectrum of Covid-19 indications in a quick time. To achieve this, several components had to come together well. Next, we had to progress towards facilitating those required capabilities very quickly. In some areas, we invested in developing capabilities in-house. For many others, we opted for a model based on partnerships as we



realised this approach would best serve the urgent health care needs.

You ventured into new areas like antivirals. Will there be a strategic shift in your business model?

Apart from venturing into antivirals and other spaces like Covid therapeutics, definitely our experiences during the pandemic may well lead us to explore some long-term business shifts. For example, we have said earlier that based on our learnings from the Sputnik V vaccine, we may consider the viral vaccines and viral vector platforms space as a new investment and growth area in the long term.

What kind of policy changes does the industry want?

We have had the opportunity to meet with the highest levels in the government during the last two years of the pandemic, particularly as part of efforts by the Indian Pharmaceutical Alliance (IPA). Apart from

taking stock of Covid therapeutics, we have also had opportunities to make representations on policy matters. I think innovation in R&D is a big focus area for us as a company and indeed the pharma industry in India. Innovation needs long-term vision, planning and investment in capabilities and talent. It also needs to factor in the cost of risk, long-gestation periods and even the cost of failure.



SATISH REDDY

Chairman,
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What kind of representations have you made to the Centre?

Funding for R&D would be one of the biggest components of such an ecosystem. Here, along with the pharma industry, I think key players would be the government, obviously, and also regulators. Policy incentives such as restoration of weighted deduction in R&D expenditure, expansion of the scope of the patent box, special innovation funds, and other measures would be important.

What's your view on draft R&D policy?

I do want to highlight two developments that I thought were steps in the right direction. One is the draft R&D policy that is currently under consideration. The policy appears to be inclusive and comprehensive, and also mindful of realistic requirements of innovative R&D. The other is the first-ever Global Innovation Summit of the pharma industry held in November 2021 and inaugurated by the Prime Minister of India himself.