

Robust risk committee is need of the hour: Dr Mazumdar-Shaw

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Bangalore: Risk management should be seen as an opportunity and innovative approaches are required to address mission critical risks that are key to organizational growth in a turbulent economy. In the past decade, ever changing situation of legal and regulatory mechanism in India posed a major risk to the business environment in addition to the market volatility risk. This has triggered the need for a robust risk management framework to be deployed and monitored on a continuous basis to enable the executive management in the decision making process. Also, a risk management committee led by independent directors is the need of the hour.

These are some key insights shared by the participants at the conference on risk management, "Competing for Growth: Turning Risks and Opportunities into Results", organized by CII in Bangalore with Ernst & Young as the knowledge partner.

[Dr Kiran Mazumdar-Shaw, chairman and MD, Biocon](#), who was present at the conference, said there is need for a robust risk committee led by independent directors in addition to the audit committee for better governance. "The drug discovery process is a significant risk that pharmaceutical companies face and by far is larger when compared to risks in any other business. Given that there is a clear shift towards generics, profitability and sustainability of the pharmaceutical companies engaged in the drug discovery process are under immense stress," she said.

She added that regulation has made the drug discovery process unaffordable to many companies. "It takes 12 years for a drug to reach patients after its discovery. One to two billion dollars are typically required to invent a drug. A mobile phone or an aviation part can be corrected for defects in later versions, whereas it is not possible to reuse the process of failed invention in the case of drugs. The drug innovation process has the lowest ROCE/ ROI in the industry. Except Novartis, many global majors have poor returns on their drug discovery spends," commented Dr Mazumdar-Shaw.

The other participants at the event included Mr Neville Dumasia, India Risk Leader, Ernst & Young; Mr L Krishnan, chairman of CII Karnataka and MD of Taegutec India; Mr GBS Raju, chairman-Energy, GMR Group; Mr Bhaskar Bhat, MD, Titan

Industries; Mr Sachin Bansal, co-founder & CEO, Flipkart and Mr Amit Sharma, COO, IBM India. They too discussed the issue with respect to their industries.