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Kiran Mazumdar-Shaw silences her Twitter trolls with a 78% stock rally

ARI ALTSTEDTER
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For more than two years, Kiran Mazumdar-Shaw had a quarterly date with her Twitter trolls. Every three months, after her Bengaluru-based pharmaceutical company would deliver its earnings report, Mazumdar-Shaw says the trolls would emerge. They would tell the Biocon managing director and co-founder that she was the country's worst business leader, that she should give up her stake in the firm, and that she was the reason women shouldn't run companies.

Her response was to break one of the unwritten rules of Twitter — don't feed the trolls — by trying to explain to the hecklers that her company specialised in complex biological medicines rather than chemical ones. So, while other Indian drugmakers were seeing their share prices surge as they sold cheap copies of chemical medicines, she told the trolls she was making longer-term investments that would provide a bigger payout, if they were only patient.

This year, the trolling suddenly stopped, she says. Mazumdar-Shaw reckons it has less to do with her outreach than the almost 80 per cent rally in her stock. It was the best

SOARING PHARMA STOCKS

Company	Dec 1, 2016	YTD total return (%)
Biocon	925.25	80.51
Cadila healthcare	399.95	23.26
Celltrion Inc*	5,922.12	20.00
Dr Reddy's Laboratories	3,238.75	6.77
Glenmark Pharmaceuticals	876.60	-4.70
Sun Pharmaceutical	721.56	-11.92
Cipla	568.20	-12.24
Aurobindo Pharma	743.15	-14.84
Strides Shasun	1,076.00	-16.26
Lupin	1,512.70	-17.31
IPCA Laboratories	574.15	-22.61
Sawai Pharmaceutical**	3,610.56	-26.01
Wockhardt	704.40	-53.29

Note: Filtered for sector generic pharma, *South Korea, **Japan
Compiled by BS Research Bureau Source: Bloomberg

return among shares of generic drugmakers worldwide, after one of Biocon's copies of a top-selling biologic drug had its first breakthrough in a developed market.

"Now people get the story, they understand what I was trying to do. And suddenly they find that we're the leading player in biologics and biopharmaceuticals and they feel that maybe everyone else has missed the boat," she said in an interview at her company's headquarters.

Competitors

But, the rest of India's phar-

maceutical industry remains skeptical. While the country's mastery over low-cost copies of simple chemical medicines has won it a dominant share of the global market for generics, the Indian industry at large has been slow to follow Biocon's investments in biological therapies.

Biologic drugs are manufactured from substances in living cells, making them uniquely challenging to reproduce. Cheaper versions of these drugs, called biosimilars, are becoming a more important part of the world's medicine cabinets.



"I was very sure of what we were doing... We're in a very sweet spot now"
KIRAN MAZUMDAR-SHAW
MD & co-founder, Biocon

Where investments have been made in India they've followed a more cautious model being pioneered by another firm, Dr. Reddy's Laboratories Ltd, which focuses on building biosimilar businesses in developing countries where it's faster and less expensive to get them approved. Their hope is that the cost of entering developed markets will eventually fall.

"There's a significant overstatement, in my view, of this fortune at the end of the tunnel," in developed markets, Cartikoya Reddy, the head of Dr. Reddy's biologics business said in an interview at his

company's Hyderabad headquarters. There's no guarantee approvals in one developed country mean the same in another, or that it will result in enough market share to make regulatory costs worthwhile, he said.

At stake between the two Indian companies' contrasting strategies is the question of whether the country can retain its vital place in the global pharmaceutical supply chain, and the billions in pharmaceutical exports that come with it.

Where the cost of developing a generic version of a chemical drug rarely exceeds \$5 million or takes longer than a year, biosimilars can cost between \$40 million and \$50 million and can take as much as four years, according to IIFL Holdings. That cost can go as high as \$100 million when entering developed markets.

Biocon and other smaller biologic drug companies have gotten around this by partnering with larger firms to bring their biosimilars to major markets.

In March, Biocon announced the first piece of evidence that its own gamble might actually pay off when its biosimilar insulin glargine, a diabetes treatment, was approved for sale in Japan. **BLOOMBERG**