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Leveraging the India-edge

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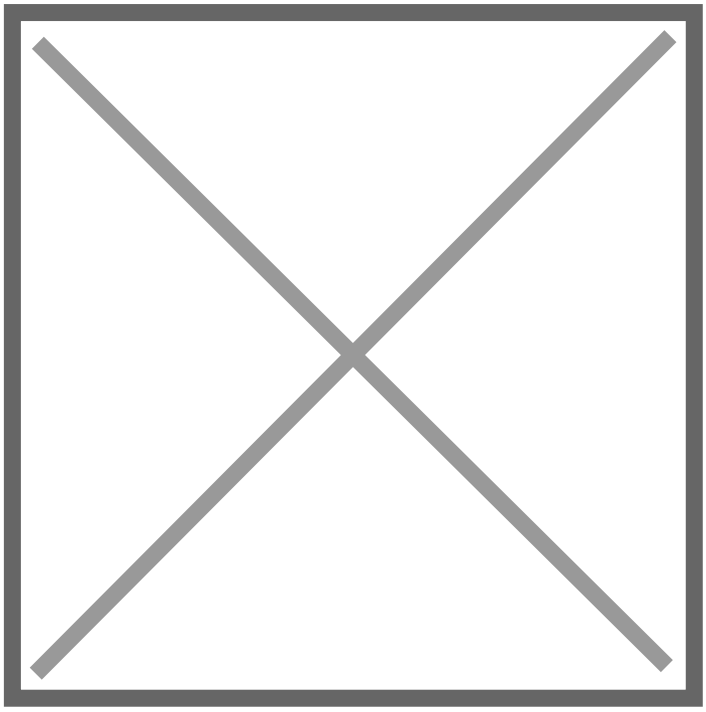

Leveraging the India-edge

Person of the year

Two is company. That’s how it started for Hari Shankar Bhartia, who after completing his degree in chemical engineering in 1979, joined hands with elder brother Shyam to build the Jubilant Group. Originally incorporated as Vam Organic Chemicals in 1978, the company has evolved into its current form, Jubilant Organosys. From surviving and growing in the license raj to riding liberalization—it has traversed a great distance and today the Jubilant group has interests as diverse as life sciences, energy, retail and food service.

Supported by their father, in 1972, Shyam had conceived the project to build a chemicals company that used feedstock as raw material and located the manufacturing facility in Gajraula, Uttar Pradesh, in close proximity to sugar mills for easy availability of molasses. The company was making an intermediate called pyridine, a lot of which went into the pharma industry. This facility and pyridine went on to become the backbone of the company with pyridine chemistry platform as its major focus. In all drugs, at least 20 percent of intermediates come from pyridine or its derivatives. The company, then known as Vam Organics

ranked 7th globally in pyridine production.

When India started opening up in the 1980s, the Bhartia-brothers decided to tap the global markets. They started scaling up the research and development team. The company was building its own pyridine chemistry research platform, which ultimately helped it become the lowest cost producer of pyridine. Subsequently, it went on to become and still is the world's No 1 producer of pyridine and its derivatives with 35-40 percent of global market share.

Business transformation fast-tracks growth

Today, the company has built a strong, sustainable business model through consistent organic growth and inorganic expansion by acquiring niche businesses in developed markets like Canada, Europe and the US, and has more than 60 percent of its revenue coming from international markets. "Jubilant has reported this robust growth due to its strategic thrust on moving up the value chain in pharmaceuticals and life sciences products and services," says Hari Bhartia. He is now devoting 100 percent of his time to life sciences. The segment is the fastest growing business for the company and currently accounts for three-fourths of the group's topline.

Often referred to as a great visionary by his core team, Bhartia had visualized the growth trajectory and consciously chose life sciences segment as the growth engine. The business transformation journey from pyridine to APIs (active pharmaceutical ingredients), dosage forms, injectables and drug discovery and development was all mapped out much ahead and it came to fruition. With the basic chemistry strength in view, he went about building technology and capability around it. "We knew which way the industry was moving," he says.

The pace of growth stepped up after the new business identity Jubilant Organosys, the "science active" company came into existence in 2001. The strategy was to build an integrated platform to service the pharmaceuticals industry.

In the last seven years, Jubilant has seen explosive growth, aided both by organic as well as inorganic measures. "We really entered the life sciences business only in the year 2000, and are actually a very young company," states Bhartia. It was only after defining the company as "science active" that Bhartia started moving away from the chemical part of the business. What followed was the journey to drug discovery platform integrating capabilities like structure-based drug design, bioinformatics, medicinal chemistry, and clinical among others. In just about five years he created the integrated drug discovery platform. "We started on it about five years back and today we have one of the country's largest integrated drug discovery platform," he says. This is the shortest time frame any company in India has achieved this scale and capability.

The objective for the next two years is to grow this platform. "Now, it is about scaling up the assets that have been created. If there is a technology or competency gap that comes up we will acquire but we are not looking at large acquisitions at this point," explains Bhartia.

Essentially, Jubilant is focused on building scale and introducing new products. For example, large part of the business, which is APIs, is growing at a healthy rate. "In APIs, we will continue to add seven to 10 products to the portfolio every year," says Bhartia. "In some businesses, we are No. 3 or 4. There we would strive to get to No, 1 and start to take leadership in finding offshoots of these businesses," he adds.

The transformation so far has been a challenge and is by no means complete, according to Bhartia. He has lot more on agenda. The life sciences business is the only business where both the Bhartia-brothers hold executive positions vis-a-vis rest of the businesses which are board-managed by Bhartias.

The fact that the opportunities in the life sciences space are huge eggs him on. Even though the Jubilant group is likely to close the current year with a flat growth the company is on a strong footing and is consolidating. Besides, there is no slowdown in the CRAMS business, its mainstay.

The life sciences business, overall, is expected to record a growth, of 14 percent. "Besides, as capacity utilization improve the margins will go up and the order book is also encouraging," he says.

Innovation ecosystem agenda

Bhartia envisaged and worked about this transformation because he saw the opportunities that were waiting to be tapped. He put in place a system to provide research services to the global pharmaceuticals industry. "We said we can help you innovate," he says. The complexion of the industry is changing. Big pharma companies don't know it all. They cannot do it all. They cannot do it all by themselves. There are far too many pressures. In the backdrop of changing business models, according to Bhartia, companies like Jubilant can play a growing role.

The context for innovation is taking roots in the country. For innovation, there must be competition. In India, competition came in existence only in the mid-90s. A step-up in the partnerships and collaborations is what we will see in the near future. “In another four-five years you will see the change. Now, its just a matter of time,” he says.

In the last decade, the life sciences industry has seen two turning points. One, the industry graduated from selling to the domestic pharma market to becoming a generics supplier to the world. Complying with FDA requirement to sell in the regulated markets will now begin to have a rub-off effect in domestic manufacturing. That was the first level of globalization. Second turning point, which is a recent development, is the realization and the success stories that we can do research not just in generics but in innovative products as well.

The ecosystem of innovation has begun to evolve. “In about five years of time frame you will hear stories of academics who start companies to commercialize their research and become successful,” he says.

However, this is not to say that all this will happen without any push from the government. Early stage science has to be supported by grants and the government in India is doing it. There are some very good initiatives that have been put in place by Department of Biotechnology under Dr MK Bhan’s leadership. “We need to seduce people to science early. It is best done at academia level. For this, we require huge investment in laboratories. This is beginning to happen,” opines Bhartia.

Leading from the front

Bhartia champions innovation not just in his company but on a wider platform as well. He led the high-powered Confederation of Indian Industry (CII) business delegation, as the organization’s vice-president, to the US, accompanying Prime Minister Manmohan Singh. The objective of this 30-member mission was to strengthen the bilateral economic relations between the two countries and forge collaborations on global challenges.

In his capacity of the vice-president at CII, he is keen to do as much as possible to remove bottlenecks to growth. The current year CII agenda has been focused on bringing industry back on growth track. And it will be back to normal by the last quarter of the year, except the export side which will remain dependent on the global economy.

The focus for 2010-11 is on skill development, affirmative action and innovation. The government has already formed the national skill development board, and CII will help the government decide curriculum and the strategy that will help bridge the gap and make the human resource passing out of colleges more employable. “CII handles a wide range of issues: there is one on how to make industry friendly towards issues of climate change and so on,” says Bhartia adding that the idea is to build a strategy and system that includes all the companies, and results in the industry voluntarily taking actions which are inclusive.

Any economy has three stages of competitiveness—one, factor driven; two, scale driven; and finally, innovation driven. It is this power of innovation that should be harnessed.
Currently, Bhartia himself is innovating in the healthcare delivery space by taking up the challenge of delivering affordable healthcare to middle and lower income group living in the villages and districts of West Bengal.

Jubilant First Trust Healthcare Limited under the brand of Jubilant Kalpataru Hospital, is in the process of setting up an integrated network of hub-and-spoke hospitals in the state. The company will create a total capacity of 1,000 beds across seven hospitals and two nursing schools/colleges to supply qualified and trained support services to the specialists at the hospital. This pilot project’s hub is located in Howarh and it covers a radius of 250 km.

What the team thinks?

Hari’s vision and deep-rooted understanding of science is exemplary. His approach and commitment to research has made a significant contribution in putting Jubilant on the growth path. Under his leadership, we have consolidated the drug discovery platform across multiple subsidiaries and today have an integrated service offering for the market.
—Sri Mosur, CEO & president, Global Drug Discovery & Development, Jubilant Biosys

I have known Hari for over seven years now and the most outstanding aspect about him is his true belief in innovation and research. He has been instrumental in many collaborations to forward the cause of science. When I met him in 2002, the group was not into pharma business but I saw their passion and commitment to get into this sector, which convinced me into joining the Jubilant group. There has been no looking back since.
—Jag Mohan Khanna, Executive Director, Science & Technology, Jubilant Organosys Ltd

It is almost a decade back that I met Hari Shankar Bhartia. He was kind enough to meet me and discuss on several weekends setting-up Jubilant Biosys. I had the pleasure of interacting with a professional who is the visionary with extraordinary

commitment and patience. I saw in him a person who treats all employees and stakeholders with great human touch and respects their individuality. It is a pleasure to be associated with such a great human being.
—Dr V N Balaji, Chief Scientific Mentor, Jubilant Biosys

I have seen him not only as a strategic and a visionary leader but also as a person who has passion for science and innovation. With multiple and diversified businesses within Jubilant portfolio and also considering his chemical engineering background, it is amazing to see his understanding of the complexities of drug discovery and development. I have always seen him as a leader who is socially oriented, is flexible and is a great visionary.
—Dr Surinder Kher, Senior VP, Vanthys Pharmaceutical Development

Key achievements in 2009

1. Jubilant entered into a joint venture with US-based Eli Lilly to focus on drug development.
2. Jubilant Biosys, a wholly owned subsidiary of Jubilant pioneered the concept of collaborations by announcing several drug discovery partnerships with global pharmaceuticals majors, such as Amgen, AstraZeneca, Eli Lilly, Endo Pharma, Forest Labs and Orion.
3. The focus on developing innovative technologies gained momentum and the company designed and developed a technology for 4-DMAP and successfully commercialized the product. Jubilant is the only company in India to make this product, the only other countries where this is manufactured are the US and China.
4. Jubilant's new state-of-the-art dosage forms facility at Roorkee received approvals from UK MHRA, the health regulatory body.
5. Jubilant successfully integrated the sterile injectable business in North America that enabled the company to capitalize on the synergies achieved and signed three large size contracts with leading global pharma companies, despite the global slowdown.

Life *et al*

So, while he keeps so much going. What keeps him going? Family time, every Sunday; family holidays twice a year; quiet times spent all by himself—reflecting, assimilating experiences and learning; and a wide variety of reading coupled with travel. Keeping an open mind is essential, he believes. That is "the one" critical element which helps broaden horizon. He credits most of his learning and influences to travel and visiting labs and companies across the world and observing how other people do things.

While he became more and more focused on work since 1979 his other interests fell wayside. Polo, film-making, lawn tennis in that order are no longer part of his routine. Not even golf. He didn't take to it. There is so much to do and so little time. He works all Saturdays and devotes at least four hours a week to CII and industry matters. Making a difference to the industry is on his agenda now. Another challenge is being met head-on by the quiet, unassuming Bhartia.

Nandita Singh in New Delhi