

# Dr Reddy's Limited

## Mylan receives approval for fexofenadine - ALERT

- Mylan has received approval for fexofenadine 180mg tablets (Sanofi-Aventis's Allegra, total sales c.\$800mn). The 180mg strength is 80% of the market and currently Dr. Reddy's (DRL), Teva and Prasco (authorized generic) are the only generics in the market with Teva and Prasco having a market share of c. 45% and c. 40% respectively.

### Impact

- Since we have been expecting Mylan's launch, we have modeled in \$30m sales for DRL in FY08 – down from \$50m in FY07.
- We note that Mylan has got approval for only one-strength. Hence it may not be able to capture too much market.
- The following table shows DRL's value sales from IMS. The actual sales are roughly half of these numbers. Based on this, we believe there is scope for price to fall further. However, we believe our estimates factor in this decline to a large extent. Hence, we are maintaining our estimates.

Table 1: DRL's sales of fexofenadine

\$mn

Strength	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07
180MG	\$6.5	\$5.7	\$6.0	\$6.9	\$5.6	\$5.6
30MG	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
60MG	\$0.9	\$0.9	\$1.1	\$1.5	\$1.1	\$1.1
Total	\$7.5	\$6.6	\$7.2	\$8.5	\$6.8	\$6.8

Source: IMS

Table 2: Fexofenadine 180mg- average price per unit

\$

Corporation	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07
DRL	1.3	1.3	1.3	1.3	1.3	1.2
Prasco	1.2	1.2	1.2	1.2	1.1	1.1
Teva	1.2	1.2	1.2	1.2	1.2	1.2
Sanofi-Aventis	1.7	1.9	1.8	1.8	1.7	1.7

Source: IMS

## Underweight

**Rs710.05**

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### Pharmaceuticals

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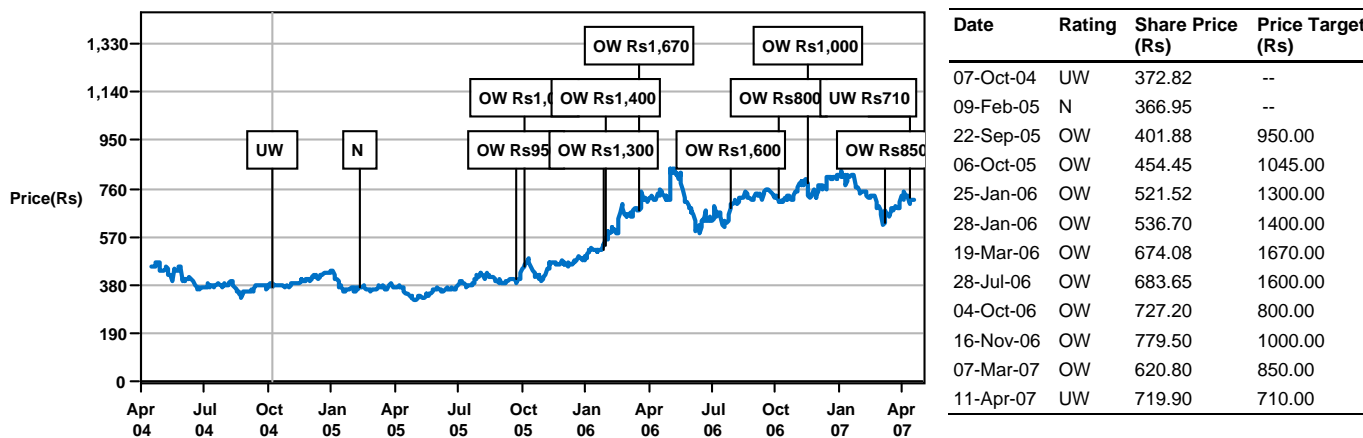
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**Dr Reddy's Limited (REDY.BO) Price Chart**



Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.  
 Break in coverage Mar 04, 2004 - Oct 07, 2004. This chart shows JPMorgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.  
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