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Journalist:	Kiran Mazumdar Shaw	Page No:	2
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'Itolizumab to be a great opportunity for Biocon'

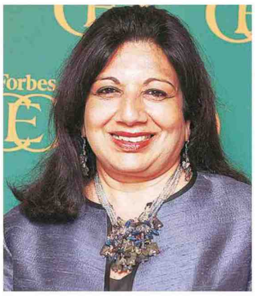
Biopharmaceutical company Biocon, which saw a 21 per cent decline in profit before tax (PBT) at ₹252.30 crore in the Q1 of FY21, despite a double digit growth in top line, has set big expectations on two recent developments. First is the company's voluntary licencing agreement with Gilead to manufacture Remdesivir and the second is its novel biologic drug Itolizumab, which received emergency approval to treat Covid-19 patients in India. In an interview, Biocon's executive chairperson **KIRAN MAZUMDAR-SHAW** tells **Samreen Ahmad** that the demand for both the drugs is going to be quite huge and the company is capable of meeting them. Edited excerpts:

Q&A

Your biologics business has bounced back in the June quarter. How did the company manage to do that?
The previous quarter was an abnormal one when we suddenly had the first lockdown in March. It caught us unaware because we were not prepared for the lockdown. But by April, we had started planning and preparing for how to function in such a situation which helped us bounce back. We had said even then that we would recover in this quarter.

Is the impact of Covid on your operations going to continue?
As of now, we have come back to pre-Covid operations, and unless something unforeseen happens we think it won't impact us.

The company's net profit (which declined 26 per cent to ₹167.8 crore on YoY basis) has been pulled down by higher R&D spend during this quarter. What is the R&D spend outlook for the coming quarters?
We always expect R&D to be about 10-11 per cent of net revenues of Biocon, excluding Syngene. That's the kind of level at which we will be investing in R&D, and rightly so because R&D is a barometer of growth.



Apart from Itolizumab, any other molecules the company is repurposing to treat Covid-19 patients?
Itolizumab is the product that we thought should be repurposed because the mechanism of action is quite unique. We felt that this is the drug that would actually have a role to play in dealing with the cytokine storm that is being seen in Covid-19 patients.

What kind of response has the drug received? How is the company ramping up production?
I cannot cope with the demand. It will take us a couple of months to ramp up production. It is a biologic, so it takes time for increasing production. But fortunately, we have the infrastructure to do that.

Biocon's US partner Equillium is also planning a clinical trial for Itolizumab. What kind of opportunity will it create?
There is going to be a huge demand (for it) not only because of Covid-19, but in the manner it acts on cytokine syndrome which is found in several other conditions. It is going to be a blockbuster opportunity for Biocon and we will cater to global demand, based on the success of the trials.

Any other ideas the firms is working on to aid the fight against Covid?
Syngene is offering testing services free of cost to the government. It has developed several types of antibody and antigen kits. They are in the process of obtaining approval, which is unfortunately slow.

Biocon has signed a voluntary licence agreement with Gilead to manufacture and supply Remdesivir. Can you give some details on this?
It will be made at Syngene's Mangaluru facility. It is a largescale facility and the production capacity will be enough to cater to any demand. We will be benchmarked against all the Indian companies in terms of price. The product will be rolled out in the next two months.

What's the company's strategy in the digital therapeutics segment?
In today's world, if you want to differentiate yourself and have some value-added propositions, then it's going to be through digital therapeutics. We have collaborated with Voluntis to develop and distribute a digital product for diabetic patients.