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DNA MONEY

# Dr Reddy's lines up strong drug pipeline

## Will unveil 15-16 new launches in the US this fiscal; sees increased traction from OTC business and limited-competition products

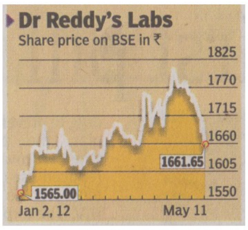
**K V Ramana** ■ HYDERABAD

Pharmaceuticals major Dr Reddy's Laboratories sees a busy year ahead as it plans to launch 15-16 products in the US market, which is likely to contribute one-third to its revenues.

"There are going to be some interesting products. This (fiscal 2013) is a busy year and there are quite a few launches," Satish Reddy, the company's chief operating officer, said.

DRL launched about 12 products in the US market in the last fiscal and recorded about ₹3,189 crore in revenues. In addition to the new launches, the company is expecting some of its existing products to contribute higher revenues.

Currently, Dr Reddy's has about 80 abbreviated new drug applications (Andas) pending for approval by the US Food and Drug Administration (FDA) and about seven of them have first-to-file (FTF) status. However, Dr Reddy's refused to divulge details of the products that would be launched this fiscal.




For the last fiscal, the company has crossed $2 billion revenue mark, though the revenues stood at ₹9,673.7 crore at a conversion rate of ₹48 per dollar. The company registered a 30% rise in net profit for the last fiscal at ₹1,426.2 crore in profit over the year-ago period.

It is expected to record about $2.75 billion revenues this fiscal though it had indicated at $3 billion mark earlier. At a current rate of about 30% growth, recorded for the last fiscal, analysts see revenues for fiscal 2013 at $2.45-2.5 billion.

G V Prasad, Dr Reddy's CEO, said, "We are not guiding at any specific revenue numbers. However, we are confident of maintaining the growth of the last fiscal and moving in the direction of $2.7 billion."

Its OTC business, including private label business in the US, is contributing about 10% to the revenues along with the Russia and CIS markets that are also contributing 10% to the topline. "OTC as a segment is playing out and the limited-competition products, too, are likely to contribute about 10% to the topline," Satish Reddy said.

Meantime, the German market continues to remain a drag on the company due to its tender-based pricing and changes in market dynamics. In fact, Dr Reddy's margins for the last fiscal took a hit with the company providing for an impairment of product intangibles of ₹100 crore.

"Tender compliance is higher than what we thought and it is a tough scenario in the German market," Prasad said. The company saw a degrowth of 2% in that market last fiscal.

