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Since the company's foundation in 1993, Hetero has clearly come a long way. What were the key success factors at that time, which laid the groundwork of a successful company?

First of all, I am a scientist by background, and before founding Hetero I had been working at Dr. Reddy's Laboratories for 13 years. When I started this company, the entire picture was very different from what we see today. Due to my scientific background, my main focus from the start was on research and development (R&D). Between 1994 and 2000, more than half of my efforts went into the research area. From our start in a small laboratory, Hetero has now grown into a billion dollar company with 10,000 employees globally. The company has become a vertically integrated pharmaceutical company, with 6 FDA-approved API manufacturing facilities, 3 FDA-approved finished dosage facilities, and another 6 facilities to serve the global markets. In certain areas we have now become a leader, such as HIV, for which we are the largest manufacturer in the world. Hetero has grown into a key supplier for HIV drugs to the underdeveloped countries, many of which are in Africa. We have also done a wonderful job at becoming partners in the Clinton Foundation.

Initially, we decided to concentrate on specific areas, with HIV as our prime focus. A second area we have entered is oncology. By establishing world-class infrastructure, we have been able to grow to what we are today. The initial focus on R&D for the first 7 to 8 years really laid the groundwork for the company. Today, Hetero is the biggest player in the unlisted segments with USD 1 billion turnover, and is seen as the fastest growing company in the Indian pharmaceutical industry.

You clearly built up a reputation over time, and in 2005 it was Roche that licensed Hetero as one of the first companies to make a reliable generic version of Tamiflu – later also deployed for Swine Flu. Why do you think Roche chose you at that time?

Hetero's philosophy from the start was to develop processes and keep the technology always ready. By the time Roche looked into 3 to 4 potential Indian manufacturers, Hetero had already prepared the licenses and the different kinds of formalities. We were ready to learn everything about the product. The agreement with Roche gave Hetero the marketing rights, based on Hetero's in-house technology. We have never taken any kind of technical support from Roche. This is how Hetero was able to prove the readiness in terms of technology and commercialization, before other Indian players.

Was this recognition an important milestone for the company?

It was a very important milestone. Roughly 60 countries, especially underdeveloped and developing ones, were addressed as per our agreement, generating around USD 150 million in sales. With this success, I felt that MNCs had come to realize that Indian companies will be able to meet their expectations. This does not only apply to Hetero, but contributed to the credibility of Indian pharma as a whole.

We have seen companies such as Piramal and Ranbaxy being acquired. Is this a threat or an opportunity for you?

Our interest today is to grow as much as possible, by capitalizing on the opportunities in the present market structure. Hetero has strong capabilities in synthetic chemistry, but has not really been approached so far. We have laid out our strategic plans until 2020, but such idea is not really part of it. If any opportunities arise, we would not mind to have some kind of association of mutual benefit.

Hetero itself has grown inorganically as well. How did you choose your targets? Was the integration a challenge?

Our main purpose and philosophy is to grow organically, although we naturally remain open to particular opportunities as they present themselves.

Regarding the integration, Hetero is a vertically-integrated company that started from API manufacturing. A first path we have taken is the one of backward integration, in order to better compete with Chinese players. Unless you become strong at backward integration, it is not possible to compete with China in the global markets.

Hetero has also started complete greenfield projects to supply the North American market. After an upgrade in 2005, we have now submitted roughly 50 ANDAs from this facility.

We have invested over USD 250 million in a 500 acres facility with over 1,000 reactors, to handle intermediate chemicals production. I further believe we are the biggest company in terms of the number of APIs we produce, with around 270 molecules in production.

In addition to that, we decided to start investing in finished dosages facilities. The infrastructure we have created there, has enabled us to better address the global markets, including developed markets such as the USA and Europe.
We have also entered into the marketing of our own branded generics in India, for which we have a strong field force of approximately 2,000 people.

Finally, we have entered into the retail segment with our own Hetero pharmacies. This is to ensure the availability and access for the Indian patients to our products. We now have 300 retail stores, and have the ambition of growing to 1,000 stores in the next 3 to 4 years time. In India, we are the first pharmaceutical company to enter into retailing in such a significant way.

Being active in all these different areas and parts of the value chain is a key strength explaining Hetero's success.

Datamonitor recently forecasted the global biosimilars market to reach USD 3.7 billion by 2015. Can you elaborate on your strategy for this high potential niche?

Hetero is rather late to tap into this potential, and has only entered this niche two years back. To do so, we have first upgraded the manufacturing facility which has created a pipeline of six biosimilar molecules. Our first molecule is going to hit the market by 2012. We first need to be sure of the quality of the product, as we also entered into a long term supply agreement with a partner.

Launch-wise, our focus is mainly on the developing countries, much like many other generic companies.

For early-stage discovery projects, you are actively looking for partnerships. How important do you see this becoming in the future?

Unfortunately, so far, no Indian company has been successful at launching India's first new molecule. Dr. Reddy's Laboratories, for example, already started with such activity 18 years ago and is still hoping to see its efforts paying off. What we observed is that, without going into discovery, you cannot be a respected pharmaceutical company of the future. Every company should have a plan in place to play a role within the new IP era.

We at Hetero will continue to focus on the HIV area, an area we have traditionally been very strong in. For 2 new molecules, we are about to enter the Phase I trials. In fact, Hetero is the first company to actively work in the discovery area of the HIV segment. We felt that developing a new molecule is our social responsibility, even if this generates lesser bottom-line profits. The second area is oncology, but also there we are awaiting further progress and results. However, we are aware that we do not have the capabilities to take a molecule into the market all by ourselves, and are actively pursuing partnerships in these areas.

Last year you inaugurated India's largest finished dosage facility in Jadcherla. What will these additional capabilities bring to the company?

Hetero has looked at the world market trends until 2020 and shaped its strategy around these findings. We forecasted that Hetero will have a basket of 300 generic molecules by 2020. If we calculate the total potential of the world markets country-wise, we feel that such infrastructure is necessary. In the last 3 years alone, we have invested about USD 500 million in infrastructure, a huge investment for an Indian generic manufacturer. Further to that, we invest in developing our dossiers to have our products registered.

As you are now entering the larger competitive global arena. What is going to make your international strategy successful?

Hetero has very strong capabilities in the chemistry area. We have the innovative capabilities to ensure cost-effective processes and have a pro-active attitude towards the filing of dossiers to quickly tap into new areas of growth.

There is a lot of uncertainty in the market, partly due to the numerous mergers and acquisitions that are taking place. Our strategy is to convince our customers that Hetero is a permanent company that is here to stay. Our long-term view additionally allows us to establish strong partnerships with other players in the market.

Hetero already counts 10,000 people that carry the Hetero culture. Having built up this company yourself, what kind of culture have you established?

Human capital, and in particular people with a technical orientation, are very important to attract and retain. We generally focus on fresh graduates and offer them long-term opportunities and job security.

Attracting such people has become a challenge in India, but there is still new talent coming onto the market every other year.

These 18 years have been an incredible trajectory for you personally as well. What has been your proudest moment in this time?

In the last 18 years, the efforts and hard work have paid off for Hetero to obtain a great level of respect from the industry, while remaining financially independent. This once again shows that India is a great place with so many opportunities, where anyone can take initiatives with business models that allow for significant future growth.

I feel that I have become an example for the next generation. As a scientist, I have proven my success through Hetero. Many young people are being motivated through the Hetero story and henceforth have been entering this field.

How did you experience the shift from scientist to entrepreneur?

I used to work as the Chief Technologist at Dr. Reddy's Laboratories and after 13 years, I wondered if I could achieve more than that career alone. While I am grateful for my time there, it is normal that you have certain limitations when working under someone else's guidance.

As a scientist with your own venture, you can implement your own strategies, which is how I feel proud that I have been able to establish Hetero by entering the HIV niche. If I would have stayed with Dr. Reddy's Laboratories, I would have been happy, no doubt. But I would have missed progress in the areas Hetero has been able to become a frontrunner in.

On a final note, where do you see the company in 5 years from now?

Between 2015 and 2020, we want to reach a turnover of more than USD 2 bn and occupy a respectable position in the global industry.

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