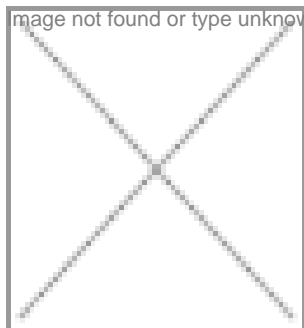


Lonza's first ever biosciences hub in India to be set up in Hyderabad

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—**Stefan Borgas**, CEO, Lonza, Switzerland



Switzerland-based life sciences-driven custom manufacturer of active ingredients, intermediates, active pharmaceutical ingredients (APIs) and biopharmaceuticals is strengthening its biosciences base in India, with the construction of its first ever biosciences hub in the country. In an exclusive interview with BioSpectrum, Stefan Borgas, CEO, Lonza, Switzerland, shares more insights into for India and the global market.

th areas for Lonza?

Lonza has three focus areas as part of its core business strategy. Our prime focus is on life sciences manufacturing and R&D; secondly, we do this with the help of high-end chemical and biological technologies; and finally, we execute this with technology excellence. Lonza promotes each of these growth drivers with specialized partnerships. In terms of technology development (R&D), we are looking at emerging regions, where the life sciences market is flourishing. India is, of course, one of the major countries in our focus.

Q Lonza has been focusing on extending its collaborations with global companies on emerging sectors. To what extent will it help Lonza's growth?

Our acquisition of Vivante, a US-based custom manufacturing organization, dedicated to producing good manufacturing practice (GMP) viral-based therapeutics, is mainly for technology, to equip Lonza to get closer to the viral vaccine and vector manufacturing. With this acquisition, Lonza can offer the production of viral vaccines. This is very complimentary or significant to our vaccine and technology portfolios. Vivante's acquisition will also influence cell therapy, where the above-mentioned

technologies are needed. Collaboration with GSK, a global pharmaceutical, biologics, vaccines and consumer healthcare company, is mainly for strengthening the customer supply chain. And the strategic partnership with Teva Pharmaceutical, an Israel-based generic pharmaceutical company, provides us the business opportunity to develop selective biosimilars.

Q What are the major countries of focus for Lonza in the APAC region?

In APAC, we are concentrating on China, India and Singapore. We have a CRAMS unit in Singapore; and a significant presence in China besides a reasonable presence in India. In China, we have developed our nutrition business; and in the recent years, also developed our API manufacturing platform; in the last two years, we have also started the hygiene business.

We just started to extend our presence in India. We are concentrating on biology research and markets in biopharmaceuticals and hygiene. India is altogether a different platform for us. In India, we are investing more in R&D in biology. We are seeking more joint ventures, partnerships and collaborations from India. We are very dynamic in India.

Q What are the major initiatives taken by Lonza to drive growth in biosciences sector?

Growth in biosciences comes mainly due to two factors: the research environment in life sciences market is growing rapidly, that is why we participate in this market; and second growth driver is the technology, a lot more discoveries are happening; so a lot of new products will hit the market, that in turn, steers growth. In Asia, our operations in biosciences are still very small; but we are focusing on high-end technologies that are gaining significance in Asia.

In a major initiative, we are constructing our biosciences hub for Asia in Hyderabad. The hub will function as a significant research and production center. The center will be ready by 2012. We have already established labs in the region. We will complete hiring 120 scientists by 2012, for this high-tech facility.

Q How will the new biosciences hub influence the growth of Lonza?

It will be a niche research hub. We have initiated a number of partnerships for developing and manufacturing products, and exclusive technology transfer. The hub will help us to develop high-tech tools and products for the Indian market. Rather than being a local lab center, it will play an influential role in Lonza's bioscience research with a wider global focus. This hub will be the first-of-its-kind with novel technology platforms. Some of the initiatives taken will pioneer the global biosciences market as well.

Q How is the APAC region faring in biosciences sector?

It is very much dependent on the countries. I believe that, India is focusing a lot on the volume game, by providing large quantities of relatively simple pharmaceuticals to its local market, and also to other markets around the world. Apart from this, China gives emphasis to innovation. The peak technology is driven more by Japan; and Singapore also plays a vital role. In the 150-year history of peak innovation, today, Asia along with the US, is at the leading position.

Q How is Lonza's growth in custom manufacturing and life sciences?

In custom manufacturing, the growth is just over 10 percent. The current portfolio of the company is small, yet we expect over-proportionate growth, through collaborations and partnerships in the area of biosciences.

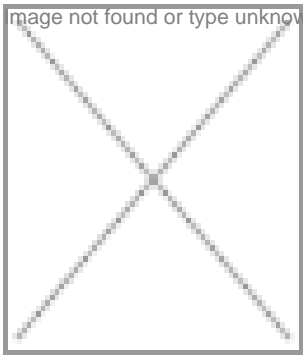
Q What is Lonza looking at in the next five years in terms of revenue growth and expansion?

Now, Lonza is capable of churning out 16,409 crore (CHF 360 million) profit before tax. In the next three years, we can add between 7,749-11,851 crore (CHF 170-CHF 260 million) from the global market, with the project we have already started.

This is really a competitive growth. We will also look at other countries in the BRIC (Brazil, Russia, India and China) club.

“India is a major country of focus for Lonza”

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to develop the biosciences hub in India?

We found R&D activities are exponentially increasing in India. We want to be a part of this success story. As India has scientific talent pool and Lonza has established its presence in the Western markets; we wanted to bring our experience and expertise to Indian market. This made us to select India as our biosciences hub.

Q How much investment is allotted for establishing this hub?

Investments will be made in phases. The first phase investment will be some where around (not including the land) 44.5 crore (66.50 crore (\$10-\$15 million)). That is just for phase I, and our blueprint is much longer. At this time, I cannot even guess the investments of phase II and phase III.

Q How is the business scenario in India and how is it helping Lonza?

India is one of the major countries of our focus. We are concentrating on our areas of competence. A lot of research activities are going on and we are providing the tools for life sciences research in India.

We have sales and commercial office in Mumbai. We have biology or cell biology R&D activities in Bangalore and we are building our knowledge center at Genome Valley in Hyderabad. The knowledge center will function as a major global R&D think tank for Lonza's biosciences activities.

Pradeep Kumar in Bangalore