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Date : 14-May-2012 Edition : Delhi Page No.: 6 Page Name: Corporate Size: 381.08 sq. cm

Sector: Pharma, Healthcare And Biotech Circulation: 161071 AVE: INR 1287271.50 Frequency: Daily

News monitored for: Dr. Reddys

THE ECONOMIC TIMES

Dr Reddy's Chalks Out Plan to Improve India Performance

ET Q&A

India's second largest pharmaceutical company, Dr Reddy's Laboratories, is on the verge of giving final touches to a comprehensive strategy to boost the much needed growth in the Indian market. The company, which has been aggressively pursuing opportunities in the global markets with copycat drugs, or generics, is not happy with its performance in India and wants to reverse the trend. The Indian business, which grew at around 7% over the last several quarters compared to the market growth of around 15%, has began adopting certain market interventions that include improving sales force effectiveness and product launches. At ₹1,293-crore sales, the Indian market now accounts for around 18% of the company's consolidated sales of ₹9,673 crore. Dr Reddy's is targeting to grow at least five percentage points above the market growth and hopes to reach the goal over 18 months from now, vice-chairman and chief executive **GV Prasad** told ET's **CR Sukumar**. Excerpts:

How do you explain your weak growth of around 7% in the Indian market over the last several quarters when the market was growing at around 15%?

There are a number of things. India has not got the attention it required from the management and leadership. We were doing many things at a time and the focus was lacking on the Indian market. We are now brining in some strategic thinking into the Indian market. We have already adopted certain market interventions such as improving sales force effectiveness and product launches that helped us improve the growth rate to around 11% in the latest fiscal to March 2012. We can provide details of our detailed strategy in the next 2-3 months.

What kind of growth are you targeting in the Indian market?

We want to grow at least five percentage points above the average market growth in India. It may take us some 18 months to achieve this target. We hope to reach the market growth level by the current fiscal-end. We would like to first improve execution, reorient sales forces, ensure proper coverage and doing the right things in the market place. Second, we want to drive innovation in products, in licensing and other value-added strategies.

Is slowing growth in developed markets like the US prompting you to focus on India?

No. The US market is still much larger than India for us. The US generics business accounts for 45% of our total generics business now. I think, in the home market we have some unique advantages. We have a good understanding of the market. We understand how to make a difference in this market. And, we want to be stronger in the Indian market because no company can be a global leader without being a strong leader at home.

What would be your approach to the Indian market?

Our approach will be more towards bringing innovative products into the market and not really compete in the mass market. Affordability where it matters is where we want to focus on. We are looking at in-licensing, compulsory licensing opportunities, and all of those. We are looking at 5-6 core therapeutic areas for in-licensing arrangements, which include GI, pain, dermatology, dental and cardiovascular.

Is the Indian market strategy going to be completely different from the global strategy?

It is not very different, but it is somewhat different. In the branded market, it involves a huge effort of selling to doctors. In the unbranded market, it is substitution driven and we only sell to a few customers. In the branded markets, hence, we will have to focus on a smaller set of therapeutic areas. So, we have a set of therapeutic areas which we focus on and try to develop products for that. We have been a little broad in our therapeutic areas and we are now looking at focussing on fewer areas that drive growth. These include GI, anti-infectives, cardiovascular, dental and dermatology.

Would your generic strategy in India be different from global strategy?

Worldwide we are looking at similar strategy and it will apply to India also. However, we are not going after the low-cost generics. The idea is to make difference to affordability where it matters. Affordability matters in products which are expensive. Making aspirin or ranitidine cheaper has no meaning. Our focus will not be on making cheap drugs cheaper. The focus will be on making expensive drugs cheaper. We will focus on products which have technology challenges. When we say we are committed to affordable and innovative drugs, the affordability part is focused on products which have limited competition, or which don't have a generic, or where it is very expensive to make due to some reason or the other. There we can innovate and bring the prices down and it makes difference to the patients.

How do you maintain the balance between new chemical entities and generics?

Generics is our business. We are a generic company and we are trying to build business in innovation. There is no ambiguity about that. But within the generic space, we try to see how much of science and technology we can bring in and go after more difficult products, complex products and products where there is less competition.

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GV PRASAD
Chief Executive, Dr Reddy's Laboratories

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