



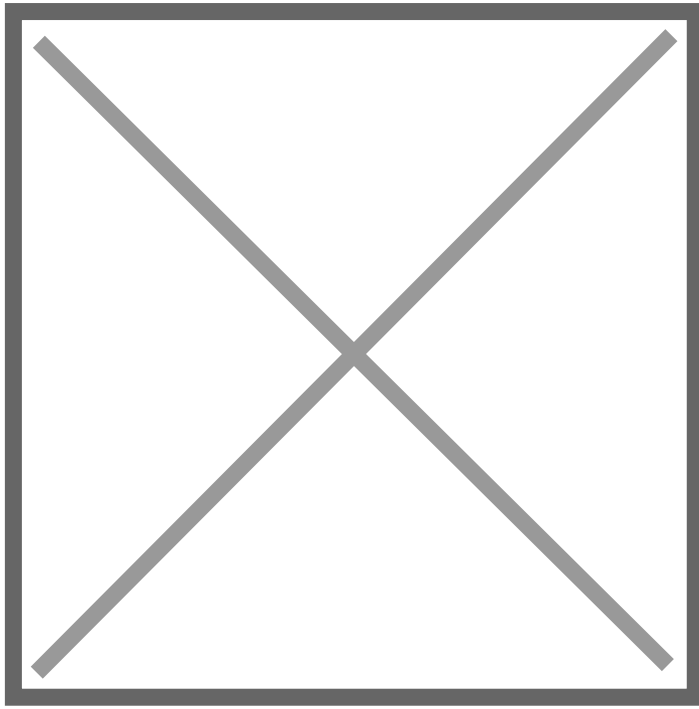
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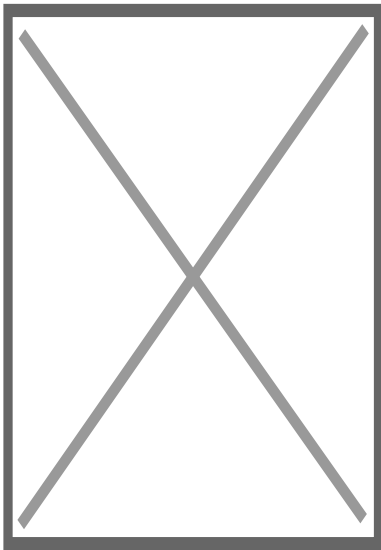
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"We will be a diverse and integrated global life sciences company in five years"

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"We will be a diverse and integrated global life sciences company in five years"



-KV Subramaniam, president, Reliance Life Sciences

KV Subramaniam, president and CEO of Reliance Life Sciences, a research-led, biotechnology driven initiative of the Reliance Group of Companies, has been instrumental in conceiving and developing the Reliance Life Sciences, which has several programs covering stem cells and tissue engineering, molecular diagnostics and genetics, therapeutic proteins, biopolymers, biofuels, biochemicals, plant biotechnology, clinical research and contract research.

A chemical engineer from Madras University and a management graduate from the Indian Institute of Management, Ahmedabad, and also qualified to be a chartered financial analyst, Subramaniam started his career with Indian Petrochemicals Corporation, where he spent 14 years in several functions. Before taking up the responsibility of developing Reliance Life Sciences in 2001, he was with Reliance Industries Ltd from 1994 to lead the corporate business development function, where he was involved in several new initiatives of the organization in petrochemicals, power, infrastructure, agriculture and insurance. In an exclusive interview with BioSpectrum, KV Subramaniam spoke about how Reliance Life Sciences came into existence and the company's future plans.

What made biotechnology an attractive venture for Reliance Industries to invest in 2001?

Reliance Industries Limited (RIL) had attained a level of global position in its polyester, petrochemicals, and fuels businesses. Mukesh Ambani wanted an answer as to what would undermine the traditional position of Reliance in these businesses. The answer was in industrial biotechnology. When we did a detailed analysis, we realized that the opportunities in medical and plant biotechnology were compelling. Thus, we decided to develop a broad-based life sciences initiative covering all these three areas.

What were the hurdles Reliance Life Sciences faced during one initial phase? And what are the present hurdles (like HR issues, regulatory, sourcing raw materials etc) it is facing now?

Our initial focus was on developing basic competencies and basic infrastructure. We decided to develop a broad-based initiative covering stem cells, tissue engineering, therapeutic proteins, molecular diagnostics and genetics, plant tissue culture, plant metabolic engineering, biopolymers, biofuels, biochemicals and clinical research. Acquiring and developing competencies in all these areas was the major challenge.

Today competency development continues to be a challenge. We have made significant investments in competency development programs.

As far as regulation is concerned, it is by and large conducive to the development of various biotechnology sectors. We recognize that life sciences, particularly on the medical biotechnology side, is highly regulated and it is an imperative to conform to international standards. Right from the beginning, our work has been consistent with international standards, GLP, GCP, GMP, GAMP etc. We are building facilities that are compliant with US FDA and EMEA standards.

Unlike other biotechnology companies, Reliance Life Sciences (RLS) since its inception has been focusing on all areas of biotechnology like plant, medical, recombinant, clinical research, industrial biotech and biofuels. Of these, which is the focus area for RLS, where it is pumping in more resources to reap maximum benefits?

Of all the areas that we are engaged with, biopharmaceuticals is a dominant one, from the point of view of investments, people and product range.

What is the present headcount of RLS including the R&D and sales/marketing?

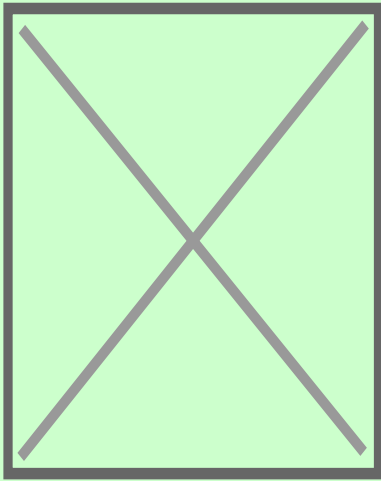
At present RLS has a workforce of more than 700 people. We will be growing to a strength of around 2,000 people in a couple of years. Of late, we have been adding resources in clinical research and business development areas.

Since human capital is a key factor for growth in the knowledge intense industry like biotechnology, what strategy has the RLS taken to retain the best talents?

Talent acquisition at Reliance Life Sciences is at two levels-having expats and developing competencies at entry levels.

Globally there is a talent constraint in the biotechnology industry, and more so in India. We have hired some expat resources at senior levels and we are running a number of competency development programs for meeting our talent requirements.

Attrition is an issue in the industry. Typically, clinical research has a higher rate of attrition. In case of R&D, the attrition rates are much less. RLS addresses attrition issues by providing people with more challenging opportunities. We also have a retention structure in our compensation policies.



Original seed of thought

"The rapid growth of biotechnology will also open up several avenues for creation of wealth. One indication of this is the estimate that the global biotechnology market will grow by about \$100 billion in the next five years. Although this is small in comparison to the global GDP of \$30 trillion, it signals that the race has started. I, for one, would envisage that biotechnology would grow into a trillion dollar industry in 10 to 15 years.

Biotechnology would help open up a completely new segment of the geriatric market comprising people who are above the age of 60. Today, this market is very small, but in the future it would be substantial. People beyond the age of 60 would be productive income earners. The old mindset of retirement at the age of 58, as we have in India, would no longer be relevant.

Biotechnology would also see the emergence of such domains as nutraceuticals, individualized medicine, regenerative medicine, and new classes of drugs. Each of these domains will represent large market opportunities, as they would touch the life of every person who inhabits the world. To

sum up, biotechnology will substantially alter the quality of life, the form of life and the duration of life. It would promote new opportunities for creation of wealth."

An excerpt from a speech delivered by Mukesh Ambani,

At what rate is RLS growing? And what is its present financial status? What are the investments made in R&D activities in RLS?

Being a private limited company, we do not talk about our financials. I can at best say that investments run into several hundred crores and revenues are growing at three digit rates.

After signing a recent deal with GeneMedix for acquiring its 74 percent stake, what is your new strategy for growth? Are you looking at more acquisitions for the growth of the company?

Reliance is substantially driven by the philosophy of building businesses from scratch. Once we build the business to some scale, only then do we look at acquisitions. This is because you need management depth and the right business perspectives to evaluate, acquire and integrate acquisition opportunities. Initially, we will be looking at small acquisitions. We will focus on doing them well and then look at larger acquisitions.

RLS is expected to launch about eight new products this year in India. Can we expect the availability of these new products at an affordable price like the plasma proteins that were made available at 30-40 percent cheaper over the international price in India in 2005?

RLS products will be available at affordable prices. Our prices are very competitive in comparison to international prices. However, in some of these products like stem cell therapy, there is no benchmark.

Initially, we will have biosimilars, some stem cell therapies and plasma proteins. In 2-3 years time, we will have monoclonal antibodies, novel proteins, and siRNA molecules.

How would RLS compensate the profit margins while offering its products at an affordable price?

Across Reliance, a lot of emphasis is laid on being very competitive internationally. Our R&D, as well as discovery and development chain is highly competitive. We have, so far, developed all products in-house. Therefore, we have an inherent advantage. We also do a lot of clinical trials in-house. Our manufacturing plants are being created at much lower costs as compared to global biopharma manufacturing facilities. We will first focus on the Indian market and subsequently take our products to overseas markets.

What business model has RLS adopted for its current growth in the life sciences space?

There are essentially four businesses we are looking at. In our biopharmaceuticals business, we are taking an integrated global view.

In terms of the biopharmaceuticals facility, we have a pilot scale facility in Central Mumbai for plasma proteins and recombinant proteins. At Dhirubhai Ambani Life Sciences Centre, we are building three commercial scale facilities for biopharmaceuticals manufacturing and these will be commissioned in a span of one year.

In services, our approach is to become a global clinical research service provider, ranging from pre-clinical research, Phase 1, Phase 2, Phase 3, Phase 4, clinical data management, biostatistics and bio-availability/bio-equivalence.

Our biofuels initiative is focused on developing products, which can be blended with transportation fuels and which are competitive with conventional hydrocarbon based fuels.

Considering the growth of the biotechnology industry, where do you see RLS in the next five years?

The first five years were devoted to developing programs, developing basic competencies and creating basic infrastructure. In the next five years, we will be building a substantial manufacturing base, getting a number of products to the marketplace and implementing a global business footprint. While in the last five years we were India-centric, in the next five years, we will be a diverse and integrated global life sciences company. n