

PHARMA SEES RISE OF GEN NEXT

The scions are seen as better equipped for future challenges of growth and global ambitions

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 Mumbai, 17 January

Change is a prescription that several mid-rung pharmaceutical companies are following these days. Take Suresh G. Kare, for example. The chairman and managing director of Indoco Remedies will soon celebrate five decades in office as a pharmaceutical company chief executive. But Kare is no longer involved in the day-to-day running of the company's operations. That job has been entrusted to daughter Aditi, who is director of business development.

At a time when the Indian Drug Manufacturers' Association (IDMA) is also celebrating its 50th year of inception, many mid-cap pharma companies like Indoco are seeing the baton being passed down to the next generation. For example, Jagdish Saxena, the founder of Elder Pharma, has handed over operations to sons Alok (director) and Anuj (managing director). Succession stories are also unfolding at JB Chem and Unichem.

In August last year, the 75-year-old Cipla inducted Kamal Hamied, son of joint managing director M. K. Hamied and nephew of Chairman & Managing Director Y.K. Hamied, as a member of the management team. Kamal, an international Baccalaureate graduate from United World College, Singapore, and a holder of arts from New York University, was involved with the marketing department at Cipla for the past six years.

At Dr Reddy's Laboratories, founder Anji Reddy passed on the baton to son Satish Reddy



PRAVEEN AMIN

ALEMERIC CMD CHIRAYU R AMIN IS GROOMING HIS 3 SONS, WITH PRAVEEN ALREADY A DIRECTOR IN THE FIRM HEADING INTERNATIONAL BUSINESS



NANDINI PIRAMAL

PIRAMAL HEALTHCARE WITNESSED A TRANSITION WITH ADY & SWATI PIRAMAL'S DAUGHTER NANDINI JOINING AS ED IN APRIL 2009



NILESH GUPTA

LUPIN IS ALSO GOING THROUGH A TRANSITION, WITH FOUNDER D B GUPTA'S SON NILESH IN THE FOREFRONT AS GROUP PRESIDENT & ED



SATISH REDDY

DR REDDY'S LAB FOUNDER ANIL REDDY PASSED ON THE BATON TO SON SATISH REDDY (MD) & SON-IN-LAW G V PRASAD SEVERAL YEARS AGO

(managing director) and son-in-law G V Prasad (vice-chairman & CEO) several years ago. And at Sun Pharma, founder Dilip Shanghvi's son Alok is clearly being groomed for the top job. He was appointed director in recently-acquired Israeli company Taro Pharmaceuticals.

Wockhardt founder and Chairman Hbali Khosravkwa has already implemented a succession plan by bringing in son Murtra as managing director in April 2009. His brother, Huzefa, is an executive director at Wockhardt. Piramal Healthcare is also witnessing a transition to generation next, with Ajay and Swati Piramal's daughter Nandini joining as executive director in April 2009. Son Anand is expected to join the company soon.

Lupin is also undertaking a management transition, with founder D B Gupta's son Nilesh in the forefront as group president & executive director, and daughter Vinita heading Lupin's US business. D B Gupta has taken a back seat and the company is now run by the next generation, along with Managing Director Kamal K Sharma.

"One of the key challenges in the transformation to a big company has been attracting, retaining and retaining the right group of people. We have been very successful in keeping our top 100 managers in place. Another challenge has been to deal with increasing global competition. The world is increasingly becoming even fiercer, and we compete on a truly global landscape," says Nilesh Gupta.

Transformation is also seen at some of Gujarat's leading drug companies. At Zyclus Cadila, founder, Chairman & Managing Director, Parkaj Patel is now assisted by son and joint Managing Director Sharvil Patel, who has worked as deputy managing director for the last four years. Alembic Chairman & Managing Director Chirayu R Amin is grooming three sons Pransav, Shanuk and Udit to take over the 100-year old firm. Praveen is already a director in the company and heads Alembic's international business.

If most of these front-line homegrown companies were relatively small in size and focused only on the domestic market in the past, now most of them are multinational corporations with operations on all the continents. The challenges faced by the new generation in running the businesses are also different from what their previous generation experienced.

"Mainly, the challenges include corporate governance issues and managing a huge number of employees, plants and processes. Now, these companies cannot continue to work in isolation and grow, since partnerships at global levels are important for future growth. Same is the case with consistent planning and development of a pipeline of products for growth in the next few years," says Ajit Malhadevan, partner, life sciences practice, Ernst & Young. That requires a different mindset and professional approach on the part of promoters and management, he adds.

"Another challenge has been coping with increasing global competition. As the company grows further, we will have to focus even more on constantly staying on the learning curve, to constantly have our people acquire new capabilities and skill sets that help us differentiate ourselves in the marketplace with our product offerings," agrees Nilesh Gupta.

Stricter regulatory vigilance on various continents, especially in the US and Europe, and currency fluctuations in various countries are things these global companies need to watch out for, warns Ranjit Kapadia, vice-president (institutional sales) at HDFC Securities. "They deal in various geographies and numerous countries and it requires a totally different approach from the earlier generation's way of doing business in India. The world has become a global village and you need to have skills to manage businesses swiftly in all these countries," he says.

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