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# 'Will invest ₹2,000 crore in small molecules in 3-4 years'

After the muted Q4 results, Biocon Chief Executive Officer and Managing Director **SIDDHARTH MITTAL**, in an interview with **Samreen Ahmad**, says the Covid-19 impact may have dented the biologics business by ₹100 crore in the quarter, but the firm is on track to achieve the \$1-billion revenue target from the segment by 2022. Edited excerpts:

## How big has the Covid-19 impact been on Q4 numbers for Biocon and why has it mostly affected the biologics business?

Being a services company, the research arm Syngene was able to move the staff to work from home when the lockdown was announced. In case of small molecules, we have a large part of sales in the third month of the quarter. But over the past few years, we are trying to do a 30:30:40 ratio in sales for three months and not entirely dependent on sales booked in the last month of the quarter. In biologics, a lot of shipments were planned in the natural course during the last week and once the lockdown was announced, outbound logistics was impacted as the number of flights got reduced significantly. Biologic products also need to be shipped out in 2-8 degrees centigrade containers. So, even if a cargo

slot was available with airlines, it wouldn't suffice. On an year-on-year (YoY) basis, it was ₹100 crore loss for the biologics business, mostly because of Covid-19.

## Is it a one-off impact and will the firm stick to its revenue target of \$1 billion by 2022 for the biologics segment?

Yes, the team is confident. We are expecting recovery to happen from the next quarter. By the Q2FY21, we expect normalisation of growth as we have deployed risk mitigation strategies.



**SIDDHARTH MITTAL**  
MD & CEO, Biocon

**The small molecules business is ahead of biologics in terms**

## of revenue. By when is the segment likely to reach the target?

Biocon started its pharma business two decades ago with small

molecules. For 10 years, we earned the entire revenue from this segment. In the past 10 years, we have invested everything in biosimilars and there was hardly any investment in small molecules. We are reinvesting in a portfolio of APIs and generic formulations in both R&D and manufacturing. It will be at least 2-3 years before you see numbers going up. We aspire to be in line with the generics industry.

## What are investment plans? How many products are in the pipeline?

Our focus area continues to be fermentation, semi-synthetic products, and complex APIs. Overall in API, every year we are looking at 5-10 new product filings and commercialisation of up to 5-7 products. In generic formulations, we will look at 5-6 product filings annually. Over the next 3-4 years, we are looking at around ₹2,000 crore of capex in the small molecules segment.



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