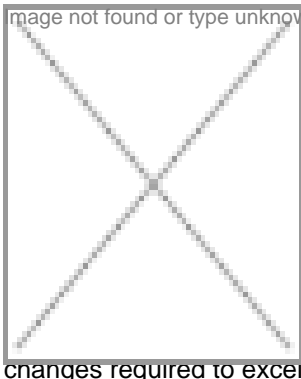


"Biosimilars boosts the growth of pharma industry"

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Mr Satish Reddy, managing director & COO,
Dr Reddy's Laboratories, India



Dr Reddy's Laboratories, Hyderabad (India) touched revenues of \$1.56 billion in 2009; and set a target of \$3 billion by 2013. Ever since the target was set, the company has been engaged in executing strategies, making alliances with global giants like GSK, launching new products in the market, and reaching out to the set market. Revealing the growing potential, the company has recently launched zafirlukast tablets, a bioequivalent generic version of accolate, in the US market; and has also bought GSK's oral penicillin manufacturing facility in Tennessee, US. All the activities are being streamlined to touch the set revenue scale; and to emerge among the top five companies

In an interview with BioSpectrum, Mr Satish Reddy, managing director & COO, Dr Reddy's Laboratories, during his visit to Singapore, shares his plans and thoughts about the industry and changes required to excel.

Q What are your strategies to double your revenue by 2013?

Mr Reddy: In 2009, we touched revenues of \$1.56 billion, and the next goal ahead of us is to reach to the \$3 billion mark, by FY13. While we aim to double our revenue targets in the next three years; there are factors that would accelerate this growth. On one side, we have the US market that has an immense potential in the year to come. For instance, in the next three years, many products would go off-patent, and this opens up opportunities to develop the generic equivalent. Secondly, we

have shifted our focus more towards emerging markets that have untapped potential, as compared to the developed markets. In market capitalization, we have already created our presence in India, Russia and Venezuela. In the next couple of years, the focus would continue on India and Russia, since there are expectations of double-digit growth; and we are growing fast in these regions. Thirdly, we will continue to launch new range of products in the market, to reach out to a broad group of buyers.

We are focusing on complex manufacturing products; and there are already some products in the pipeline. In the years to come, these complex products are sure to create a big market share in the industry. In 2011, we will launch 15 new products in US; 50 in India; and seven or eight in Russia.

Q Could you tell us about your approach to biosimilars? Do you consider it a key profit accelerator?

Mr Reddy: Biosimilars is a promising area, and is sure to yield success for the industry. We have many initiatives in this regard; and have several biosimilars in the market. Biosimilars hold significant importance for Dr Reddy's achievement plans. We have already launched Grafeel (biosimilar filgrastim) and Reditux (biosimilar rituximab) in India; and the value that we create out of biosimilars is very significant. The third biosimilar product that we have launched, Cresp is the first generic darbepoetin alfa drug in the world, for treatment of anemia due to chronic kidney diseases. We are the world's first biosimilar manufacturer of these products. This gives us an edge in the industry; and the capacity to build on it, introducing more products in targeted countries. Some of our products will be launched in the US as well.

Q After your GSK collaboration, what are your new milestones?

Mr Reddy: Post our relationship with GSK, we have a presence in almost 40 different countries in Africa, the Middle East, Asia Pacific and Latin America. We decided to get close to different markets; and there are many countries where we need to make a presence. With GSK's strategy to reach the emerging market, we are demonstrating things that we are good at, like manufacturing; and GSK has a strong sales and marketing presence. Therefore, it is a good combination and a revenue-sharing relationship.

Q What are your strategies for strengthening the manufacturing base across the globe? Does a local manufacturing unit help in acquiring a particular market?

Mr Reddy: Over the last few years, we have been setting up manufacturing plants, and are interested in Special Economic Zones. Our manufacturing units are based mostly in India.

We have similar bases in Mexico and UK as well; and are planning to set up one in Russia, in the future. I don't believe that having a manufacturing base in a foreign land always helps in making customized products. For instance, the Russian market is based on 75 percent exports; and the local production is very less, hence, it does not make a business sense to set up manufacturing units in our target zones.

Q Could you share some of the latest changes that Dr Reddy's has implemented in its R&D model?

Mr Reddy: For the drug discovery process, we had two outfits. One is done through a 100 percent subsidiary, as we have collaborative programs through innovative councils; and second, is our own discovery programs. Now, drug discovery is part of our business; and we have restructured our R&D department. We have combined the drug discovery unit with the business model that will help in creating revenues from innovations. We are also taking steps toward differentiated formulations and new drug delivery techniques.

Q How do you see India positioned in the game of drug discovery? Will India be a top destination for new drugs?

Mr Reddy: Drug discovery is a long term game. The stretch between discoveries and manufacturing takes a long time; and if one fails at a later stage, it can suspend the whole process. It is a long frustrating game, and unless one reaches the final stage of approval, there is no value chain. Though it is a long process with high involvement of risk and cost, the rewards are also very high. India is a young destination for drug discovery. Biotechnology developments in India have been taking place for the last 15 years; whereas in the US, for about 100 years. However, soon India will also develop products of its own. Pharmaceutical companies in the US have sufficient investment and funding opportunities; whereas India, unfortunately, has limited funding options.

Amrita Tejasvi in Singapore