

**ORGANISATION STUDY ON
Dr. REDDY'S LABORATORIES**

BY

NITHIN S

(USN- 1CR19MBA58)

Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI



**In partial fulfilment of the requirement for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION**

Under Guidance of

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Bengaluru- 560037 Batch of 2019-2021.**

CERTIFICATE BY THE INSTITUTION

This is to certify that **Mr. NITHIN S** bearing **USN 1CR19MBA58** is a bonafide student of Master of Business Administration of our Institution during 2019-21 batch. The organization study report on **Dr. REDDY'S LABORATORIES** is prepared by him under the guidance of **Mrs. Namitha P Konnur**, Assistant Professor, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, affiliated to Visvesvaraya Technological University, Belagavi Karnataka.



 Signature of the
 Guide


 Signature of the
 Head of the Department
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Sanjay Jain
 Signature of the
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 Bangalore - 560037

Viva-voce Examination:

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 [Signature & Date]

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 [Name, Designation & Affiliation]

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M. P. K. K. K. 30/9/20
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M. P. Kokila, Asst. Prof. CMRIT
 [Name, Designation & Affiliation]

DECLARATION

I, **Mr. Nithin S.** bearing **USN 1CR19MBA58** hereby declare that the organization study conducted at **Dr. Reddy's Laboratories.** is record of independent work carried out by me under the guidance of **Prof Namita P Konnur.** faculty of M.B.A Department of CMR Institute of Technology, Bengaluru. I also declare that this report is prepared in partial fulfilment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone an organization study for a period of four weeks. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University /Institution.

Disclaimer

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Place: **Bengaluru**
Date: **16/09/2020**


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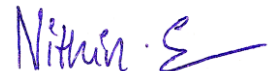
Acknowledgment

I acknowledge the deep gratitude to all those who have made organization study successful and helped in preparing the report.

I would like to express my sincere thanks to **Dr. Sanjay Jain**, Principal of CMR Institute of Technology, Bengaluru for his valuable support and guidance throughout the course of organization study.









I am grateful to **Prof. Sandeep Kumar M**, HOD of the Department of MBA, CMR Institute of Technology, Bengaluru for his constant motivation and inspiration.

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Dr. Reddy's Laboratories Ltd	
<u>Type</u>	<u>Public</u>
<u>Traded as</u>	<u>NSE: DRREDDY</u> <u>BSE: 500124</u> <u>NYSE: RDY</u> <u>NSE NIFTY 50 Constituent</u>
<u>ISIN</u>	<u>INE089A01023</u>
<u>Industry</u>	<u>Pharmaceuticals</u>
<u>Founded</u>	1984
<u>Founders</u>	<u>Anji Reddy</u>
<u>Headquarters</u>	<u>Hyderabad, Telangana, India</u>
<u>Key people</u>	<u>G. V. Prasad</u> (Co-Chairman & MD) <u>Satish Reddy</u> (Chairman) Erez Israeli (Chief Executive Officer) Saumen Chakraborty (Chief Financial Officer)
<u>Revenue</u>	▲ ₹17,460 crore (US\$2.4 billion) (FY 2019-2020)
<u>Net income</u>	▲ ₹1,950 crore (US\$270 million) (FY 2019-2020) ¹¹
<u>Total assets</u>	▲ ₹23,156 crore (US\$3.2 billion) (March 2020)
<u>Total equity</u>	▲ ₹15,499 crore (US\$2.2 billion) (March 2020)
<u>Number of employees</u>	21,966 (March 2019)

Executive Summary

The purpose of organisation study on Dr. Reddy Laboratories is to understand the organisation as a whole and to know how the various departments function in the organisation. This study on organisation also helps to understand the organisation's internal and external environment better. In this report we can see the brief overview of Dr. Reddy Labs and the industry they belong to (i.e; Pharmaceutical Industry).

In this report we can see the Organisation Profile of Dr. Reddy Labs Consistiing Background of the company, Nature of Business undertaken by the company, vision, Mission and Quality Policy, Workflow model, product profile, ownership, achievements and most importantly the future of the Company.

This report also tells us the Mc. Kensey's 7s Framework that includes Strategy, Structure, System, Staff, Style, Skills and also the Shared Values. It also includes the Porter Five Forces model.

We can see the Actual SWOT (Strength, Weakness, Opportunities and Threats) that Dr. Reddy Labs are having or facing. An analysis regarding the Financial Statements (Balance Sheet, Profit and loss a/c and Cash Flow Statement) is been made.

Last but not least the very important stage is the learning experience, We simply not only prepare the report but at the end of the report there is definitely lot of things to learn that may be presentation of the report, Vocabulary, Methodology used for the research etc and many more of them.

CHAPTER 1

INTRODUCTION ABOUT Dr. REDDY'S
LABORATORIES

AND

PHARMACEUTICAL INDUSTRY

INTRODUCTION

Dr. Reddy's Laboratories is an Indian Multinational pharmaceutical company located in Hyderabad, Telangana, India. The company was founded by Anji Reddy, who previously worked in the mentor institute Indian Drugs and Pharmaceuticals Ltd. Dr. Reddy's manufactures and markets a wide range of pharmaceuticals in India and overseas. The company has over 190 medications, 60 active pharmaceutical ingredients (APIs) for drug manufacture, diagnostic kits, critical care, and biotechnology products.

Dr. Reddy's began as a supplier to Indian drug manufacturers, but it soon started exporting to other less-regulated markets that had the advantage of not having to spend time and money on a manufacturing plant that would gain approval from a drug licensing body such as the U.S. Food and Drug Administration (FDA). By the early 1990s, the expanded scale and profitability from these unregulated markets enabled the company to begin focusing on getting approval from drug regulators for their formulations and bulk drug manufacturing plants - in more-developed economies. This allowed their movement into regulated markets such as the US and Europe. In 2014, Dr. Reddy Laboratories was listed among 1200 of India's most trusted brands according to the Brand Trust Report 2014, a study conducted by Trust Research Advisory, a brand analytics company.

By 2007, Dr. Reddy's had seven FDA plants producing active pharmaceutical ingredients in India and seven FDA-inspected and ISO 9001 (quality) and ISO 14001 (environmental management) certified plants making patient-ready medications – five of them in India and two in the UK.

In 2010, the family-controlled Dr Reddy's denied that it was in talks to sell its generics business in India to US pharmaceutical giant Pfizer, which had been suing the company for alleged patent infringement after Dr Reddy's announced that it intended to produce a generic version of atorvastatin, marketed by Pfizer as Lipitor, an anti-cholesterol medication. Reddy's was already linked to UK pharmaceuticals multinational Glaxo Smithkline.

Company history

Dr. Reddy's originally launched in 1984 producing active pharmaceutical ingredients. In 1986, Reddy's started operations on branded formulations. Within a year Reddy's had launched Nori let, the company's first recognized brand in India. Soon, Dr. Reddy's obtained another success

with Omez, its branded omeprazole – ulcer and reflux oesophagitis medication – launched at half the price of other brands on the Indian market at that time. This is now branched in Hyderabad

Within a year, Reddy's became the first Indian company to export the active ingredients for pharmaceuticals to Europe. In 1987, Reddy's started to transform itself from a supplier of pharmaceutical ingredients to other manufacturers into a manufacturer of pharmaceutical products.

International expansion

The company's first international move took it to Russia in 1992. There, Dr. Reddy's formed a joint venture with the country's biggest pharmaceuticals producer, Biomed. They pulled out in 1995 amid accusations of scandal, involving "a significant material loss due to the activities of Moscow's branch of Reddy's Labs with the help of BioMed's chief executive". Reddy's sold the joint venture to the Kremlin-friendly Sistema group. In 1993, Reddy's entered into a joint venture in the Middle East and created two formulation units there and in Russia. Reddy's exported bulk drugs to these formulation units, which then converted them into finished products. In 1994, Reddy's started targeting the US generic market by building state of art manufacturing facility.

NEW DRUG DISCOVERY



Reddy's path into new drug discovery involved targeting speciality generics products in western markets to create a foundation for drug discovery. Development of speciality generics was an important step for the company's growing interest in the development of new chemical entities.

The elements involved in creating a speciality generic, such as innovation in the laboratory, developing the compound, and sending the sales team to the market, are also stages in the development of a new specialty drug. Starting with speciality generics allowed the company to gain experience with those steps before moving on to creating brand-new drugs.

Reddy's invested heavily in establishing R&D labs and is the only Indian company to have significant R&D being undertaken overseas. Dr. Reddy's Research Foundation was established

in 1992 and in order to do research in the area of new drug discovery. At first, the foundation's drug research strategy revolved around searching for analogues. Focus has since changed to innovative R&D, hiring new scientists, especially Indian students studying abroad on doctoral and post-doctoral courses. In 2000, the Foundation set up an American laboratory in Atlanta, dedicated to discovery and design of novel therapeutics. The laboratory is called Reddy US Therapeutics Inc (RUSTI) and its main aim is the discovery of next-generation drugs using genomics and proteomics. Reddy's research thrust focused on large niche areas in western markets – anti-cancer, anti-diabetes, cardiovascular and anti-infection drugs.

GLOBAL EXPANSION

The company elected to expand globally, and acquired other entities. In March 2002, Dr. Reddy's acquired BMS Laboratories, Beverley, and its wholly owned subsidiary Meridian Healthcare, for 14.81 million Euros. These companies deal in oral solids, liquid and packaging, with manufacturing facilities in London and Beverley in the UK. Recently, Dr. Reddy's entered into an R&D and commercialization agreement with Argenta Discovery Ltd., a private drug development company based in the UK, for the treatment of chronic obstructive pulmonary disease (COPD).

Dr. Reddy's entered into a 10-year agreement with Rheoscience A/S of Denmark for the joint development and commercialization of Balaglitazone (DRF-2593), a molecule for the treatment of type-2 diabetes. Rheoscience holds this product's marketing rights for the European Union and China, while the rights for the US and the rest of the world will be held by Dr. Reddy's. The trials were conducted to study the safety and the pharmacokinetic profiles of the drug, which is intended for the treatment of atherosclerosis, a major cause of cardiovascular disorders.

Dr. Reddy's is presently licensed by Merck & Co. to sell an authorized generic version of the popular drug simvastatin (Zocor) in the USA. Since Dr. Reddy's has a license from Merck, it was not subject to the exclusivity period on generic simvastatin. As of 2006, Dr. Reddy's Laboratories exceeded \$500 million USD in revenues, flowing from their APIs, branded formulations and generics segments; the former two segments account for almost 75% of revenues.

PHARMACEUTICAL INDUSTRY



The pharmaceutical industry discovers, develops, produces, and markets drugs or pharmaceutical drugs for use as medications to be administered (or self-administered) to patients, with the aim to cure them, vaccinate them, or alleviate the symptoms. Pharmaceutical industry deal in generic or brand medications and medical devices. They are subject to a variety of laws and regulations that govern the patenting, testing, safety, and marketing of drugs.

The pharmaceutical industry is an industry that provides life-saving drugs to cure the diseases. It is not only creating employment for the millions of people but also boosting up the economy of many countries. Pharmacy centres are playing an excellent role in healthcare services. Now this industry has become an inseparable part of society and a compulsory sector to be regulated more vigorously.

CLASSIFICATION OF INDUSTRY

Bulk Drugs



The bulk drug is a substance which is used in the manufacture of the pharmaceutical product, i.e., medicinal drug product such as tablets, ointments and syrups. This is also called as "Active Pharmaceutical Ingredient (API)" or "Drug Substance".

Formulation



The formulation is a process used for making medicinal products by combining Active Pharmaceutical Ingredients and inert substances (excipients) as per the predefined ratios. Finished dosage forms are prepared in this division of the pharmaceutical industry. Quality, safety and efficacy of the finished dosage form is the key challenge here.

Biotechnology



Biotechnology mainly deals with the techniques that use in the manufacture of Biopharmaceuticals. Living microorganisms are the main resources for the preparation of Biopharmaceuticals. The process employed in this technique modifies the living organisms as per the requirements of human use.

Size of the Business

As health is everybody's concern, availability of medication everywhere is a natural demand. So, the supplying needs are high. Accordingly, the business size is also high. The pharmaceutical industry is spread significantly almost in all developed and developing countries. This is also one of the largest employment sources along with other major industries.

Advancement of computer technology brought enormous changes in the industry. Automation in manufacturing units increased the business volume and reduced the lead time of drug preparation. This fact is reflected in the revenues of the pharma sector at global level.

Top 10 Global Pharmaceutical companies

1. Johnson & Johnson
2. Pfizer
3. Roche
4. Merck & Co.
5. Novartis
6. AbbVie
7. Amgen
8. Abbott Laboratories
9. Eli Lilly & Co
10. Novo Nordisk

CHAPTER 2

ORGANISATION PROFILE OF Dr. REDDY LABORATORIES

BACKGROUND

- Dr. Reddy's laboratories Ltd founded in 1984 by Dr. Kallam Anji Reddy and has become India's second biggest pharmaceutical company and its headquartered is in Hyderabad.
- It produces and sells active pharmaceutical ingredients, finished dosages and biologics.
- It manufactures ulcer medicines, antibiotics, pain relievers, antidepressants and cardiovascular drugs.
- Markets its products in approximately 100 countries, focusing on Europe, India, US and Russia.
- On 11th April 2001, Dr. Reddy's became the first pharmaceutical company from Asia Pacific to be listed in New York Stock Exchange.
- Research and development in Diabetes, Cancer, Cardiovascular diseases and bacterial infections.
- 135 new generic products, filing of 10 new product registration, and 56 drug master files.
- Offers a portfolio of products and services including.
 - ✚ Active Pharmaceutical Ingredients
 - ✚ Custom Pharmaceutical Ingredients
 - ✚ Generics
 - ✚ Biosimilar
 - ✚ Differentiated Formulations
 - ✚ New Chemical Entities

NATURE OF BUSINESS

1) **GENERIC**



Many people throughout the world do not have access to good health because they can't afford expensive medicines. Their Generic Formulations business addresses this urgent need by offering more than 200 high-quality generic versions of expensive innovator medicines at a fraction of the cost in over 100 countries around the world.

Generic Formulations, including tablets, capsules, injectables, and topical creams, is the largest part of their business portfolio.

In many emerging markets, Dr. Reddy's products are available under a brand name, such as Omez (Omeprazole), Nise (Nimesulide), Ketorol (Ketorolac Thromethamine), Stamlo (Amlodipine Besylate), Razo (Rabeprazole), among many others. Over the years, these brands have established themselves as leaders in their respective categories.

2) OVER THE COUNTER



In addition to accelerating access to prescribed medicines, we actively develop appropriate products that are available without a doctor's prescription. These important over-the-counter (OTC) medications reach a much broader population. OTC medicines in the areas of pain management, dermatology, allergy management areas, and gynecology.

3) APIs (Active Pharmaceutical Ingredients)

With deep technical strengths in the development of complex APIs such as steroids, peptides, complex long chain synthesis and oncology we consistently deliver high-quality APIs.

4) BIOLOGICS



Diseases like cancer or autoimmune disorders often require the long-term use of Biologics – large molecule protein therapies – for an effective treatment that may have fewer side effects. Effective as they are, biologics are very expensive and can place a significant cost burden on both, the patient as well as the payor.

5) **DIFFERENTIATED FORMULATIONS**

As people continue to take greater responsibility for their own health and wellness issues, their needs change. Patients today are looking for more than just safe, effective medicines. They require information, coaching, and customized support to help them adhere to complex treatment protocols.

VISION POLICY



To become a discovery ruled global pharmaceutical company with a core purpose of helping people lead healthier lives.

MISSION POLICY



To be India's first Pharmaceutical that successfully takes its products from discovery to commercial launch globally.

QUALITY POLICY



Dr. Reddy's patient-centric approach extends to their quality policy as well. Their focus on quality helps ensure product safety and efficacy, regardless of the drug form. This is only possible with an extremely high degree of teamwork throughout the company—with a common goal of quality.

They establish uniform standards for all products, regardless of geography. They believe meeting pharmacopeia requirements is minimum standard. Our policy of continuous process and product improvement drives us to work toward exceeding these minimum standards.

Consistency is rarely an accident. Rather, it is the result of a well-concieved, rigorously implemented Quality Management System (QMS). Our QMS focuses on continual improvement aimed at optimizing processes and eliminating non-value-adding efforts in production. These efforts are primarily directed towards reducing variability in process and product quality characteristics.

To achieve this, we follow a four-step process:

- ✓ Adopt Quality by Design (QbD) approach in Manufacturing and clearly identify sources of variability and minimize them on an ongoing basis.
- ✓ Be right the first time. Identify and eliminate defects. Improve efficiency.
- ✓ Undertake “risk-based” approach to manufacturing and mitigate risks wherever they are likely to impact quality
- ✓ Develop transparency in all areas of operations and build robust quality culture across the organization.

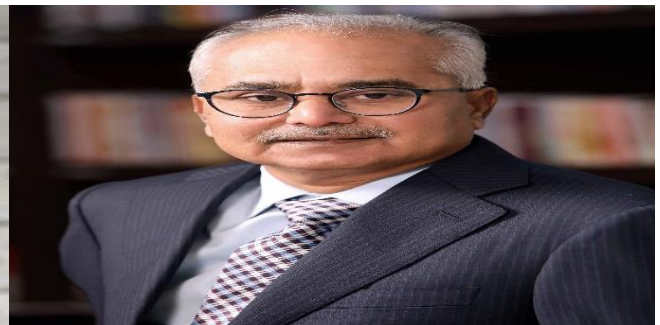
WORKFLOW MODEL



Whole Time Directors



Satish Reddy

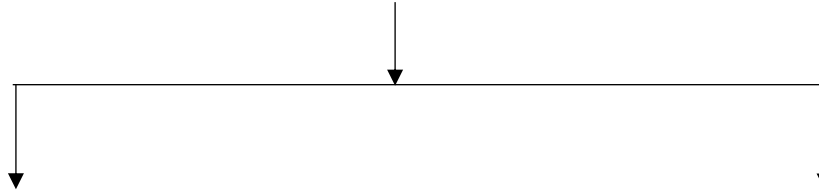


G V Prasad



Erez Israeli
CEO

Chief Executive Officer



President and Chief Financial Officer	Saumen Chakraborty
Chief Human Resource Officer	Archana Bhaskar
Chief Executive Officer, Branded Markets (India and Emerging Markets)	M V Ramana
Chief Executive Officer, North America Generics	Marc Kikuchi
Global Head of Manufacturing	Sanjay Sharma
Global Head of Integrated Product Development Organization (IPDO)	Sauri Gudlavalleti
Global Head of Proprietary Products	Anil Namboodiripad
Global Head of Quality	Ganadhish Kamat
Global Head of Supply Chain	Yugandhar Puvvala
Global Head of Biologics	Dr. Raymond De Vré
Global Head of PSAI	Deepak Sapra
Chief Executive Officer, European Generics	Patrick Aghanian

PRODUCT PROFILE



Top Active Pharmaceutical Ingredients

- Abiraterone Acetate
- Canagliflozin
- Ciprofloxacin Hydrochloride
- Ramipril
- Terbinafine HCl
- Ibuprofen
- Sertraline Hydrochloride

- Ranitidine HCl Form 2
- Naproxen Sodium
- Naproxen
- Atorvastatin
- Montelukast
- Nelfinavir Mesylate

- Losartan Potassium
- Sparfloxacin
- Nizatidine
- Fexofenadine
- Ranitidine Hydrochloride Form 1

- Clopidogrel (Not in US due to 2007 patent case)
- Omeprazole
- Finasteride
- Sumatriptan
- glimepiride
- Stolin gum astringent
- Senqel f
- Stolin r

Ownership Pattern

<u>PROMOTER'S</u>		<u>No. of shares</u>	<u>% of shares</u>
<u>HOLDING</u>			
Individuals		3,133,228	1.8
Companies		41,325,300	24.86
	Sub Total	44,458,528	26.74
Public Holding:			
Indian Financial Institutions		6,007,494	3.61
Banks		52,481	0.03
Mutual Funds		17,266,613	10.39
	Sub Total	23,326,588	14.03
Foreign Holding:			
Foreign Institutional Investors		14,630,618	8.80
NRIs		1,629,414	0.98
ADRs		23,385,340	14.07
Foreign Nationals		4,199	0.00
Foreign Portfolio Investors		34,339,721	20.66
	Sub Total	73,989,292	44.51
Indian Public and Corporates		24,458,108	14.71
TOTAL		166,232,516	100.00

AWARDS AND RECOGNITION

- Best Workplace in the Biotech/Pharmaceutical Industry – 2009
- Gold Shield – ICAI Awards for Excellence in Financial Reporting
- Best CSR & Sustainability Practices 2008 – 9th International Conference on Corporate

Governance and Sustainability

- Reditux™ – 'Product of the Year 2008'
- IT User Award 2008 at NASSCOM-CNBC IT User Awards 2008
- Unichem Generics Supplier 2008 Award (UK)
- Best Company in Class - HDMA Annual Leadership Forum (North America)
- 5 HR Awards at World HRD Congress
- 5 Awards at annual PRCI Corporate Collateral Competition
- 3 Awards from Public Relations Society of India
- Elixir – Best Imperative Content at ICE Awards
- AIF – Annual Spring Award to Dr. K. Anji Reddy, Chairman

FUTURE GROWTH AND PROSPECTUS



Some insights for the coming years from management discussion & analysis (MD&A) and con calls are as follows.

- The financial position is expected to deteriorate due to extraordinary expenses related to Covid-19 outbreak like sanitization of facilities, disrupted supply chains, inflation-related

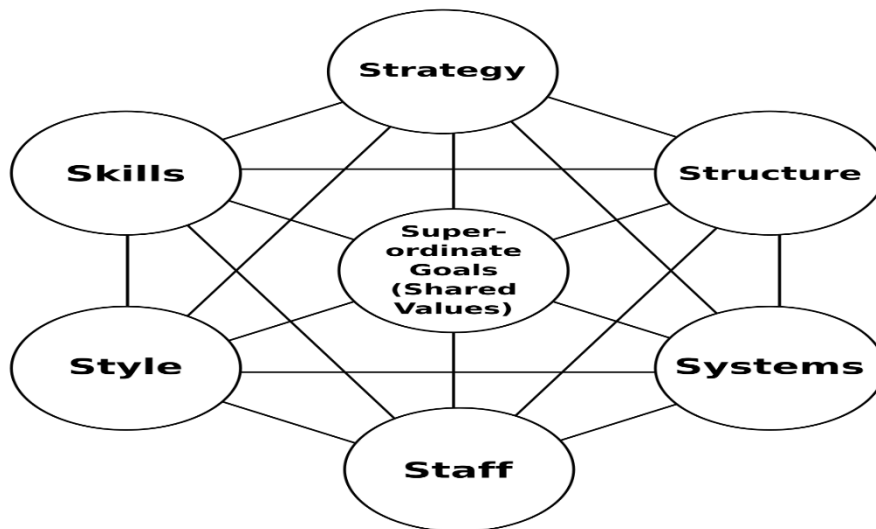
costs etc. The company, however, reported a strong growth momentum in its key markets of India and the US. However, exposure to the Chinese market may be detrimental to the company in the near future.

- Dr Reddy's Labs has Collaborated With FUJIFILM, Global Response Aid For Avigan (Favipiravir) for Covid-19. This gives them the exclusive rights of manufacturing and to sell and distribute Avigan in all countries other than Japan, China and Russia.
- The legal process with respect to a penalty on innovator for delaying g-suboxne launch is ongoing and would take a few more months to resolve. No significant payments are expected to be made by the company.
- Dr Reddy's Laboratories Ltd. has announced the launch of Abiraterone Acetate Tablets which is a generic version of Zytiga®. The market size for the generic version in the U.S. is approximately \$454 million. This can be a big revenue driver for the company in the near future.

Overall, the company can see the temporary deterioration of its financial position but still has good future prospects due to its product pipeline.

CHAPTER 3
Mc KENSEY'S 7S FRAMEWORK
AND
PORTER'S FIVE FORCES MODEL OF
Dr. REDDY LABORATORIES

Mc Kensey's 7S framework



Implementation of 7s strategy

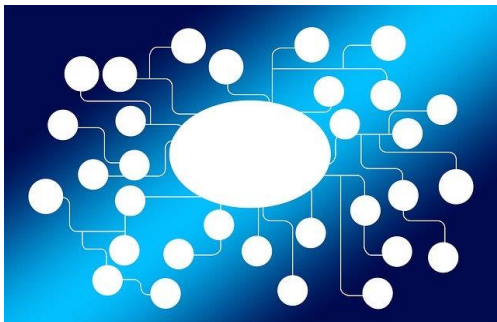
Organizational Structure at Dr. Reddy's Laboratories Organizational charts:

1. Formal reporting relationships - High
2. Levels in hierarchy - High
3. Span of control - High
4. Departmentalization- High

Functional Structure: Functional structure with horizontal linkage Systems to facilitate:

- a. Coordination
- b. Communication
- c. Integration

SYSTEMS

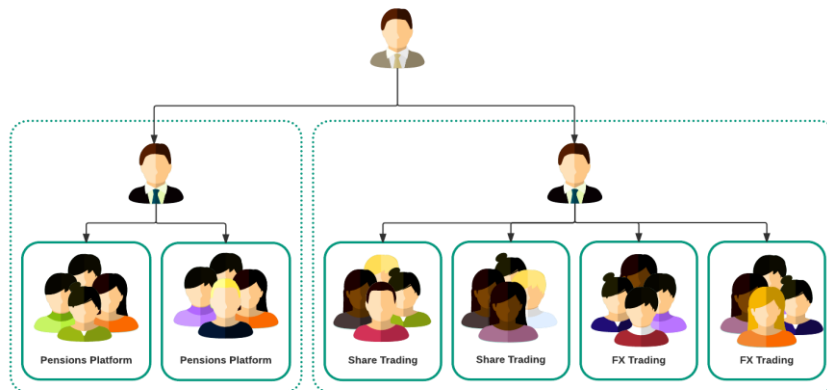


Formal and informal procedures that support the strategy and structure (Systems are more powerful than they are given credit)

Various elements of system are:

- Communications practice and system
- Management reporting system
- Approval process
- Planning/budgeting system
- Rewards system including appraisal
- “Rules”

STRUCTURE



For proper utilization of the Structure the following steps can be followed:

- Tasks define jobs
- Jobs define skills required
- Skills (and other considerations) define staff o Over time skills change as staff gains knowledge and experience, and as technology and corporate infrastructure mature
- Collection of jobs basis for structure

SKILLS



- Distinctive competencies – what the company does best, ways of developing or shifting competencies
- In case of this company while Job Design it is to be considered whether the existing employees have the necessary skills and knowledge to fulfil proposed / expanded job requirements.

Staff

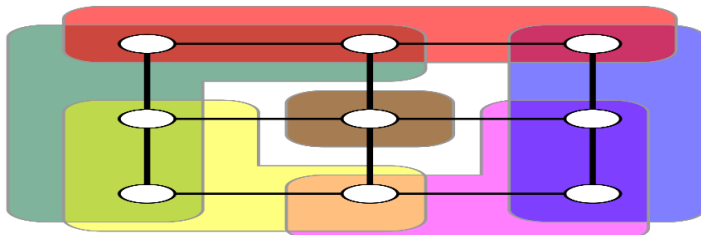
Currently, more than 21,000 employees working for the company worldwide, representing 40 nations and nationalities. Dr.Reddy's has R&D centers in the Netherlands (Leiden), the United Kingdom (Cambridge), United States (Princeton, NJ) and India (Hyderabad). Therefore, we can say that 24 hours a day over 2,400 of our scientists around the world are conducting research in the pharmaceutical field in order to solve the facing modern medicine problems to change people's lives for the better.

Employees of Dr. Reddy's is a highly professional team, united in its desire to make the world a healthier place by creating innovative and affordable medicines.

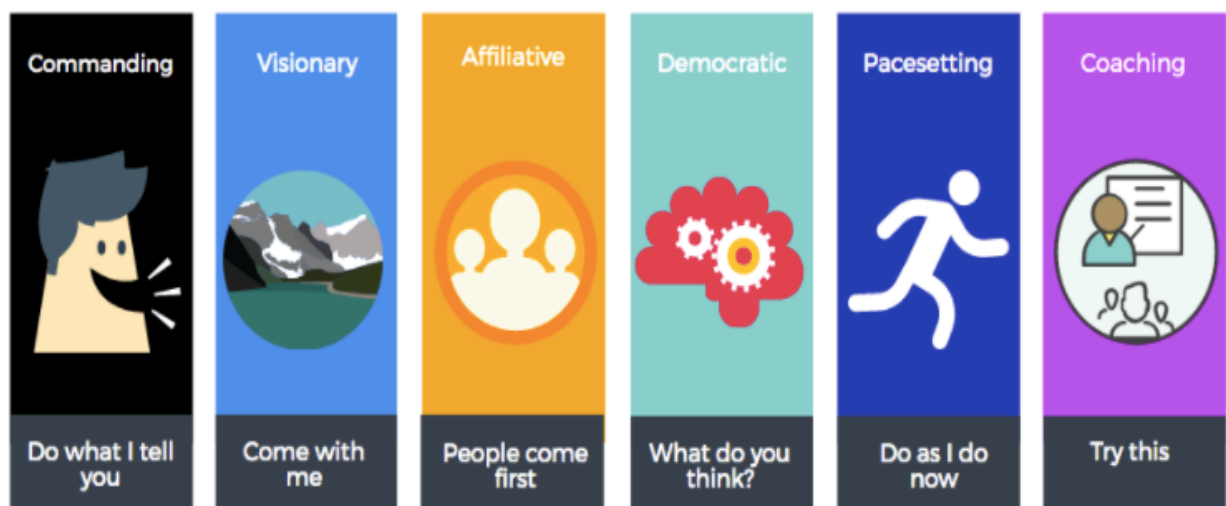
STYLE/CULTURE

The culture of the organization, consisting of

- **Organizational culture:** the dominant values, beliefs and norms which develop over time and become relatively enduring features of organization life



- **Management style:** The precise way in which the control system influences the behaviour depends on the style of functioning of the manager (i.e. where they spend their time and attention, what they allow, what they reward, etc)



Dr. Reddy's basically follows an **External Control System** where decision making authority rests with the top management – Centralized in practical operations

Regarding **organization culture**, HPL follows 3 following rules those are reflected from their Vision statement.

1. Respect for Individual
2. Customer Satisfaction
3. Dedication of Excellence

The company can follow the following aspects for improving its culture:

- ✓ **Customer Delight:** A commitment to surpassing the customer expectations. (and not only fulfilling)
- ✓ **Leadership by Example:** A commitment to set standards in the business and transactions and be an exemplar for the industry and their own teams.
- ✓ **Integrity and Transparency:** A commitment to be ethical, sincere and open in their dealings.
- ✓ **Fairness:** A commitment to be objective and transaction-oriented, thereby earning trust and respect.
- ✓ **Pursuit of Excellence:** A commitment to strive relentlessly, to constantly improve themselves, their teams, their services and products so as to become the best.

STRATEGY

Maximising Firm's Value



Satish Reddy Company's Whole time Director said,

“Our priorities for next year include expanding our reach, accelerating launches and enhancing capabilities”

“In emerging markets, we are focused on building brands and also looking to selectively increase footprints in some parts but cautiously. As far as India is concerned, we will focus on the areas in which we do well, and will cut down on less relevant areas” Reddy added.

Shared Values



Purpose: We are committed to providing affordable and innovative medicines for healthier lives.

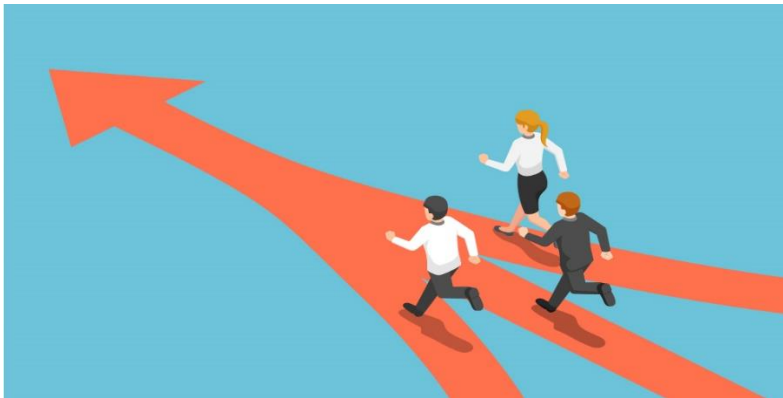
Providing Affordable Medicines

Developing Innovative Medicines.

Porter's Five Forces Model



❖ Threats of New Entrants



New entrants in Drug Manufacturers - Other brings innovation, new ways of doing things and put pressure on Dr. Reddy's Laboratories Limited through lower pricing strategy, reducing costs, and providing new value propositions to the customers. Dr. Reddy's Laboratories Limited has to manage all these challenges and build effective barriers to safeguard its competitive edge.

How Dr. Reddy's Laboratories Limited can tackle the Threats of New Entrants

- By innovating new products and services. New products not only bring new customers to the fold but also give old customer a reason to buy Dr. Reddy's Laboratories Limited 's products.
- By building economies of scale so that it can lower the fixed cost per unit.
- Building capacities and spending money on research and development. New entrants are less likely to enter a dynamic industry where the established players such as Dr. Reddy's Laboratories Limited keep defining the standards regularly. It significantly reduces the window of extraordinary profits for the new firms thus discourage new players in the industry.

❖ Bargaining Power of Suppliers



All most all the companies in the Drug Manufacturers - Other industry buy their raw material from numerous suppliers. Suppliers in dominant position can decrease the margins Dr. Reddy's Laboratories Limited can earn in the market. Powerful suppliers in Healthcare sector use their negotiating power to extract higher prices from the firms in Drug Manufacturers - Other field. The overall impact of higher supplier bargaining power is that it lowers the overall profitability of Drug Manufacturers - Other.

How Dr. Reddy's Laboratories Limited can tackle Bargaining Power of the Suppliers

- By building efficient supply chain with multiple suppliers.
- By experimenting with product designs using different materials so that if the prices go up of one raw material then company can shift to another.
- Developing dedicated suppliers whose business depends upon the firm. One of the lessons Dr. Reddy's Laboratories Limited can learn from Wal-Mart and Nike is how these companies

❖ Bargaining Power of Buyers



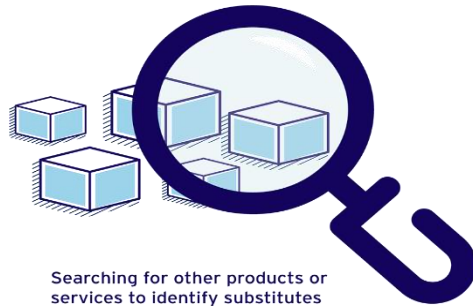
Buyers are often a demanding lot. They want to buy the best offerings available by paying the minimum price as possible. This put pressure on Dr. Reddy's Laboratories Limited profitability in the long run. The smaller and more powerful the customer base is of Dr. Reddy's Laboratories Limited the higher the bargaining power of the customers and higher their ability to seek increasing discounts and offers.

How Dr. Reddy's Laboratories Limited can tackle the Bargaining Power of Buyers

- By building a large base of customers. This will be helpful in two ways. It will reduce the bargaining power of the buyers plus it will provide an opportunity to the firm to streamline its sales and production process.

- By rapidly innovating new products. Customers often seek discounts and offerings on established products so if Dr. Reddy's Laboratories Limited keep on coming up with new products then it can limit the bargaining power of buyers.

❖ Threats of Substitute Products or Services

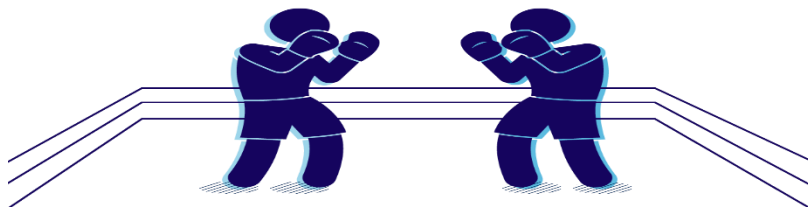


When a new product or service meets a similar customer needs in different ways, industry profitability suffers. For example, services like Dropbox and Google Drive are substitute to storage hardware drives. The threat of a substitute product or service is high if it offers a value proposition that is uniquely different from present offerings of the industry.

How Dr. Reddy's Laboratories Limited can tackle the Treat of Substitute Products / Services

- By being service oriented rather than just product oriented.
- By understanding the core need of the customer rather than what the customer is buying.
- By increasing the switching cost for the customers.

❖ Rivalry among the Existing Competitors



If the rivalry among the existing players in an industry is intense then it will drive down prices and decrease the overall profitability of the industry. Dr. Reddy's Laboratories Limited operates in a very competitive Drug Manufacturers - Other industry. This competition does take toll on the overall long-term profitability of the organization.

How Dr. Reddy's Laboratories Limited can tackle Intense Rivalry among the Existing Competitors in Drug Manufacturers - Other industry

- By building a sustainable differentiation
- By building scale so that it can compete better
- Collaborating with competitors to increase the market size rather than just competing for small market.

CHAPTER 4

SWOT ANALYSIS OF Dr. REDDY LABS

SWOT ANALYSIS

In Dr.Reddy's SWOT Analysis, the strengths and weaknesses are the internal factors whereas opportunities and threats are the external factors.

STRENGTHS:

- Annual Net Profits improving for last 2 years.
- Company with Low Debt.
- Book Value per share Improving for last 2 years.
- Has a strong workforce of over 15,000 employees.
- The acquisition of Beta pharma helped to introduce an array of generic products and show its presence in the European markets.



WEAKNESS:

- Discovery of drugs is a highly unpredictable business.
- Strict govt regulations and policies affects operational efficiency.

OPPORTUNITIES:

- New partnerships to develop Biosimilar business.
- Develop cost effective ways of new drug development to improve business in emerging markets.

THREATS:

- Preliminary investment for Drug discovery is very high
- long gestational period for new drug development
- increasingly stringent regulations for new drug development

CHAPTER 5
ANALYSIS OF FINANCIAL STATEMENT

Balance Sheet

Rs (in Crores)

Particulars	Mar'20	Mar'19	Mar'18	Mar'17	Mar'16
Liabilities	12 Months	12 Months	12 Months	12 Months	12 Months
Share Capital	83.10	83.00	83.00	82.90	85.30
Reserves & Surplus	15108.80	12601.10	11724.80	11517.70	11520.10
Net Worth	15191.90	12684.10	11807.80	11600.60	11605.40
Secured Loan	1062.90	891.70	.00	.00	.10
Unsecured Loan	.00	.00	2588.80	2355.10	3083.90
TOTAL LIABILITIES	16254.80	13575.80	14396.60	13955.70	14689.40
Assets					
Gross Block	9625.80	9240.20	8746.70	8288.30	7287.60
(-) Acc. Depreciation	5191.90	4557.50	4029.40	3446.20	2858.30
Net Block	4433.90	4682.70	4717.30	4842.10	4429.30
Capital Work in Progress	411.80	400.10	675.00	540.00	615.00
Investments	5485.50	3933.50	3636.50	3101.90	3888.30
Inventories	2190.40	2015.60	1856.80	1809.70	1699.60
Sundry Debtors	4638.70	3717.70	4203.80	4405.40	3893.50
Cash and Bank	39.20	113.20	120.70	66.70	1268.00
Loans and Advances	2276.30	1384.70	1890.20	1681.40	1763.90
Total Current Assets	9144.60	7231.20	8071.50	7963.20	8625.00
Current Liabilities	2959.20	2432.30	2477.00	2220.80	2221.30
Provisions	261.80	239.40	226.70	270.70	646.90
Total Current Liabilities	3221.00	2671.70	2703.70	2491.50	2868.20
NET CURRENT ASSETS	5923.60	4559.50	5367.80	5471.70	5756.80
Misc. Expenses	.00	.00	.00	.00	.00
TOTAL ASSETS(A+B+C+D+E)	16254.80	13575.80	14396.60	13955.70	14689.40

Profit & Loss - Dr. Reddy's Laboratories Ltd.

Rs (in Crores)

particulars	Mar'20	Mar'19	Mar'18	Mar'17	Mar'16
	12Months	12Months	12Months	12Months	12Months
INCOME:					
Sales Turnover	11850.40	10625.50	9359.30	9719.80	10291.90
Excise Duty	.00	.00	.00	.00	84.20
NET SALES	11850.40	10625.50	9359.30	9719.80	10207.70
Other Income	743.2000	238.4000	204.0000	591.2000	244.8000
TOTAL INCOME	12593.60	10863.90	9563.30	10311.00	10452.50
EXPENDITURE:					
Manufacturing Expenses	290.50	295.80	297.30	296.30	372.30
Material Consumed	4058.00	3462.00	3139.00	3032.40	2999.20
Personal Expenses	2030.20	1931.90	1843.00	1803.30	1710.00
Selling Expenses	12.20	5.60	14.70	33.40	35.70
Administrative Expenses	2589.90	2630.50	2735.40	2808.80	2686.50
Expenses Capitalised	.00	.00	.00	.00	.00
Provisions Made	.00	.00	.00	.00	.00
TOTAL EXPENDITURE	8980.80	8325.80	8029.40	7974.20	7803.70
Operating Profit	2869.60	2299.70	1329.90	1745.60	2404.00
EBITDA	3612.80	2538.10	1533.90	2336.80	2648.80
Depreciation	789.20	780.60	774.10	735.10	649.10

Other Write-offs	.00	.00	.00	.00	.00
EBIT	2823.60	1757.50	759.80	1601.70	1999.70
Interest	47.80	56.80	62.80	57.20	63.80
EBT	2775.80	1700.70	697.00	1544.50	1935.90
Taxes	-161.90	423.40	130.10	160.40	225.50
Profit and Loss for the Year	2937.70	1277.30	566.90	1384.10	1710.40
Non Recurring Items	.50	.00	.00	.00	-355.90
Other Non Cash Adjustments	.00	.00	.00	.00	.00
Other Adjustments	-.50	.00	.00	.00	.00
REPORTED PAT	2937.70	1277.30	566.90	1384.10	1354.50
KEY ITEMS					
Preference Dividend	.00	.00	.00	.00	.00
Equity Dividend	391.40	263.80	399.20	335.30	271.20
Equity Dividend (%)	471.00	317.83	480.96	404.46	317.94
Shares in Issue (Lakhs)	1660.66	1660.66	1659.11	1657.42	1706.08
EPS - Annualised (Rs)	176.90	76.92	34.17	83.51	79.39

Cashflow Statement

Rs (in Crores)

Particulars	Mar'20	Mar'19	Mar'18	Mar'17	Mar'16
Profit Before Tax	2775.80	1700.70	697.00	1544.50	1580.00
Net Cash Flow from Operating Activity	1839.20	2762.10	1538.60	1015.90	.00
Net Cash Used in Investing Activity	1689.20	-550.90	1179.90	1442.50	.00
Net Cash Used in Financing Activity	-224.10	2223.10	-304.40	2581.80	.00
Net Inc/Dec In Cash and Cash Equivalent	-74.10	-7.50	54.00	-135.40	134.20
Cash and Cash Equivalent - Beginning of the Year	113.20	120.70	66.70	202.10	60.00
Cash and Cash Equivalent - End of the Year	39.10	113.20	120.70	66.70	194.20

Analysis

Balance Sheet

The balance sheet is a report of a company's financial worth in terms of book value. It is broken into three parts to include a company's assets, liabilities, and shareholders' equity. Shareholder's equity includes details on equity capital investments and retained earnings from periodic net income. The balance sheet must balance with assets minus liabilities equaling shareholder's equity. The resulting shareholder's equity is considered a company's book value. This value is an important performance metric that increases or decreases with the financial activities of a company.

Here we can see that every year liabilities are matching with assets and it should match. Here for the year 2020 we can see the assets and liabilities are standing at 16254.80 Crores and 13575.80, 14396.60, 13955.70, and 14689.40 crores respectively for the year 2019,2018,2017,2016.

Profit and Loss A/C

The Profit and Loss statement (P&L) is generally prepared annually and forms part of the accounting documents a limited company and sole trader need to produce to satisfy the tax authorities.

It shows revenues, costs, and how much profit the business made for the period the statement covers which is usually 12 months.

Here we can see the profit of 2937.70, 1277.30, 566.90, 1384.10, and 1354.50 crores for the year 2020, 2019, 2018, 2017, 2016.

Cashflow Statement

The cash flow statement provides an overview of the company's cash flows from operating activities, investing activities, and financing activities. Net income is carried over to the cash flow statement where it is included as the top line item for operating activities. Like its title, investing activities include cash flows involved with firmwide investments. The financing activities section includes cash flow from both debt and equity financing. The bottom line shows how much cash a company has available.

Here we can see that Dr. Reddy's have cashflows of 39.10, 113.20, 120.70, 66.70 and 194.20 for the year 2020, 2019, 2018, 2017, 2016 respectively.

CHAPTER 6
LEARNING EXPERIENCE

Learning experience

Every student doing a professional course needs to undertake summer training or internship in his respective field, which gives him a chance to explore his skills and suit himself in the work environment.

The Organisation Study of Dr. Reddy Laboratories has given me valuable knowledge about the company as well as the Pharma industry related to their business, operations, ownership patterns etc.

During this one month period I have come across many new things and learned many things which might be helpful and be useful for my career. It was very good experience for me to do an organisation study in Dr. Reddy Labs. Through this study I got a fair idea about the functioning of organisation. I got information about the board of directors, company's history and growth, vision, mission objectives, future plans etc were clearly defined by them.

The most important thing that I noticed is Dr. Reddy's is more concentrated on expanding their business on most part of the world and already they are one of the biggest pharma industry in our country. Irrespective of external forces and internal forces they are moving forward so successfully.

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Social Network Links

<https://www.facebook.com/Dr.ReddysLaboratoriesLtd>

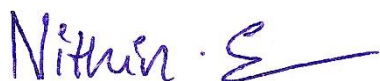
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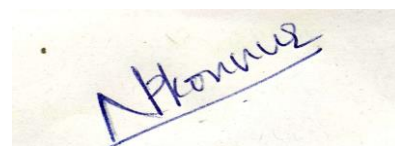
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WEEKLY PROGRESS REPORT

Student Name	Nithin S
USN	1CR19MBA58
Title of the Study	Organisation report
Organization	Dr. Reddy's Laboratories
WEEK-1	
Duration (start date - End date)	6.8.2020 - 12.8.2020
Chapter s covered	Chapter 1 and Chapter 2
Descriptions of activities performed during the week	Introduction to organization, Industry profile and company profile
WEEK-2	
Duration (start date - End date)	13.8.2020 - 18.8.2020
Chapter s covered	Chapter 3
Descriptions of activities performed during the week	McKensy's 7S framework, Porter's Five Force Model.
WEEK-3	
Duration (start date - End date)	19.8.2020 - 26.8.2020
Chapter s covered	Chapter 4 and Chapter 5
Descriptions of activities performed during the week	SWOT Analysis and analysis of financial statements
WEEK-4	
Duration (start date - End date)	27.8.2020 - 30.8.2020
Chapter s covered	Chapter 6
Descriptions of activities performed during the week	Learning experience and Bibliography



Signature of the Student



Signature of the Guide