

News monitored for: Dr. Reddys

THE TIMES OF INDIA

CORNER OFFICE

“Affordable, innovative drugs still our priority”



Rupali Mukherjee | TNN

SATISH REDDY
MD & COO | Dr Reddy's Lab

Achievements | Transformed Dr Reddy's from a bulk drugs-driven company into manufacturer of innovative & affordable drugs; within six years of his joining, Dr Reddy's jumped to 5th rank from 50th in domestic retail market; spearheaded growth strategy in key markets like US, India and Russia

For Satish Reddy, joining Dr Reddy's Labs (DRL) was not a planned move, and certainly not for which he was being groomed formally. Circa 1983: The core team responsible for the company's research and drug discovery had quit—and, because of his background in medicinal chemistry, Satish was pulled in to take control. Although unplanned at that time, he says quite candidly, “I always wanted to join the family business.”

Satish joined the Rs 9,674-crore Dr Reddy's as RD, heading the company's R&D operations, which was the most coveted position in a company pursuing drug development. His experience of handling product development while training in a family-run group company, Cheminor Drugs (merged with DRL in 2000), stood him in good stead. At that time, Dr Reddy's was predominantly into bulk drugs (raw materials), while the founder Anji Reddy's vision was to expand into formulations (drugs) as he believed that's where the future was.

In 1994, Dr Reddy's was ranked 50th in the domestic retail market. Satish's efforts bore fruit and within five years, the company jumped to the fifth rank in terms of market share, emerging as a strong player. “My father found me worthy enough to take over as MD within two years (in January 1995).” It is another thing that over the years it's now down at 16th position (for the 12 months ended May 2012, according to IMS).

To spearhead growth, he acquired the Chennai-based American Remedies in 1999, which was considered a prized catch. Actually, Satish was able “to snatch it from right under Ranbaxy's nose” as the deal was being finalized. The acquisition helped the company scale up and access an area where it did not have a strong presence—vitamin supplements. He then focused on key regions like Russia (which was a volatile market) and steered the company's entry in emerging markets like China and Venezuela, and expanded in a host of smaller countries.

Though the company did not adopt the inorganic route for growth within India, it did acquire small companies like Group Pharma and Dolphin Labs—which had a strategic fit—and also brands (Clamp and Reflux).

What about the company's progress in launching a new drug (new chemical entity, or NCE), which has always been the holy grail for research-led companies? “Way back in 1993, my father laid the foundation of research, and within five years we became the first company to license an India-discovered drug (diabetes molecule Balaglitazone) to a multinational. It was historical.”

In fact, the second discovery, Ragaglitazar, which followed in 1999-2000, was more significant as it was a first-in-class molecule for diabetes, but was disbanded at the last stage because the entire class came under a cloud globally. “This also shows the uncertainty in NCEs,” Satish says, adding that is why the company's model has evolved to re-

search in areas with lesser risk, predictable outcomes and which involve less funds.

It is now pursuing research in proprietary products that Satish feels “will add significant value in the medium term”.

These are not new discoveries, but are developed either on a different delivery form or indication for already existing products. There are 20-odd differentiated formulations under development, with the first one expected in 2014. “We had been very aggressive in spending on research earlier, but it was proving unviable. So the budget was trimmed,” he adds.

Growth will also be driven by the US business—one of the biggest markets for the company—and through niche or limited-competition products, which are complex to develop, formulate and manufacture. The US market has been a bumpy ride, Satish says, which was around \$250 million three years ago, and \$450 million last year. The company hopes to more than double it to \$1 billion over the next one to two years.

Biosimilars, the next big opportunity in the pharma space, is now another focus area for the group. Dr Reddy's launched the first biosimilar monoclonal antibody globally, Rituximab, in 2007. “Biosimilars will become a significant revenue generator once Europe and the US markets open up.”

As for challenges, it will be building capabilities for the future, honing them to serve various markets and to continue to be a low-cost provider of medicines. “Providing affordable and innovative medicine continues to be our purpose even now,” Satish says. And that's also something he is proud of. For having executed his father and DRL founder Anji Reddy's vision of transforming the company into a manufacturer of affordable and innovative medicines.