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Dr Reddy's Brings In Range Of Mature Novartis Brands In India

Company Wants To Break India Top Five; Novartis To Make 400 Redundancies

14 Feb 2022 | NEWS

by Dean Rudge | Dean.Rudge@informa.com

Executive Summary

With an 'India First' strategy previously communicated, Dr Reddy's Laboratories has brought in several Novartis India Established Medicines. "We intend to evaluate capabilities to maintain business continuity," the company says.

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REDDY'S HAD PREVIOUSLY BOUGHT WOCKHARDT ASSETS IN INDIA

Source: Alamy

Keen to break into the top five ranking in the Indian market, Dr. Reddy's Laboratories Ltd. has struck an exclusive sales and distribution agreement with Novartis' Indian subsidiary for a range of established medicines, strengthening its pain management and women's health portfolio.

Products covered under the deal include the Voveran (diclofenac) and calcium ranges and Methergine (methylergonovine maleate), which accounted for approximately 50% of Novartis India's 2020/21 product sales. The Novartis group will retain ownership of their trademarks.

Reddy's intends to use its "strengths in promotion and distribution to considerably expand its engagement with healthcare professionals with the aim of enabling access to patients in need."

Novartis India, meanwhile, will bring its manufacturing and development capabilities together with the Indian firm.

Specifics of the commercial terms of the agreement were not disclosed.

Reddy's Outlines M&A Ambitions

"Our India business has been a strong growth driver and remains a key focus market for us," commented MV Ramana, CEO for Reddy's India and Emerging Markets division.

"It is our endeavor to build on the legacy created by Novartis India over the years and we intend to evaluate capabilities to maintain business continuity."

Reddy's had earlier this year underlined that M&A remained an integral part of its growth strategy. The company was actively pursuing a few deals across its focus geographies, including India, emerging markets, the US and Europe, CEO Erez Israeli had noted. (Also see "Acquisitions Are On Dr Reddy's Menu" - Generics Bulletin, 31 Jan, 2022.)

While the size of the acquisitions may vary depending on the territory, "we are likely to go for relatively smaller assets which allow us to have a complementary mode," he added.

The company's "conservative" approach on the financial front remains unchanged, he indicated.

A year ago, Israeli had stressed the company's resolve to break into a top five ranking in the Indian market, led by a string of organic initiatives as well as M&A. (Also see "Dr Reddy's Wants To Break Into Top Five In India" - Generics Bulletin, 21 Jan, 2021.)

Reddy's had in 2020 snapped up Wockhardt's branded generics business in India and certain international territories, helping it to move a few notches up the ranks. (Also see "Dr Reddy's Snaps Up Wockhardt's Branded Generics Business" - Generics Bulletin, 12 Feb, 2020.)

"India is now the main place in which we are going to launch all our specialty products and actually 'India First' is what we are using now," management had noted.

Novartis India Supports Redundancies

Meanwhile, following the move, the Swiss multinational will let go of around 400 employees in the country, due to "role surplus and redundancies." Novartis confirmed to *Generics Bulletin*'s sister publication *Scrip* that the job losses were largely in sales and marketing.

"Today, on one hand, keeping the patient interest at the center, we have entered this strategic business arrangement with Dr Reddy's to extend access to our Established Medicines to benefit more patients in India efficiently," commented Sanjay Murdeshwar, Novartis India's president and managing director.

"On the other hand, we understand the implication on the roles of our colleagues in Novartis India and are doing our best to support them."

Both organizations, Novartis India added, "will remain fully committed to patients and will continue to focus on providing uninterrupted supply of medicines."