

The Economic Times

Page No: 1
Page Name: Front Page
Size: 383 sq. cm
AVE: INR 775,279

Type: Newspaper
Language: English
Circulation: 126,982
Frequency: Daily

Delhi - Sep 24, 2014

News monitored for: Dr. Reddys

Pharma cos Must Give Up Jugaad Mindset: Prasad



DRL CEO GV Prasad tells **Divya Rajagopal** about how the "jugaad" attitude has caused lapses among some Indian drugmakers, leading the US FDA to impose curbs, and what the new government should do to bring back entrepreneurial spirit. >> 23

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ET EXCLUSIVE Q&A

Dr Reddy's Laboratories may not be making news for big pharma deals. The Hyderabad-based company remains focused on unique product launches in key markets. In the past year, the market capitalisation of Dr Reddy's increased to about ₹55,000 crore on the back of a 35% gain in the stock price, making it one of India's most valuable pharmaceutical companies. In an exclusive interview to ET's Divya Rajagopal, Chief Executive Officer **GV Prasad** opens up about how "jugaad" attitude caused lapses among few Indian drug makers, leading US Food & Drug Administration to impose curbs on some plants. Edited excerpts from the interview.

There is so much talk about Indian companies in the US markets and you have a big share of it. How do you see the quality issues? Have they been overblown?

If you do simple exercise of number of warning letters and number of recalls vs number of approvals, it is not out of ordinary. Having said that, Indian companies are still on the maturity path...every industry has to go through the maturity of meeting or moving up the quality curve. We are in that process. I don't see that as an organised big-pharma conspiracy. Why would a large pharma go after a generic company? In the end, it is patent expiry, commoditisation. It is inevitable. So how will a large pharma benefit out of lobbying against Indian company? There is lobbying, but that is of a different kind, to give Intellectual Property protection to products in India.

But what about the Coalition for Affordable Care that Indian companies have launched in the US?

The role of that is not lobbying but to build awareness about the impact of Indian pharma companies in the US. And I think we must be very proud of what we have achieved in terms of bringing affordability to US customers. If we do a risk assessment, say if India was shut out of the US market, the US generic market will be in a huge problem. APIs (active pharmaceutical ingredients) come from here. A lot of critical generics come from



GV Prasad

here. For many products, Indians are the only supplier. So it is an achievement which is not well recognised in India or even in the US. Even within India, we have done a great job of making drugs affordable.

What about issue of drug recalls?

They are a well-established mechanism to protect patients. Sometimes we take that call as a preventive measure. So it is good that we have recalls because we are trying to protect the consumers and patients.

But won't repeated recalls convey a wrong impression?

It does. Because if you have repeated recalls it means that you may not have control over the production process and the production system. But the recall itself is not bad. Repeated recalls are bad.

You mentioned that Indian companies have to climb up the quality curve. What should they be doing, especially in relation to manufacturing practices?

This is about mindset, the jugaad attitude...But you can't compromise on certain things. And this is a problem. Because if you go out, the roads are chaotic, government services are terrible, public transport is abysmal. From there, you come and you say you want excellence once you step into the organisation. You want very high quality. This is a bit challenging for employees, when they are being taught to make do all the time and you suddenly say we are not going to make do, and we are going to do the best possible way, the right way.

Do you think employees don't understand how to grapple with quality issues?

I think it starts with the top. To set the

right tone at the top, to communicate very effectively that we will not make compromises, saying that we will rather lose money or business than compromise on quality. So over time, the employees will get it. But if you say jugaad karo, chaita hai, chalega, you are giving the wrong message.

How has the company planned for the future after Anji Reddy's demise?

There has been no major shift. Even when Dr Reddy was chairman, he was not very active in directly managing the organisation. So what we started off doing pretty much remains the same. We are building a global generics business presence, both in emerging markets and matured markets. We are investing in innovations, trying to work on products focussed at unmet medical needs and biosimilars are somewhere in between.

How do you see the US shaping up? Are there niche therapy products?

We have great launches. We like the US market -- it is a very good market. Lots of transparency in approvals. So we are committed to the US markets. We are expanding our basket of dosage forms. We used to be only in oral dosages and now we are in injectables. We are looking at tropicals, transdermals and other things like devices. So basically, it is commoditisation vs innovation.

How were you left out of Gilead deal for licensed manufacture of its hepatitis C drug?

We will work with one of the companies. We can't name the company. They will manufacture the product and we will market it.

Is there money to be made in Gilead deal?

Depends on other branded generic game, which launches early.

Can you give us an update on biosimilars?

The products will come much later. There are patents, clinical trials. So first launch outside India in a major market would be in 2018-19. We will add four products in India. The biosimilar market in India is smaller, penetration is lower. So there is a challenge of penetration.