

LEVERAGING GLOBAL OPPORTUNITIES



"Good Growth cannot come about if we are only looking internally. Our vision is to be a discovery led global pharmaceutical company. We were happy to hold the winner's trophy under this category as it affirms the rightness of the path we have taken."

Satish Reddy
Managing Director and COO,
Dr Reddy's Laboratories



Dr Reddy's Laboratories (DRL) bagged this award thanks to the global acquisition and tie-up strategy the company has adopted. Satish Reddy, the Chief Operating Officer of Dr Reddy's Laboratories accepted the award from Shri Ram Vilas Paswan, Honourable Minister of Chemical, Fertiliser and Steel.

If numbers are anything to go by, the Indian pharma industry has caught the pulse of expansion. With the new patent regime in place, presence around the world will be key to the future of Indian pharma.

In view of the fact that Indian pharma is making strides in foreign markets, an award was instituted for the company that best leverages global opportunities. The award was valued, based on the past and potential success of global ventures of a company.

The parameters were the number of strategic alliances, revenue from regulated markets, revenue from patent challenges, revenues from licensing products and technologies, corporate assets, brand acquisitions and success in integration.

DRL is hitting headlines time and again. First, for the formation of India's first integrated drug development company 'Perlecan Pharma Private Limited' with equity capital commitment of \$52.5 million from India's leading venture capital investors, Citigroup Ventures and ICICI Venture. DRL was also in the news for the landmark acquisition of Betapharm—the fourth largest generic company in Germany. The company was acquired for a total value of Euro 480 million in cash.

DRL also acquired the API manufacturing site

of Roche in Cuernavaca, Mexico including employees and business supply contracts. The company has also entered into an agreement with Merck, which will allow it to distribute and sell generic versions of Proscar and Zocor upon the expiry of Merck's patents covering these products.

Among its R&D alliances, DRL has clinched a co-development and commercialisation deal with Denmark based Rheosience A/S for the joint development and commercialisation of Balaflozone (DRF 2593), a partial PPAR-gamma agonist, for the treatment of Type 2 diabetes. The company has also entered into an agreement with Argenta Discoveries for the joint development and commercialisation of a novel approach to the treatment of Chronic Obstructive Pulmonary Disease (COPD).

NOMINEES

The nominees for this award were Glenmark Pharmaceuticals, Matrix Laboratories and Strides Arcolab

Glenmark Pharmaceuticals has struck an alliance with KV Pharmaceuticals, a US speciality company, for the development and marketing of eight additional ANDAs in North America. In addition, Glenmark has acquired many companies like Laboratorios Klingler; Ciomel Healthcare, an Irish subsidiary of Stada; Instituto Bioquímico Industria; Farmaceutica Ilda, Seryceal SA and Bouwer Bartlett Pty, to expand distribution capacity and network.

Matrix Laboratories has gained access to the high-growth generic markets of Belgium and

Southern Europe. It has been in the spotlight for quite sometime for its acquisition of the Belgium-based DocPharma for \$263 million. It also has a manufacturing alliance with Aspen Pharmacare for anti-AIDS products in South Africa. Matrix has entered into yet another research and development alliance with Explora Laboratories in Switzerland for oncology products.

Strides Arcolab has a number of marketing and distribution alliances with companies like Akom for generics in US and Mayne Group for nutraceuticals in US, EU and Australia. Its

other marketing and distribution alliances include with companies like KV Pharma, Sandoz, Pliva, Sigma-Arrow and Aspen. The company also has a manufacturing alliance with Cimex and a research and development alliance with Stada. In addition to this, the company has tied up with Clinton foundation and will offer the ARV Elavirenz for \$240 per patient per year that represents savings for more than 30 percent from current market prices. Strides is the approved manufacturer of WHO and supplies through UNICEF.

WINNERS' CHRONICLES

BUSINESS DEAL OF THE YEAR



"We believe that our company is only as strong as its people. More specifically, we take intelligent risks with people who show promise and potential. This gamble of betting on people we believe have potential has paid off."

V S Vasudevan,
President, Chief Financial Officer
& Europe Geography Head



Mergers and Acquisitions are the order of the day for pharmaceutical companies. This financial year has witnessed quite a number of deals, but one name that enjoys top of the mind recall for every one (not just the pharma fraternity) is the Dr Reddy's Laboratories (DRL) acquisition of Betapharm, the fourth-largest generic pharmaceuticals company in Germany. The news of this buyout stirred the business community. Not just because the company was bought for Euro 480 million, but also because DRL beat opponents like the Israeli Taro Pharma and Indian biggies like Ranbaxy to the deal.

The astounding feature of the deal is not the money. It is the fact that DRL managed to walk away with the booty even though it was not the highest bidder. The booty here was a stronger presence in Europe, a rich pipeline of 146 prod-

ucts which are already registered in Europe, a strong presence in chronic care category, strong existing relationship with key members of the marketing channel (doctors, chemists, medical salesmen and insurance companies), a strong IP regulatory infrastructure and a fast growing generic company.

The Betapharm deal is also expected to take DRL closer towards its goal of being a \$1 billion company by 2008. In contrast to this, Betapharm benefits from DRL's pipeline of innovative products, high quality standards and competitive manufacturing costs. The deal was to be financed up to Euro 80 million through DRL's internal accruals and the remaining by Citibank based on the balance sheets of both the companies.

In an interview, G V Prasad, Executive Vice-Chairman and Managing Director, DRL,

stated that after Betapharm, the company has three priority areas. The priorities being—scaling up the US generics business and building critical mass in the UK, accelerating the launch of dermatology business in US and lastly, to accelerate the launch of NCEs through their own sales network and various licensing agreements.

M&A is one of the most crucial decisions by a pharma company and its success lies not in investing large amounts and signing the deal but in the manner it is implemented which is a very crucial step. A successful M&A is characterised by its integration and everyone is looking forward to problem free post buyout integration. How well can this Hyderabad based company started by a scientist merges with a German generics major is a story that will soon unfold. All the eyes are still on Dr Reddy's.

WINNERS' CHRONICLES

OPERATIONAL EXCELLENCE



"Excellence is a prime value at Dr Reddy's. Bagging this award was indeed an honour for the company and for all the teams on the manufacturing side who ensure that we deliver excellence all the time."

Satish Reddy,
Managing Director and COO,
Dr Reddy's Laboratories



Dr Reddy's Laboratories won the award for 'Operational Excellence'. V S Vasudevan, CFO and President and the team of Dr Reddy's Laboratories accepted the award from M Modassair, Secretary-Industries & Health, Daman and Diu and Nagar Haveli.

Aiming at world-class quality in productivity, delivery and consumer satisfaction are the keys to achieve operational excellence. The parameters that were considered to ascertain operational excellence were—how IT is leveraged in the processes of

the company and how the general use of technology, like esoteric technology for hormones and vaccines, and the manufacturing capabilities is observed. The focus of this was the quality of production, delivery and consumer satisfaction.

NOMINEES

The nominees for this award were Ranbaxy and Strides Arcolab

Ranbaxy: For the year 2005, the company filed for 26 ANDAs, taking the cumulative number of ANDA filings to 170. The company attained approvals for 16 ANDAs during the year, which takes the cumulative ANDA approvals to 111 with 59 presently awaiting approvals from the USFDA. During 2004, over 700 stock keeping units were launched. The company launched a special project called SPECTRUM (Supply Chain Planning for Enriching Customer Service to Ranbaxy's

Universal Markets) in 2003, with a clear objective to transform the supply chain, to substantially improve customer service levels, whilst maintaining optimal levels.

Strides Arcolab: Strides has to its credit, many regulatory approvals for its manufacturing facilities. Its sterile product division in Bilekahalli in Bangalore, has received approval from Medicines Control Council of South Africa (MCCSA),

ANVISA in Brazil and Therapeutic Goods Administration (TGA) in Australia. Its Betalactam Division in Bilekahalli in Bangalore is approved by ANVISA in Brazil, MHRA in UK and Medicines Control Council of South Africa. The KRS Gardens oral dosage formulation division at Suragajaka-nahalli, Anekal Taluk in Bangalore, has multiple approvals from TGA in Australia, MCCSA, ANVISA in Brazil, WHO in Geneva, MHRA in UK and USFDA.