

INTERVIEW: KIRAN MAZUMDAR-SHAW

CHAIRMAN AND MANAGING DIRECTOR, BIOCON

Won't wait for new formulations, focus on generic drugs as well

Biotechnology firm Biocon on Friday announced the elevation of its chief of operations Arun Chandavarkar as CEO and joint MD. Chairman and managing director Kiran Mazumdar-Shaw tells Ajay Sukumaran in an interview that the move is in line with demands of the firm's growing business, which has been restructured into strategic units. Excerpts

How do you see Biocon's performance this quarter?

I think we have seen good growth everywhere, whether it is revenues, ebitda or profit. We have seen excellent traction in all our businesses and some of our high-profit businesses have really done well. Our research services business and parts of our biopharma business are highly profitable, so all that has driven profits. In addition to that, I must say we have seen muted research and development (R&D) spends. So, that has also contributed.

Your oral insulin clinical trials have been moved to the US. How much of a setback has it been?

It is a time setback. Look at our oral insulin — we have lost almost a year. We submitted our application a long time ago but nobody was taking a decision and then this moratorium came. By the time we took it to the US, we lost almost 9 months to a year. Even in the global trials of all the biosimilars, we had estimated a large trial component in India, from a cost and speed point of view. Anyway, there were ongoing trials abroad, but the India leg



of it could not be done. So, then, we have to expand the other trials.

You are filing abbreviated new drug applications (ANDAs) this year. Can you explain how significant this is?

It is significant because it spurs growth. It's not immediate — by the time you file and it enters the market, it is a few years. But we are also focussing on generic formulations. The ANDA is a signal that we have arrived, but in addition to that we will be looking at taking advantage of some of the generic formulation opportunities in emerging markets. So we will not wait for the ANDA opportunity to pan out, which is a few years from now. In the meantime, we will also see whether we can start generating some income from these generic formulations.

Biocon has now appointed a CEO and joint MD, which you have said is part of a succession planning process in a way.

I have been the CMD for the last 35 years, Arun has been a very able COO since 2006. Now, if you look at the way we have restructured our business, the COO role is no longer as important as a CEO's role for Arun because we have created these strategic units where every unit head had a profit and loss responsibility. This is an important message — as long as the business was of a certain size, I could do it single-handedly. Now that the business has grown, our global footprint has grown, I think having shared responsibility with Arun makes it all the more meaningful.

And, in a way, it is succession planning for the years ahead, meaning that right now we will hold joint responsibility and I can mentor him and transition him into a managing director-CEO role, and then I can just be an executive chairman. This is more or less what you are seeing in other organisations where you have an executive chairman who leads the MD and CEO, who is next in command. That is the kind of succession planning I would like to initiate.

What is the time-frame for this?

At least five years, before he becomes managing director fully and I become executive chairman. Right now, it's just that the business has expanded and it is not optimal for somebody like me to have single-handed responsibility.

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