

Pfizer teams up with brewmaster Kiran for \$14-bn insulin market

Feb 24: Biocon founder Kiran Mazumdar-Shaw learned the intricacies of enzymes while studying how to make beer. Now Pfizer, the world's largest drugmaker, is tapping that knowledge to revive its insulin business.

Biocon, the biotechnology company that Mazumdar-Shaw started in her garage in 1978 for about \$1,200, is Asia's biggest insulin maker, with a market value of about \$1.43 billion. The Bangalore-based group signed a deal in Octo-

ber to supply Pfizer with four generic insulin products in emerging markets, including India and Brazil, and then the US and other developed nations. Biocon received \$200 million upfront from New York-based Pfizer, which is re-entering the \$14-billion global insulin market, almost four

years after it scrapped its Ex-ubera inhaler, India's biggest drug-supply deal will help meet global demand forecast by market researcher RNCOS to expand 20% a year through 2015 as the number of diabetes tops 285 million.

"This is a perfect match," said Ranjit Kapadia, vice-president of institutional research at HDFC Securities in Mumbai.

"This deal will open up many more avenues for Biocon. Pfizer gets a low-cost manufacturing base, and they just have to market the products." Pfizer is set to start selling Biocon's insulin under its own brand in the second half of this year, according to the US company. Biocon, India's biggest biotechnology firm, posted a 25% gain in third-quarter

profit to \$22 million as sales for the period ending December 31 rose 15%.

The company's stock soared about 52% last year, beating the 34% increase in the Bombay Stock Exchange's 18-member Healthcare index. Biocon shares are down 23% this year as the benchmark Sensex has lost 11% on concerns government measures to quell inflation will hamper economic growth.

Some of Biocon's domestic products are subject to state price controls. It had 4% of India's \$168 million insulin market last year, according to IMS Health Information and Consulting Services India in Mumbai. The Pfizer deal may boost that to 10% by value by 2015, said Priti Arora, a pharmaceutical analyst at Kotak



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Securities in Mumbai. Biocon's best-selling drugs are statins to reduce cholesterol. It also makes drugs for heart disease and cancer, with most of its revenue coming from generics. "Insulin will become their biggest revenue generator after this deal," said Siddhant Khandekar, a

pharmaceutical analyst at ICICI Direct in Mumbai. Biocon, which employs more than 5,300 people, makes insulin in its factory. Asia's largest in Bangalore. Mazumdar-Shaw and family members control 61% of the company, according to stock exchange filings, and she is

India's fourth-richest woman with a net worth of \$900 million, Forbes magazine reported in September.

Mazumdar-Shaw, 57, found her inspiration for starting Biocon in beer. Her father was a brewmaster at India's United Breweries and crafted Kingfisher, the nation's No. 1 beer. After graduating from Bangalore University with a zoology degree, Mazumdar-Shaw told her father she wanted to pursue a career in applied sciences. He suggested making beer. "I said, my God, why would I want to do brewing?" she said. "He said, 'Don't look down on brewing. Look at it as a science.'"

She moved to Australia in 1974 and enrolled in what is now the University of Ballarat, outside Melbourne, to study malting and brewing.

She was a trainee brewer at Carlton & United Beverages, which eventually became part of Foster's Group. Mazumdar-Shaw didn't drink alcohol before going to Australia, and she was the only woman in the class. She graduated in 1975 as the top student and became the first female brewmaster.

"Going to Australia was quite a transformational phase of my life," she said. "I'd led a very protected and charmed life in India, and suddenly I had to fend for myself." When she returned home, breweries wouldn't hire her because they feared she couldn't handle the odd shifts and male-dominated workers' unions, she said. Mazumdar-Shaw then met Les Auchincloss of enzyme maker Biocon Biochemicals of Ireland, and he asked her to

help him start an Indian subsidiary supplying brew packaging food companies and fruit-juice makers. She incorporated in India on Nov. 29, 1978, garage in Bangalore and a rented, 3,000-sq-ft shed nearby as her first office. Her first employee was a mechanic. "It was a kitchen-sink operation said, 'I had a real problem finding people to work for because I was a woman. Next year, Biocon started importing enzymes to the UK and Europe, according to the website. Mazumdar then realized that the processes that make enzymes for beer could be applied to making medicines. Insulin, for example, can be made theoretically in a synthetic process.

by employee