

Date	:	28/April/2016
Publication	:	Business Line
Edition	:	Bengaluru
Media Type	:	News paper

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Biocon powering ahead with R&D

MINI MENON

Biocon has posted robust Q4 results despite higher spending on research and development. In a way, R&D is powering the company's growth engine. Speaking to *Bloomberg TV India*, Biocon Chairman and Managing Director Kiran Mazumdar-Shaw says R&D spends have increased significantly to 12-18 per cent of bio-pharma revenues. Biocon is now all set to file several dossiers for global bio-similar development programmes, starting with Pegfilgrastim, insulin glargine, Trastuzumab and Adalimumab this fiscal, to expand overseas sales, she said.

Take us through the highlights the picture emerging from your Q4 numbers.

If you look at our Q4 numbers, we had a very strong showing this quarter. Although the exceptional income basically surges the net profit, even if you were to exclude the exceptional income we have delivered ₹105 crore net profit this quarter. This is on top of the highest R&D spends ever – we have incurred ₹100 crore at net level and ₹152 crore at a gross level this quarter. So if you look at the core business, it has actually jumped with net margins at a very healthy level of 34 per cent this quarter. And even the whole year (FY16) numbers will tell you the same story as reflected in the fact that our R&D spends have increased significantly to 12-18 per cent of our bio-pharma revenues, again reflecting the investment we're making in R&D for our bio-similar and other programmes that are in the pipeline. One of the biggest highlights in this quarter was the Japanese approval of insulin glargine. We're all set to file several dossiers for our global bio-similar development

programmes starting with Pegfilgrastim, insulin glargine, Trastuzumab and Adalimumab this fiscal. So I think we're quite poised to address strong robust growth. Also, going forward, we'll be segmenting our business reporting system based on the new Indian Accounting Standards and we will be reflecting our biologics business, small molecules business, brand formulation business and our research services business separately. Then you'll get much greater optics on how our biologics business is driving the growth of the company.

Can you take us through the picture that is emerging on the contract research services with Syngene where we see a 34 per cent growth? Are you confident of sustaining the growth?

Syngene had a stellar quarter with a 34 per cent year-on-year growth. I think they are certainly very confident of delivering a 20 per cent level year-on-year growth going forward. But I'm sure there are many more opportunities for Syngene to try and see how they can basically sustain such strong growth. They have seen a lot of increase in marquee client businesses. They are focusing on new

offerings and are also gaining a lot of traction at large-scale custom synthesis and clinical service business.

This has been a quarter of some big announcements for you including the one on approval for selling glargine in Japan, which is a huge market. When are you pencilling in the sales of glargine in Japan and when will it start kicking in?

The approval will see our glargine in the Japanese market in the first half of this fiscal. This is what our partner Fujifilm Pharma has indicated. But more importantly, this also opens up new markets for us because the Japanese approval will help us enter other large emerging markets such as South Africa, Russia, Turkey and Brazil, which, until now, was becoming very difficult to gain entry because they did not want more internationally benchmarked dossiers to be submitted in the approval. And we're hoping this approval will open up the doors in other markets. Our filings in US and Europe will happen this fiscal year.

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KIRAN MAZUMDAR-SHAW
CMD, Biocon

