


# Building resilience in business and family

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Feb 2023

Dr.Reddy's 

# Our journey | Dr. Reddy's has evolved from being an API manufacturer to a global pharmaceutical company



1990-1995

Moving from an entrepreneurial to a professional organization



1995-2000

Building world-class capabilities



2001-2005

Building a lasting Institution



2005-2010

Globalizing and growing inorganically



2010-2015

Product centric to Patient centric Organization



2015-2020

Execution Excellence & Cost focus



2020 Onwards

Scaling to New Horizons

**Along the journey,  
there were multiple  
crisis faced by the  
company.**

**I will share**

**4** of them  
**with you today**

**1**

**Leadership crisis (1990)**

*~70% of the employees resigned the day I joined the company*

**2**

**Macroeconomic crisis (1998)**

*Financial crisis in Russia – one of our leading markets globally*

**3**

**Overseas acquisition that didn't go as expected (2006)**

*Acquiring a leading generics company in Germany.  
Largest by an Indian company\* overseas*

**4**

**Challenges of operations safety and Quality (2015)**

*Injuries and US FDA Warning letter*

\* Outside of oil and gas at that time



# Leadership crisis

The day I joined, more than 70 percent of the employees had quit their jobs and left the company!

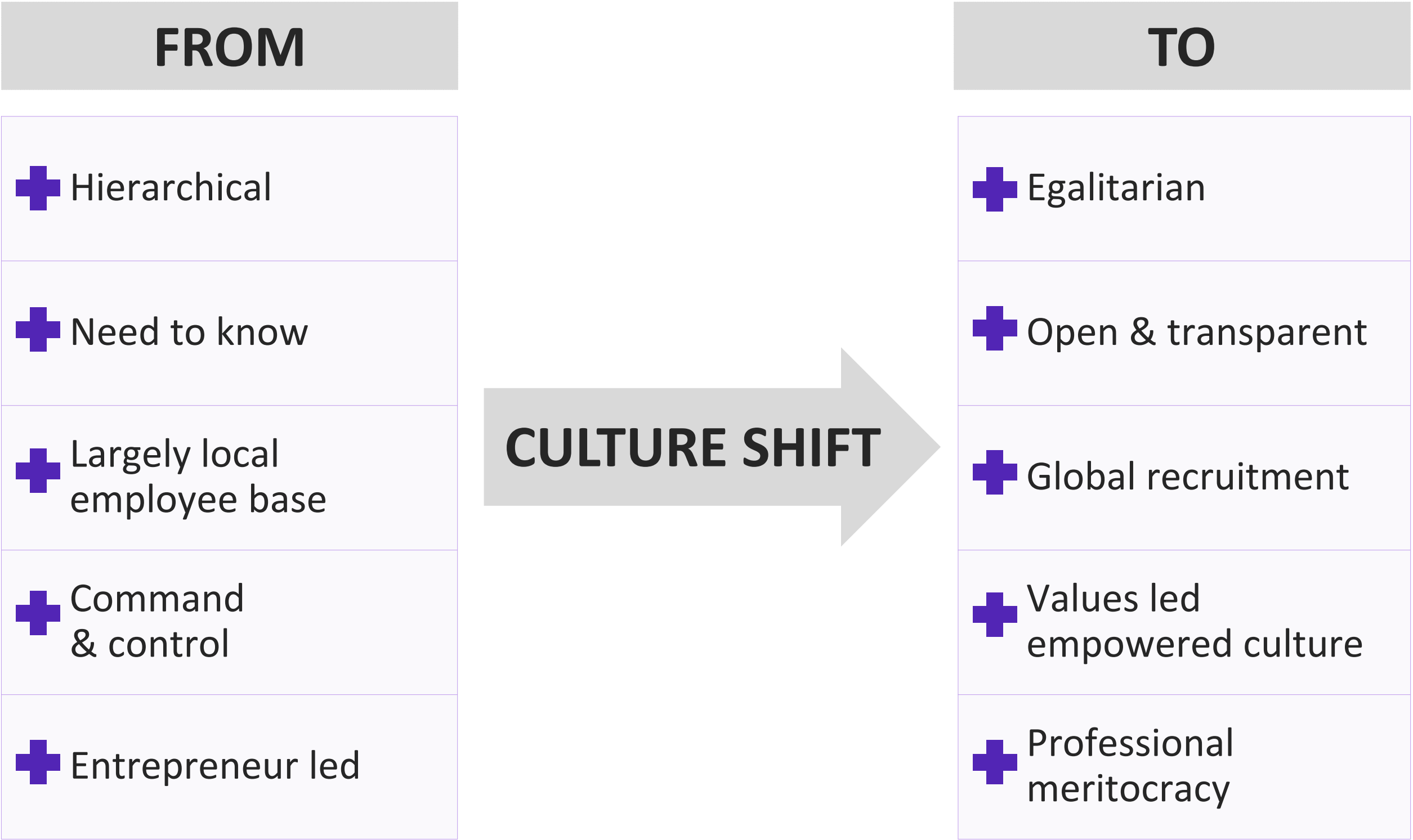


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## Key learnings from the crisis

- *The river lasts many times longer than the individual drops of water it comprises – the **company must be stronger than the few individuals** who run it*
  
- The company should be **designed to thrive through change**: change in owners, employees, products, technology over a period of time

# 1990-1995 | Moving from an entrepreneurial to a professional organization

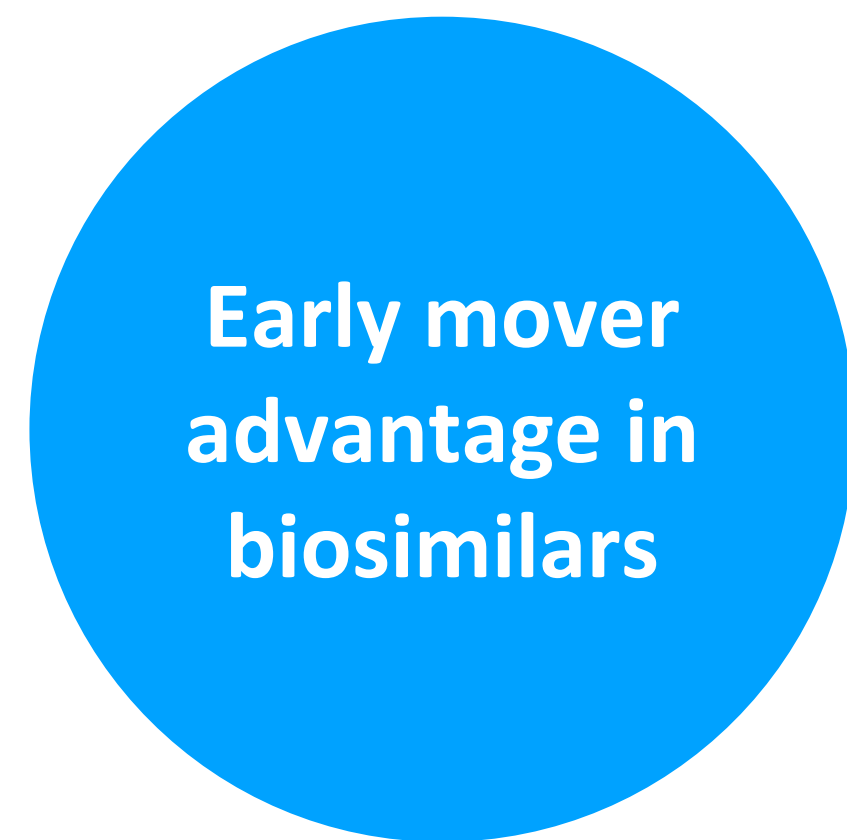


# 1995-2000 | Building competitiveness through capabilities

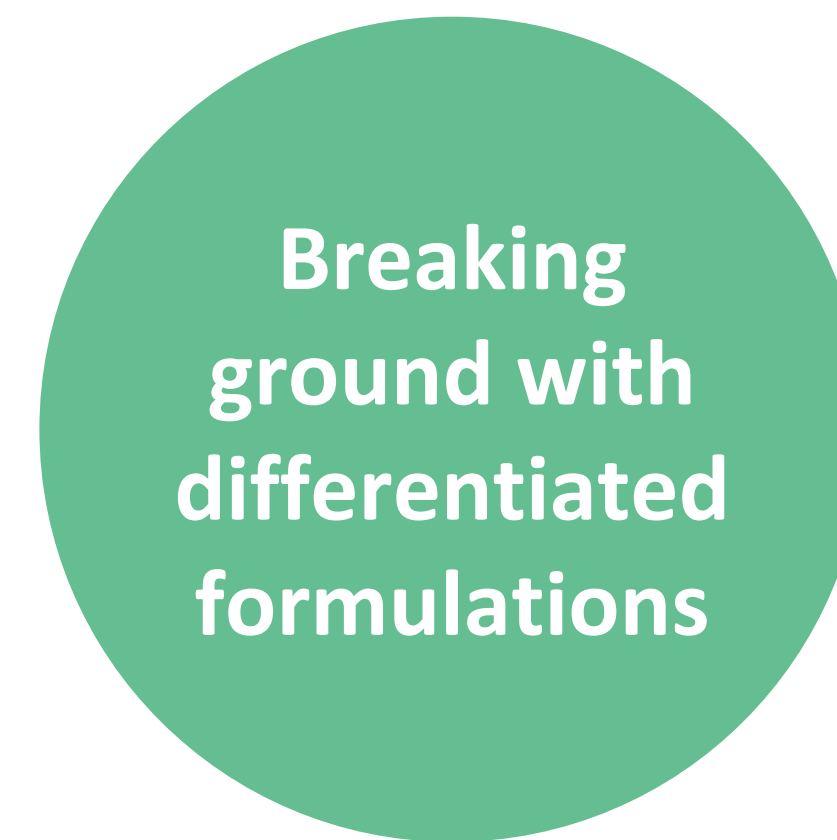
*Regulatory, IP, Quality, Manufacturing, Legal, SH&E*



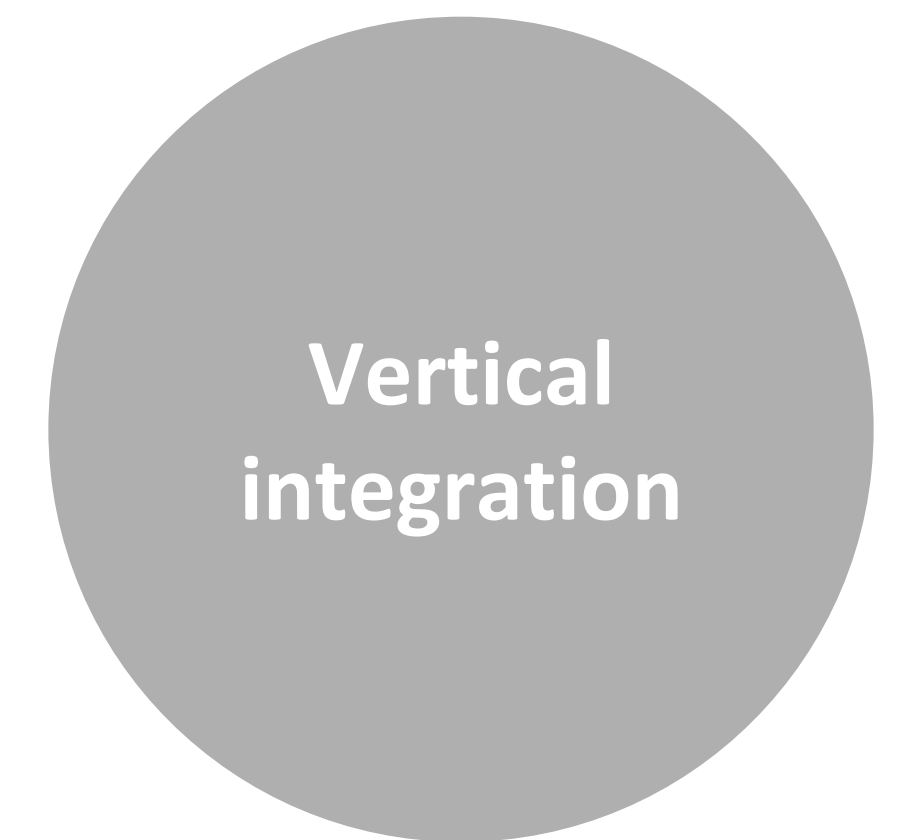
Niche product opportunities, Global R&D network



4 biosimilar products being marketed  
Biologics development and manufacturing in India



4 NDAs filed in the US; 2 products launched  
Strong pipeline of products under development



Integrated R&D, API manufacturing (10 facilities) & formulations manufacturing (15 facilities)



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## Macroeconomic crisis in Russia

Russia through the years has witnessed several impacts. Dr. Reddy's has consistently invested over the last three decades to become a leading branded generics player in Russia.

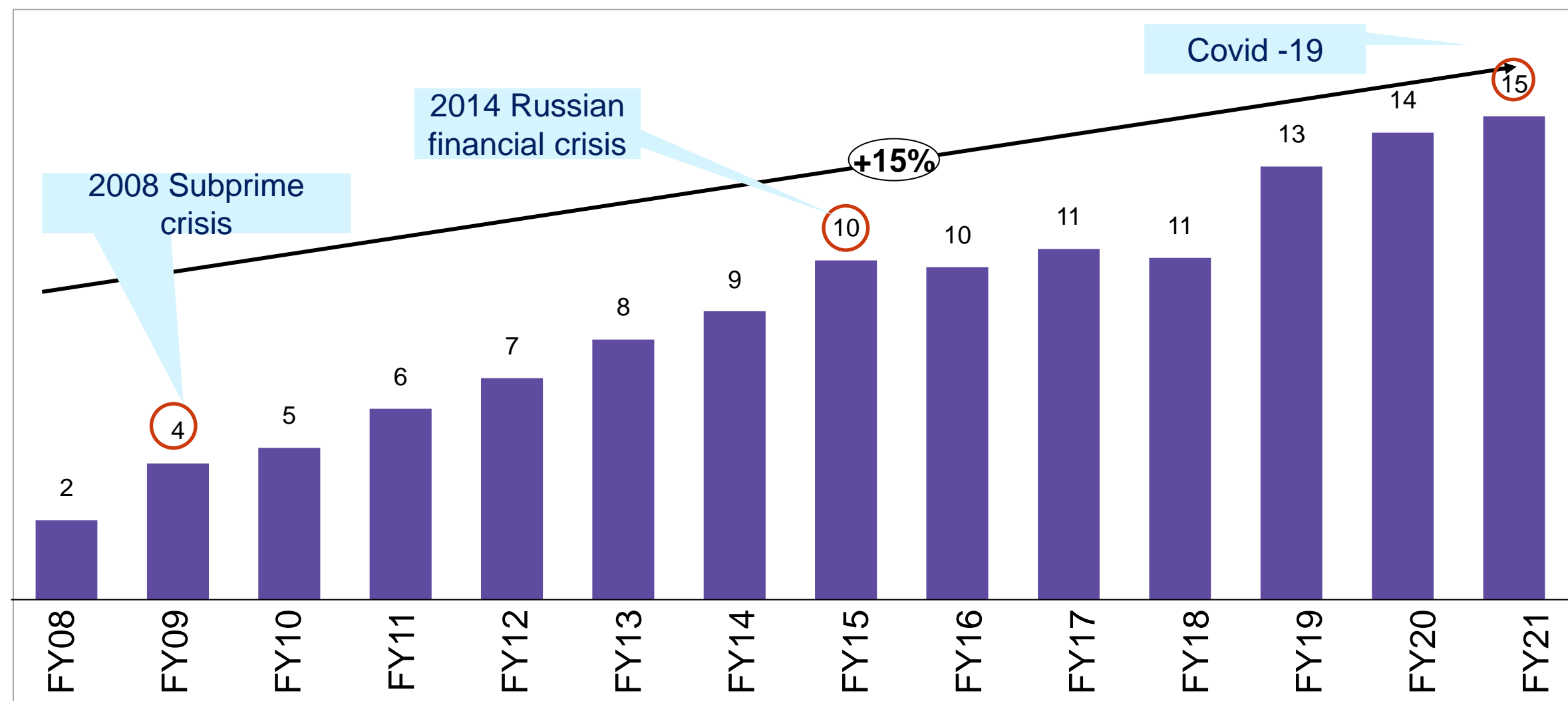


# Dr. Reddy's has consistently invested in Russia over the last 3 decades to become the #1 ranked Indian generics company

## Russian GDP annual growth rate (%)



## Dr. Reddy's sales in Russia (Net RUB Bn)





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# Key learnings from the crisis

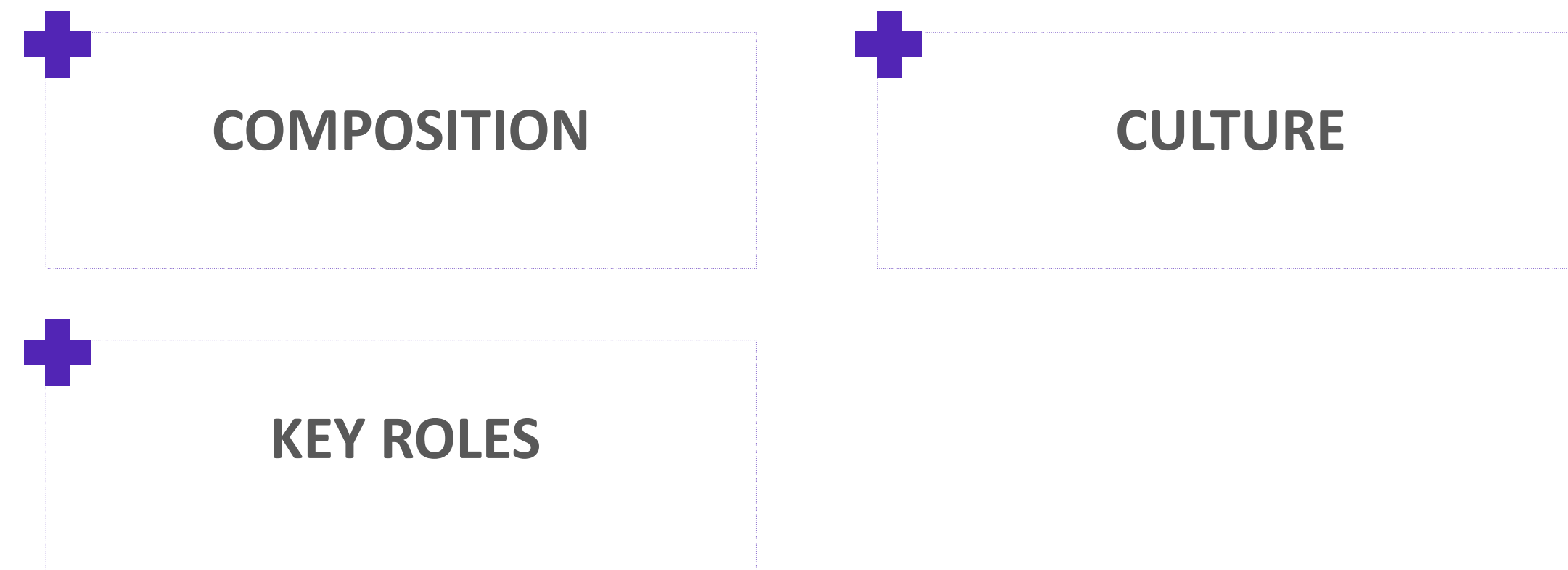
- Clarity of **purpose** – the reason for which a company exists, and the **awareness** of its identity allows it **to make the right choices** and invest in the long term
- Companies that survive for a long time exist in a world that keeps changing and cannot be controlled. **Learning and adapting to change** is essential for success

# 2000-2005 | Building a lasting institution through professional talent & strong governance

- Full P&L Leaders
- Hire the best
- Devolved Decision Making
- Process-orientation
- Transparency

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## Board as a strategic resource



## 2005-2010 | Growing the organization through global acquisitions & partnerships

- Betapharm (DE)
- Manufacturing sites in Mexico, US, UK



# 3

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## Overseas acquisition

German government amended the market to a tender based supply of drugs, rendering the intangible assets and goodwill of the acquisition (the sales force and existing brand) worthless



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# Key learnings from the crisis

- Resilient companies **do not risk their capital gratuitously**. Money in the bank is important. Financial prudence allows them to **govern their wealth and evolution**.
- **Transparent corporate governance**, having **strong tolerance** to setbacks and the **ability to rebound** helps companies to live beyond crisis

2010-2015 | Product centric to a **patient centric organization**



**Good  
Health  
Can't  
Wait.**

Realigning ourselves to better articulate our purpose & promises, keeping patient centricity at the core of what we do



# Operations safety and Quality



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MONEY NEWS NOVEMBER 6, 2015 / 10:53 AM / UPDATED 7 YEARS AGO

## Dr Reddy's hit by FDA warning, shares fall 15 percent

By Zeba Siddiqui

4 MIN READ



MUMBAI (Reuters) - Dr Reddy's Laboratories Ltd, India's second-largest drugmaker, has received a "warning letter" from U.S. regulators over inadequate quality controls at three manufacturing plants producing drugs for cancer and other diseases.

The warning is the latest in a string of incidents that have hurt the industry's reputation and slowed its growth in the world's largest drug market, where India supplies more than 40 percent of the generic and over-the-counter medicines.





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## Key learnings from the crisis

- Companies that aim to live long **cannot be complacent**. They need to be sensitive to the world around them and **continuously improve their systems**
- Living companies have a **culture of doing things the right way** and encourage people to behave in alignment with their **core values**

# 2015-2020 | Operational and execution excellence

*Simplify processes, improve on capabilities & differentiate in the marketplace and fulfil our promises to patients and partners*



“I want to build a company that  
will last 500 years”

- Dr. K Anji Reddy



**2020 Onwards**  
Scaling to new horizons

# Our Purpose

We accelerate access to  
affordable and innovative  
medicines because

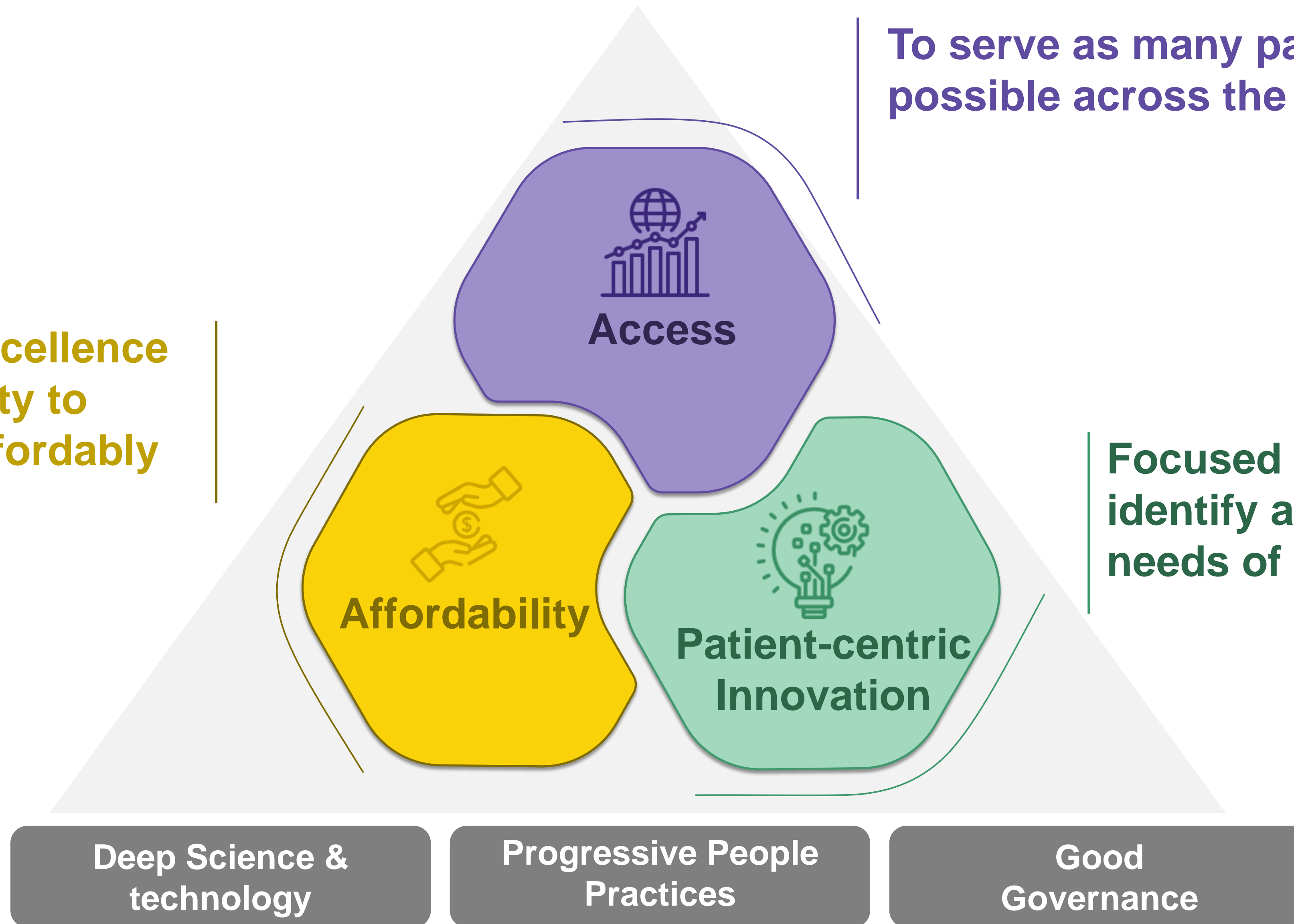
**Good Health Can't Wait.**

# Our **Purpose** translates into three pillars

**Operational excellence and productivity to deliver care affordably to patients**

**To serve as many patients as possible across the world**

**Focused innovation to identify and address unmet needs of patients**



**Deep Science & technology**

**Progressive People Practices**

**Good Governance**

# Our Sustainability goals

## Being committed to environmental stewardship

### Reducing carbon emissions

- 100% renewable power (RE100) by 2030
- Carbon neutral in direct operations by 2030
- 12.5% reduction in indirect carbon emissions (Scope 3) by 2030

### Water Positivity

- Water-positive by 2025

## Making our products accessible and affordable for patients

### Access

- Serve 1.5Bn+ patients by 2030

### Affordability

- 25% new launches to be first to market by 2027

### Innovation

- 3 Innovative products improving standard of treatment every year

## Contributing to a fairer and more socially inclusive world

### Equity, diversity and inclusion

- At least 35% women in senior leadership (3X from current) by 2030
- Gender parity by 2035
- 3% of our workforce to be PwD by 2030
- Ensure 100% living wages for our extended workforce by 2025

## Enhancing trust with our stakeholders

Highest standards on **Compliance** and **Ethics** backed by robust **Corporate Governance**

**ESG disclosures:** Enhance disclosure to reach top quartile by 2025

**Strategic Suppliers:** 100% of our strategic suppliers to be compliant with our internal ESG framework by 2030

# Our **Promises** bring our purpose to life

- **Bringing** expensive medicines within reach
- **Addressing** unmet patient needs
- **Helping** patients manage disease better
- **Working** with partners to help them succeed
- **Enabling** and helping our partners ensure that our medicines are available where needed

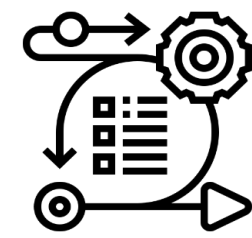


# Key lessons to build a **resilient living company**



## **Be fiscally prudent**

*Companies that survive longer show financial prudence to govern their growth and evolution*



## **Adapt and be agile**

*Companies which continue to invest in learning, survive in a changing world that cannot be controlled*



## **Clarity of purpose and values**

*Companies that live longer are aware of their identity and have a clear purpose to exist*



## **People and community building**

*Companies that focus on building community where both entity and individual care about each other builds loyalty and increases longevity*



## **Loosening Steering and Control**

*Companies that live longer must give people the space to develop ideas. They must have some freedom from control, from direction, and from punishment for failures.*



*Companies stand better chance of surviving and living long in a changing world*

Thank you

