

## INTERVIEW: KIRAN MAZUMDAR-SHAW

CHAIRMAN AND MANAGING DIRECTOR, BIOCON

# R&D spend important for building engines of future

*Biocon's move to list its contract research arm, Syngene, has long been anticipated. At a post-results conference call on Friday, Kiran Mazumdar-Shaw, its chairman and managing director, talked about the proposed listing and the company's performance in the December quarter. Excerpts*

**How much is Syngene looking to raise?**

At this point in time, the only indication we have given is that it's going to be an offer for sale to the extent of 10-15%. You can get some idea in terms of the kind of expected realisation because we have a valuation benchmarked through the IVF investment, which is at Rs 3,800 crore. Obviously, during listing, you expect to see a much higher price and valuation level. We will have more clarity on that as we approach the IPO.

**What drove Biocon's revenues this quarter?**

Biopharmaceuticals, our core business, which is about immunosuppressants, statins, specialty APIs and insulin etc, has continued to deliver in a steady way. The strongest contributor has been contract re-



search. Other businesses may not have contributed as significantly to the top line, but they have started contributing substantially to profit.

**Can you elaborate on the R&D spend that hit profit?**

The numbers have surged to this level because the ongoing global clinical trials are demanding large R&D investments between our partner Mylan and us. These are reflective of Biocon's share of those trials. These are important investments for building the engines of the future.

Biosimilars are a very integral part of our future business

—these are strong growth drivers initially in the emerging markets and tomorrow in developed markets. These are investments we have to make because they are integral to our business model.

**You said licensing revenue has been good this quarter. What are your growth prospects?**

Licensing income has more than doubled. Last year it was Rs 4 crore; this time it is about Rs 10 crore. Obviously, this is miscellaneous licensing income from various kinds of deals that we have struck in various markets. And this kind of licensing is lumpy. It is something that will constantly add to our numbers. These are the sort of smaller numbers that we are talking about vis-a-vis the big licensing opportunities.

**What are your capex plans?**

The biggest capex plan is the Malaysia facility. Then, of course, there are some capex plans for Syngene in terms of scaling up its needs. A lot of capex has already been spent and I think we are basically guiding that every year it will be Rs 200-250 crore.