

Sabinsa. Challenging the future with social responsibility and sustainable

A word with ...

Shaheen Majeed, Marketing Director, Sabinsa Corporation

Agro FOOD Industry Hi Tech: How was 2014 for Sabinsa in terms of revenue? Business?

The past few years we have seen moderate to high growth, spanning all of our divisions, from Nutraceuticals (standardized herbal extracts), to Cosmeceuticals and functional foods. Our flavors & fragrance division is also on track for showing increased revenues. The business is really coming from ingredients that Sabinsa has studied over the years, pouring money into their research, usage, formulation techniques and of course protecting them intellectually, meaning trademarks and patents.

We started 2014 under a great deal of care and concern over competitors infringing on Sabinsa's key patented and branded Curcumin ingredient, Curcumin C3 Complex[®], which we were monitoring closely. This ingredient in fact enjoyed great attention in the clinical arena in 2014 with studies focused on Osteoarthritis showing very positive and significant results, in addition to one of the most talked about studies done on Curcumin, the Lipid-modifying effects of adjunctive therapy in patients with metabolic

syndrome. Needless to say, our passion concerning Curcumin is more about the evidence rather than hype or even providing the market with altered/modified forms of Curcumin talking about some percentage of increase in bioavailability – which we all will soon learn was much too over hyped with unnecessary commotion.

While we do our best not to engage in lawsuits, unless it is deemed as a last resort, the beginning of 2014 proved to be exactly that, the first of many last resorts for several suppliers infringing upon Sabinsa's Curcumin ingredient. For us, the issue hit hard on another factor that many people may not know about. Which was on the poor quality of the knock-offs that were being supplied. It's one thing to infringe on a perfectly legit product, it's another to ruin the consumers' belief in that product because of the sub-standard product being delivered. This very fact tipped the scale for us to pursue severe legal actions against companies, both in the United States and abroad, for infringement of our patent on Curcumin. We expect to see positive outcomes of these lawsuits in 2015 itself.

This past year we also saw growth in sales for our probiotic ingredient which is room-temperature stable, LactoSpore[®] – in both the nutritional area and the functional food side. Yet, what caught the news was the first use of LactoSpore in cosmetic products, namely soaps and bath salts. We expect to see more development in this area as 2015 rolls in. LactoSpore took the stage again when Health Canada, the federal department that regulates the products that help the people of Canada maintain and improve their health, reviewed and approved Sabinsa's shelf-stable probiotic LactoSpore[®] ingredient for sale in Canada. This pre-market safety approval is required prior to natural health products being offered for sale in Canada. We also had a flurry of activities



Dr. Muhammed Majeed hosting Dr. APJ Abdul Kalam, Former President of the Republic of India at the R&D headquarters in Bangalore

constant innovation, development.



surrounding acquisitions and licensing. One of the most premier Ayurvedic practice center and research organization, established in the year 1902, Arya Vaidya Sala (AVS), in Kottakkal will work with us in developing new herbal extracts, combining their traditional knowledge and our modern extraction practices, as well as large scale cultivation of essential medicinal plants through contract farming, particularly for endangered medicinal plant species. From there, we went to the Indian Institute of Integrative Medicine (IIIM), one of the oldest institutions of the Council of Scientific and Industrial Research (CSIR), established in 1957, and licensed two critical patents to help us explore the process in which to derive a compound called pterostilbene (considered a more stable cousin of resveratrol), and of course the market potential. Then in Hyderabad, India, we acquired KCP Biotech, set on 5 acres in the Genome Valley, this world class facility will integrate natural colors to our line-up and help expand our biotech operations.

We launched a new division catering to animal nutrition in 2014 and it's been an exciting path for us to journey on. Of the 100+ ingredients that Sabinsa supplies, we focused and dedicated our expertise on just 12 ingredients that can have maximum benefits in this area.

Lastly, we had the privilege and honor of a visit from Dr. APJ Abdul Kalam, Former President of the Republic of India (2002–2007). He came to our R&D headquarters in Bangalore, India and addressed the staff. His words carried great praise, saying, "While we have progressed on the lines of science and developed products on every front, it is time now that we also realize the contribution of nature to these inventions and work in natural harmony."

Dr. Majeed said, "We are honored by Dr. Kalam's visit. He is a remarkable scientist and one of the top thought leaders of our time."

2014 was a busy year for us, and we expect nothing less in 2015.

Agro FOOD Industry Hi Tech: Health ingredients, pharma, cosmetics and personal care: what's the best performing businesses for Sabinsa?

There are some exciting ingredients and projects in each respective area, but our herbal extracts for supplements

still remain our highest grossing segment. This is in part due to our longevity in the industry for this area, spanning over 26 years, particularly researching the herbs that our customers have demanded from us. Even more so, our agricultural division invests heavily on farming initiatives that help educate farmers on planting our kinds of plants from which we obtain our high purity ingredients. Supplement sales remain strong in the United States, and therefore our strength remains consistent with market demand. Another growing interest for us are the flavor and fragrance ingredients, which is handled by a company of ours called *Organica Aroma* (OA). True to the core of our Sabinsa business model, OA also has a state-of-the-art manufacturing facility and markets their ingredients worldwide. Currently a supplier to some of the major flavor and fragrance houses, OA is ramping up for a stellar product array coming out over the next few years. We expect this company of ours to flourish on its' own, and remain dedicated to the principle values of being a responsible and reliable supplier.



Mr. Shaheen Majeed

Agro FOOD Industry Hi Tech: What are the latest innovations Sabinsa is going to launch on the nutritional market in 2015?

We're going to see blends of ingredients, studied not just individually, but as a whole, take precedence. Curcumin will still go strong and as companies look to gain a foot hold in the food and beverage market, they can rest assured using Sabinsa's Curcumin C3 Complex which has a no comment letter from the FDA, pertaining to its' generally recognized as safe (GRAS) assessment, which paves the way for food companies to safely use our 95% standardized Curcumin extract. Other innovations include our view on sports nutrition and how we'll focus existing and new ingredients in this category. Take for example, our newly recently launched Sabeet™ (beet root extract) ingredient, for use in high endurance sports because of the safe nitrate levels found in this ingredient.

Agro FOOD Industry Hi Tech: Sabinsa is specialised in botanical extracts and in straightforward research in this field. In October 2014 the "Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity", with 57 countries having ratified/accessed it, has entered into force. How will this protocol affect your business?

We have one world, one Earth, which must be cherished for all its diversity, for without it, our past, present and future will be lost. To think that one day we will inhabit the moon or a planet like Mars – being human beings born of this planet, for nostalgia, for reminiscence, we would not inhabit such places without bringing something of this great Earth. The only way to ensure that would be to preserve and biologically conserve the rich diversity through sharing and utilization of resources.

Sabinsa's role in this started several years ago, with our replantation efforts in our farming and agricultural division and our tissue culture experiments, to improve yield factors without any genetic modification. We are taking these abilities beyond our fields in India, and into neighboring countries, where their governments encourage and monetarily fund our practices for their local farming community. A true example of that took place in the Philippines, when for the first time, we cultivated *Coleus forskohlii* (patented & branded as ForsLean®), in that country's rich, fertile soil. We realize more has to be done, as many species of plants are on the endangered list, their survivability may only come from sharing our knowledge and cultivating them where proper cultivation can take place.

Agro FOOD Industry Hi Tech: What actions is Sabinsa taking to protect its intellectual Property?

Without a doubt, our product list has created an enormous amount of competition, and that is no joke. We have competitors that simply scan and copy our product list, and pretend to supply material to customers. It's disturbing and outright deceitful. Take the case of Curcumin, Sabinsa standardized it to 95% curcuminoids and introduced it to the world back in the late 1990's, we contributed to the major studies that formed the rationale and reason for consumers wanting to use Curcumin – in the last three years alone, our competition rose 100-fold. Why? The supply and demand economics forgo any intellectual property that Sabinsa had on Curcumin. Yet, it was our patented and branded ingredient that paved the way for major marketing companies to take advantage of the studies we were involved in, and ultimately protected them. When this was threatened and the quality of the competitive Curcumin being supplied began to raise issues, we had to do something. Currently, there are several lawsuits underway that Sabinsa has

filed complaints against, spanning the United States, Europe, and India. This was not an easy decision, but one that we know we must fight for, because it's the right thing to do.

Agro FOOD Industry Hi Tech: India as a major player worldwide: what about the growth of the Country today?

The middle-class population of India is the entire population of USA, and this is remarkable when you also consider the spending power, the youth factor that is spending the money and the elderly who want our type of products. To go beyond this, the economic situation in India has been for the most part stable and the current Prime Minister is aggressive in pushing ahead with a business state of mind.

Beauty products, spas and the like are all the rage, without a doubt the top multi-level marketing companies are all here. A few were fly by nights, but for the most part, the established ones were able to hang in there and stay. Top luxury brands are also coming to India in a big way, signaling the spending power phenomenon. The most fascinating part of India, for me, continues to be the rampant success of fast food chains in India. It makes sense, because of the busy lives, in busy cities, your food needs to be fast. While we're not linking obesity and other diseases to fast food chains, our choices of food intake does have a correlation, and therefore self-care healthiness becomes a top priority as one ages. India has its' challenges, from booming cities, over-population, workflow issues, to the politics, but their convergence create a dynamic that is India and it is a force for the world to take notice.

Agro FOOD Industry Hi Tech: Sustainability. A key issue: what does sustainability mean for you?

In terms of sustainability, gone are the days when you could say that energy and waste reductions have led to operational cost savings. The intangible and the future potential is where real sustainability exists and it cannot exist without profitability. For us the environment garners all of our attention for sustainability, because without the crops, season after season, there are no ingredients to be extracted and therefore the potential losses can add up fast. We've taken conscious decisions to plant, cultivate and harvest sustainably, so that future plantations may yield more in less time. We also work with the Indian Government, planting two trees for every one that had to be cut down for medicinal purposes. We also take part in large-scale cultivation of endangered Ayurvedic ingredients, the greatest sustainable efforts would be to sustain a system of medicine that has existed for over 5,000 years. The overall vision for the company remains the same as it did when it started, to provide the best health related products with the utmost devotion to science.

