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Post Covid, innovative and agile pharma cos will become stronger: GV Prasad

BY ET NOW | UPDATED: MAY 04, 2020, 06.27 PM IST

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How will life change for Dr Reddy's now that the partial lockdown has been lifted?

We have been running our factory from day one. In the initial week, we had a lot of hiccups because of the difficulty of staff reaching the factories and also to operate at a reduced staffing level. So over the last few weeks, we have ironed out all those issues though we have been operating with a lesser workforce. We are near capacity today in terms of operations.

We used a number of innovations to be able to do more with less. We reorganised the shifts into 12 hours shifts, put in all precautions and we were quickly able to reach normalcy except for logistical hiccups which are also getting resolved rapidly. I must say the state government and the central government have both been very supportive to keep the supply chain going in these difficult times.

We understand that there is some good news on Remdesivir, at least that is what USFDA is indicating. What is your understanding of the USFDA emergency approval and what does it mean for Indian pharma companies?

First and foremost, the data from the Remdesivir clinical trial is not complete. While there is anecdotal evidence and there is some limited clinical trial data available. My view is that we have to wait for the outcome. However, since there are no approved medicines, the FDA studied whatever they have access to and took a view that it can be tried in serious circumstances. It is certainly a ray of hope but we have to wait for the clinical data.

As far as India is concerned, Gilead will have to launch the product here either directly or through some licences. So, we have to wait for them.

When the initial success was discovered on Hydroxychloroquine, it turned out to be a great business opportunity for Indian pharma companies which were making that drug/medicine. Could that also turn out to be a big opportunity for Indian pharma companies?

Hydroxychloroquine is already a big opportunity because based on the limited trial data, many countries are stocking up and for companies which make the product or exporting them through the government permission route, it is a good opportunity but whether it will be a transient opportunity or long-term opportunity, is yet to be assessed.

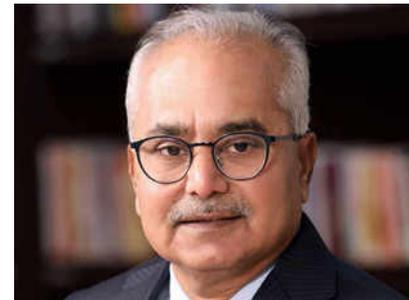
Everyone in the stock market is quite excited about revisiting pharma stocks and there are a lot of factors. a) That the supply chain will move from China to other countries. b) There is a natural tailwind for the pharma sector, c) USFDA approvals could become easier because of the emergency situation. Do you think there is enough and more excitement for pharma companies in the post Covid world now?

The industry is optimistic. The tailwinds are there for the industry, especially globally supply chains. The companies are a little wary of concentrated supply chains. So, there will be some movement towards India. Indian companies themselves, based on all the incentives the government has offered as well as the ease of business situation, the industry is in for a period of growth both to de risk China as well as the upcoming opportunities globally. Also, the sentiment among the pharmaceutical industries worldwide is to move operations distantly from China or diversify from China.

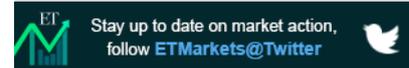
Every company we have spoken to is clearly of the view that there was a pre-Covid strategy and now there is a post-Covid strategy. At Dr Reddy's, what will change in terms of the new alignment with the real world?

First of all, there is a big change in the way we operate. The operational strategy is to keep every employee safe and also keep the operations running. In order to do this, there are significant technology solutions from an IT perspective, digitising many workflows, keeping people distant, allowing people to work from home. Like most companies, we have done a lot of digital transformation to enable teams to work remotely and also not be crowded and create another spread. So, that is one change.

The second change is that a lot of opportunities are coming up from a supply chain security perspective. Companies are gearing up to see what to do.



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Thirdly, there are specific drugs which are indicated for Covid treatment, not just the mainstream drugs but also drugs which are useful in keeping the patient healthy, keeping other things, enabling the respirator treatment and all of that. There are a bunch of drugs for which the demand is going to spike and the government and hospitals are stockpiling. So that is another opportunity.

Also the realisation that the [pharmaceutical industry](#) must play a larger role and move from just supplying medicines to understand the healthcare ecosystem and how it is going to change and how we can contribute positively to that change. These are some of the strategic shifts post [Covid-19](#) and all of us are working on these aspects.

Where do you think pharma R&D/innovation is going to move now? Is there going to be a greater bent towards companies like Dr Reddy's because you have R&D and you follow international standards. Also, do you think small companies will get into bigger trouble and will start losing business? Do you think this crisis will make big Indian pharma companies bigger?

I do not know if it will make big companies bigger but it will make innovative and agile companies stronger and there is a role for everybody in this ecosystem. The small companies can be part of the supply chain or bring innovation and the large companies can fund innovation, take the innovation globally and also invest more dollars in investment research. It is not that the big will survive and the small will die but it will certainly be the smart and innovative which will survive. Those who do not respond to this opportunity will lose out.

Would the next two quarters be challenging or interesting because you have made the right investments and you will emerge stronger and bigger when the crisis settles down?

We are not that worried about the short term. The short term will take care of itself but we are really looking at how we, as a company, look at the long term and transform our trajectory to become stronger and make more impact in the healthcare ecosystem. I do not want to talk about the next two quarters but long term, we believe that the strength that we built over the decades will stand as good. In the last few years, we have become faster, better and stronger. We are well positioned for the future.

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