

# India - Innovate in India, Make for the World

Huge domestic demand, resurgent consumer confidence, strong government investment, and exports performing “exceptionally well” “will ensure that India reigns as the world’s fastest-growing economy over the next few years, driving world growth”, according to a recent paper by global professional services company Deloitte. Deloitte expects the economy to expand by more than 7% in the current fiscal year, and more than 6% in the next - a strong performance given global headwinds. As the company notes, Indian businesses “have seen a steady net profit-to-sales growth over the past year and are sitting on piles of cash”, positioning them well for investment.

India is increasingly leading the globe in a range of sectors, particularly knowledge-intensive industries that leverage its large, highly-educated workforce. Pharmaceuticals is one such sector; India ranks third in the world in production of generic medicines globally by volume, with a 20% global export market share. Overall, its total pharma exports generated nearly \$25bn in the 2021-22 financial year, a figure that rose by nearly 20% on the previous year.

“Whether it is lifestyle, or medicines, or medical technology, or vaccines, every aspect of healthcare has received global attention over the last two years,” Indian Prime Minister Narendra Modi told the inaugural Global Innovation Summit of the Pharmaceuticals Sector in November 2021. “In this context, the Indian pharmaceutical industry has also risen to the challenge. The global trust earned by the Indian healthcare sector has led to India being called the “pharmacy of the world” in recent times... Our definition of wellness is not limited by physical boundaries. We believe in the well-being of the entire humankind... Our vision is to create an eco-system for innovation that will make India a leader in drug discovery and innovative medical devices. Our policy interventions are being made based on wide consultation with all stakeholders. India has a large pool of scientists and technologists with a potential to take the industry to greater heights. This strength needs to be harnessed to “Discover and Make in India.”

As Modi pointed out, India exported lifesaving medicines and medical equipment to more than 150 countries in the initial phase of the covid-19



pandemic alone. The country exported more than 65m doses of covid vaccines to close to 100 countries in 2021.

This globally-successful industry is benefitting from the Modi government’s ongoing programme of reform, which seeks to liberalise the economy and free the private sector to flourish to serve both the domestic and global markets. This approach has helped unleash India’s vast but long under-realised potential, particularly through freeing the skills and ambitions of its people. The country has one of the world’s most vibrant tech scenes, and is seeing historic levels of business creation.

“Today, India has the third largest number of unicorns in the world,” Modi told the World Economic Forum in January

2022. “More than 10,000 start-ups have been registered in the last six months. India is promoting ease of doing business, minimising government intervention. India has made it the most competitive in the world by simplifying, reducing its corporate tax rates...The spirit of entrepreneurship, which has the capacity to adopt new technology in Indians, can give new energy to each of our global partners. That’s why this is the best time to invest in India.”

The government prides itself on having made sweeping changes to an economy that was once state-dominated and notorious for its red tape. The reforms have had a substantial impact, with foreign investors voting with their feet. The country achieved record FDI inflows of \$83.57bn in the 2021-22 financial year, up twentyfold from the levels seen two decades ago. FDI has risen by 23% since the pandemic, and the manufacturing sector in particular has flourished, with equity inflows up 76% on the previous financial year. This partly reflects India’s increasing competitiveness in value-added industries.

With a vast market of 1.4bn people and a location between the booming economies of East Asia and Africa and the wealthy markets of Europe, the country is already in a hugely strong economic position. A government dedicated to enhancing the business environment means India is perfectly positioned to go from strength to strength.

“I invite you all to ideate in India, innovate in India, make in India and make for the world,” said Modi. “Discover your true strength and serve the world.”

# Wadia Group

A caring business that has helped India to grow for almost 300 years

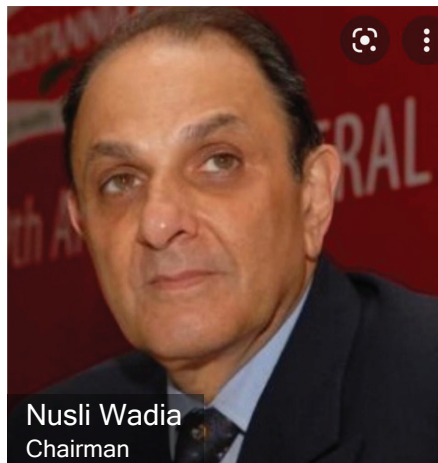
India is set to be the world's fastest growing major economy for a second year in a row in 2022, likely growing at almost double the speed of China; 8.2% this year compared to 4.4% for China, according to the International Monetary Fund (IMF). This will be a boon for businesses operating in India, with vast sections of the economy set to rapidly expand to meet domestic demand.

"Today, India can provide nearly everything it needs; our agriculture is self-sufficient. That was the base that changed India," says Nusli Wadia, chairman of Wadia Group, an investment company headquartered in Mumbai.

Wadia Group's history goes back to 1736, when Loeji Nusserwanjee Wadia, the company's founder, opened a marine construction company that built ships for the British. Wadia became one of India's first master shipbuilders and a pioneer in the global shipbuilding industry; Bombay's dry dock, the first dry dock in Asia, was built by Loeji and his brother Sorabji in 1750. "There is a small museum there now," says Wadia.

With the invention of the steam ship, however, the company changed its focus, expanding into areas like textiles, chemicals, plantations, consumer goods and aviation. Today, four of the group's companies are publicly listed, with many having long and storied histories. "Our textile business started in 1879; currently we have one of the three oldest companies in India," says Wadia.

Nusli Wadia took over the company in 1978, and over the last four decades has overseen a period of massive growth. In 1979, Wadia Group bought The Bombay Burmah Trading Corporation Limited, a timber company that was the second company ever to be listed on the Indian Stock Exchange. Nowadays Bombay Burmah is focused on real estate, while Britannia Limited, another of Wadia's listed companies, is focused on food production. "We make 50 million packets of biscuits a day, with 55 factories in India, Oman and Dubai. We are number one in this market," says Wadia, who adds that Britannia has also diversified into dairy products and snacks,



covering about 80% of the India market.

Even so, the group is constantly on the lookout for new opportunities, as well as strategic partnerships. Wadia Group is currently seeking joint venture partners and investors for its aviation company, Go First, with the aim of further expanding its fleet, routes, and branching out into new countries. Go First is an ultra-low-cost airline based out of Mumbai, which has a fleet of 57 aircraft.

One of Wadia's vice presidents, Ben Baldanza, used to be the CEO of Spirit Airlines, and led the team that brought it back from bankruptcy to being one of the most successful airlines in North America. "It took him just a year to turn that bankrupt company into a profitable business," says Wadia, adding that they are ultimately looking to go public with Go First and grow it outside of its home base.

Wadia Group is also looking for more distribution partners for Britannia. "The strength of Britannia is strong distribution of its products; we have 5.7 million outlets in India. We service them, and it involves a lot of logistics to reach all these," says Wadia.

Wadia Group has built its corporate identity on being a collection of companies that truly care about India and its people. Generation after generation, the group has been giving back to society, long before the term corporate social responsibility (CSR) came to exist.

Wadia says that this will never change. "Poverty is still a huge problem in India; our family has charity foundations, and I keep the activity of feeding children very close to my heart," he says. "We also have hospitals and colleges; our growth philosophy has always been to give what you have got."

Over the years Wadia Group has built two children's hospitals, providing a similar level of quality as you would find in the United States. "These services are free for the poor kids you see on the street. Wealth is something that you get and give, not something you get and keep," he adds.

When it comes to partners, Wadia knows exactly what he's looking for, and also what he can offer. "A partnership works well when there is common interest and mutual respect," he says. "It should be a partnership of mutual interest and common endeavour, in order to create a business with the same goals. We want to use these companies to launch joint ventures, with each partner doing what they do best to work together for the same goal."

Above all, Wadia Group wants to help strengthen the Indian brand on an international scale, to show that India is well and truly open for foreign businesses. "India today is the biggest world opportunity, and we are open to mutually profitable partnerships," he says.



# Zydu Lifesciences

An Indian innovation-driven lifesciences company taking on the world

With a population of almost 1.4 billion, the second largest in the world, India is a land of opportunities for entrepreneurs and businesses with the right ambitions. According to the government, the Indian economy expanded by 8.7% in 2021, to reach \$3.3 trillion, and in May 2022 exports hit \$37.3 billion, their highest-ever level, up 15.5% year on year.

At the same time, the Indian pharmaceuticals industry is now the largest manufacturer of generic medicines globally, with a 20% share of the global supply by volume, and a 60% share of vaccines, as well as the highest number of US-FDA compliant pharmaceutical plants outside of the United States. Increasingly, Indian pharmaceutical companies are looking to move up the value chain to make a more meaningful contribution to the discovery of new medicines and vaccines.

"We have transitioned from manufacturing to being much more than that: providing services, providing new discoveries and also being innovative. We have evolved into a much larger player in the overall ecosystem," says Sharvil Patel, Managing Director of Zydu Lifesciences Ltd, the fourth largest company operating in the Indian pharmaceutical industry.

Zydu Lifesciences, previously known as Cadila Healthcare Limited, was founded in 1952, at a time in India when there was a major gap when it came to access to medicines. "One of the big challenges was that many medicines were not available in the country," says Patel. "Our late founder started this company in order to bring access to modern medicines to India. We were the first company to launch a treatment for anaemia, then we did it for tuberculosis," he says.

"As an organization, from 1950 to 2015 we worked on bringing access to medicines, not only in India but we have also been exporting to different countries in order to stick to this principle of making medicine accessible to all," he adds.

Headquartered in Ahmedabad, the group now has manufacturing sites and research facilities across five Indian states and Brazil. From a business perspective, the group is present in more than 50 countries around the world.

Starting from a strong base in India, Zydu Lifesciences expanded out to



other developing countries, and then also into developed nations. "In the early 2000 we also started with the United States and Emerging Markets," he says.

Also in 2000, Zydu Lifesciences started developing its novel drug discovery programs including biologics and vaccines. Today it has evolved as one of the largest biosimilar companies in India, in terms of number of products, sales turnover and revenue. "From being a manufacturer of drugs, we have created more impact through new discoveries. We create vaccines, novel biologics, biosimilars, etc," Patel says. "This has made a big impact because we were able to bring these medicines at affordable prices and make them accessible to each and every strata of the society."

Zydu Lifesciences has also made a significant progress through partnerships. Its first joint venture was a partnership that

began in the late 1990s with a German pharmaceuticals company, which went through several acquisitions. However, the successful JV in India is still ongoing with Takeda. The company also partnered with Mayne Pharma, an Australian company which wanted to expand and make India a base for its manufacturing, around the same time. "That venture was bought by a US company, which was in turn acquired by Pfizer. The venture continues even today and exports injectables to the regulated markets," says Patel. "We're a very reliable manufacturer, we have multiple awards. We also had a commercial partnership with Bayer, sharing capabilities for business in India. We have other partnerships globally" he says.

Alongwith business partnerships, Zydu Lifesciences has also partnered with various universities and research institutes in United States and India to work on clinical



trials and other research programs. Zydus group has also worked with the World Health Organization: The group worked on a Novel biologic (Twinrab™) for rabies with WHO. The group is also working with Medicines for Malaria Venture towards a first in class in the world single dose cure for drug resistant strains of Malaria, which is in Phase 2 clinical trials in Australia. "From our value system, we strongly believe in collaboration. We value and recognize our partnerships," says Patel.

He adds that one of the things that makes Zydus Lifesciences a good partner and a reliable manufacturer of high-quality medicines is its belief in transparency, governance and strong partnerships. "In Zydus we're also transitioning to being a partner of choice for research," he says.

Over the years the company has built a strong research pipeline with a strong value system. The group's innovation programme is spearheaded by 1400 researchers working across 7 sites, helping to create differentiated medicines for the future. In the next two decades Zydus Lifesciences wants to become increasingly known as a strong research organization, pushing medical developments for India, but also for the rest of the world.

"What we're very proud of is that as a company we have built all of these capabilities in and for India," says Patel. So while we do partner for research and all of these things but all the discovery to concept, toxicological work, doing clinical work we build our inhouse capabilities to do all these. This has helped us to do more programs at a cost we can afford and to do them faster," he adds. "It has enabled us to reach out to people and help them live healthier and more fulfilled lives."

Patel says that there is an opportunity for the company to be one of the credible suppliers of vaccines for developing countries across the world. "We are working on this, to be one of the credible partners in an alliance to create affordable vaccines," he says.

Zydus Lifesciences has developed the world's first plasmid DNA vaccine for Covid-19, ZyCoV-D, a needle-free vaccine administered using an applicator for painless intradermal delivery. In August 2021 it received emergency use authorisation (EUA) in India. The group's therapy for rare disease Molybdenum Cofactor Deficiency (MoCD) Type A. Nulibry™ recently won the Industry Innovation Award-2022 by the National Organization for Rare Disorders (NORD).

The company strived hard when it comes to manufacturing, bringing access and affordability to large parts of



the developing world. "We're a quality, reliable supplier of medicines; not only generic medicines but life-saving new medicines for new diseases," says Patel. "On the access side, we're happy that we are one of the large suppliers of accessible medicines in the USA."

Presently the company sees its critical mission as focused on two distinct areas: diseases for which there are no current solutions and drugs for the treatment of liver diseases. "The first drug anywhere in the world to treat Non Alcoholic Fatty Liver Disease (NAFLD) and Non Alcoholic Steatohepatitis (NASH) is approved in India. Bilypsa™ (Saroglitazar Mg) is a product of Zydus' innovation. Saroglitazar is also undergoing clinical trials in the US to treat Primary Biliary Cholangitis (PBC). Infact it has also received the Orphan Drug Designation from the USFDA and European Medicine Agency (EMA). PBC is a liver disease, caused due to progressive destruction of the bile ducts in the liver which leads to reduction of bile flow. Similarly, we launched a new drug Oxemia™ (Desidustat) for treating chronic anaemia, a one-of-its-kind oral replacement of current injectables for patients who suffer from chronic kidney disorders," says Patel. "We're concentrating on neglected diseases or those that have no known cures. We want to make a difference, work on neglected, rare and ultra-rare diseases," he adds.

On the business side, Zydus Lifesciences has been consistently growing in scale in profitability, registering double-digit revenue and net profit CAGR over the last decade and ranks among the leading pharmaceutical company in India. In the two focus markets, Zydus is

now the 5th largest generic player in the US market, the largest pharmaceutical market and has always remained among the Top 10 players in the domestic market.

"We are different in that we have done exceedingly well in manufacturing, bringing access and affordability to everyone," says Patel. "We're very strongly driven on execution and believe it is the key to success, beyond the strategy. Our teams are very enthusiastic and dedicated, making sure that whatever we decide to accomplish we are able to execute our strategies effectively. We deliver well and on time, with quality."

Going forward, India's pharmaceutical industry is expected to be worth \$65 billion by 2024, up from around \$41.7 billion today, and \$120 billion in 2030, and a bit part of that is being built on the successes of companies like Zydus Lifesciences.

Meanwhile, the company continues to strengthen on the manufacturing side, not only in creating efficiency but also with its technical talent. In this it is aided by India's strong human resource talent. "India has trained people to do an excellent job in the manufacturing sector. Building facilities in India is cheaper and many times faster. We are now ready for enabling our state of the art manufacturing sites with AI enabled digital infrastructure and a digitally smart team" says Patel.

He adds that India will always be a great place to be a manufacturer, "but beyond that we are now also a great place for discovery, innovation and tech, and have the talent now to do all that and more."

# Intas Pharmaceuticals

## Growth Through Partnership and Innovation

Underlining India's "strong economic fundamentals", increased resilience, and strong financial institutions, global professional services firm Deloitte said that its "positive scenario" would see investors focus on fundamentals and potential. Strong export growth has powered growth in recent months, even as geopolitical tensions and higher inflation have tempered the global economy.

Pharmaceuticals is one of the key industries pushing India's export expansion. India supplies more than 50% of the generic drugs consumed in Africa, 40% in the United States, and around 25% of all medicine in the UK, according to official figures. Total exports more than doubled to around \$20bn between 2013-14 and 2021-22. The Indian pharmaceutical sector is expected to be worth \$65bn by 2024 and almost double to \$120bn by 2030.

Intas Pharmaceuticals / Accord Healthcare (subsidiary of Intas)-is at the forefront of this growth.

The company is one of the fastest growing specialty pharmaceutical companies in Europe with a pan European presence spanning 45+ countries besides being the largest supplier to the UK's NHS. The company also has a strong presence in US, being among top ten companies in Generics by prescription. Having achieved over \$2.5 billion in sales and with a presence in over 85 countries globally, Intas is truly a global leader with a mission to innovate and improve access to critical life-saving medicines including oncology, critical care, and blood plasma products.

"Ensuring that patients get access to vital medicines is at the heart of what we do at Intas, one of the areas that we want to make a difference is supporting the global plasma product market by reducing its reliance on US blood plasma collection" says Binish Chudgar, vice-chairman and managing director of Intas Pharmaceuticals. "Our aspirations currently involve looking at how we can implement plasma collection in Africa, South-East Asia, and other jurisdictions that are currently reliant on expensive imports; ensuring that we support the lowering of costs as well as increasing the availability of vital medicines for patients in need. The current situation is extraordinarily unsatisfactory. For instance, the availability of immunoglobulin - the vital plasma derived antibody medicine - is 30 grams per 100 people annually in the US, 15 grams per 100 people in Europe, 11 grams in the UK, and on average less than 0.5 grams per 100 people in the rest of the world - significantly below what is required for patients."

"In addition to poor availability, medicines derived from US and European plasmas are very expensive. Our ambition is that India can become the pharmacy of the world for plasma products, just as it is for other medicines; leading a new drive for local plasma collection and local medicines supply in all those countries that have been so significantly impacted by the current system."

Intas is looking to establish a plasma plant in the UK, aspiring to work closely with the NHS to generate UK based fractionation of



human plasma from UK blood donations and from the special donation sessions that are already underway. The aim of this is to create self-sufficiency for these critical medicines. Intas is already one of the largest suppliers of blood plasma products in India, serving many thousands of patients in the home market and also exports blood plasma products to markets in the Far East, Africa and Latin America.

Having already acquired two existing plants in the UK, Intas is now looking for further growth through acquisitions, partnerships, and new plant openings in the UK, Europe, and the US, with the aim of continuing to expand its leadership position in the global supply of medicines, while already boasting one of the largest pharmaceutical plants in Asia. The company recently acquired a large facility in Greece, which it plans to use as a distribution hub into the European market, where it already has sales of more than \$1 billion annually. Intas is the number one supplier to hospitals in the UK, Ireland, Spain, and Italy in volume terms, and supplies around 30% of generic chemotherapy in the EU - twice as much as its closest competitor.

Intas started operations in the US in 2009 and have scaled up the business organically to US \$ 350mn while building distribution capabilities with leading distributor and pharmacy retail chains focusing on oncology, immunosuppressants and other critical care segments. Its latest expansion

in the US is focused on building biologic marketing capabilities to further expansion of their biosimilar portfolio to the region.

When Binish joined the company just over quarter of a century ago, it was worth \$100,000;

Intas has grown to international scale following its initial strategy of establishing in the Indian market, followed by entry into Europe as a contract manufacturer; it has since developed its own front end commercial infrastructure and innovative manufacturing capacity and is now valued at over \$8 billion.

Intas' investment in product development continues to bear fruit - having successfully launched these in the Indian markets, it is now on the verge of launching nanoparticle extended lipid delivery programmes focussed on cancer for global markets out of US R&D of Jina pharmaceuticals.

With nearly a dozen of such project in process with support of US FDA, the aim is to transform Accord US into a specialty company in the near future. These innovations underpin Intas commitment to developing and delivering truly patient centric medicines. Intas already was the first to launch its marketing leading product, Peg filgrastim, which supports patients with novel administration methods and unique dosing regimens across its biosimilar range. It now has four biosimilar products in market and has a planned future pipeline of over ten biosimilars.

Intas' dedication to helping those in need get better access to vital medicines reflects its core CSR values. A hugely successful commercial enterprise, Intas also has a strong commitment to society, leveraging its strength in manufacturing essential pharmaceuticals. Intas was instrumental in driving the concept of using blood plasma component treatments in India from the erstwhile practice of using whole blood for treating these life-threatening conditions and has invested heavily in the relevant technology and products. Accord also has a long-standing relationship with International Health Partners, a charity which helps people in remote, vulnerable, and disaster-affected regions get better access to medicine. Accord Healthcare's partnership with IHP has enabled almost 750,000 urgently needed medical treatments to reach more than 50 countries in 2021 alone, providing vital support during the covid-19 pandemic and has also shipped Accord's medical and health supplies to Ukraine since the war began. Accord has also supplied essential medicines in millions via product donations over the years.



# IDFC FIRST Bank

## Supporting India's Aspirations

Seen for more than two decades as one of the world's most important emerging markets, India is reasserting its strengths on the global economic stage. Identified as one of the "BRICs" by Goldman Sachs executive James O'Neill, the country now ranks as the fifth largest economy in the world, and the second largest emerging market. India will overtake Japan to become Asia's second biggest economy by 2030, according to business information leader IHS Markit, which will rank it third globally. This progress has been turbocharged under the current government, with its commitment to deep and wide-ranging reform.

IDFC FIRST Bank is seeking at the forefront of the digital transformation of banking in India and is looking to forge new partnerships to maintain its cutting edge in supporting households and India's growing range of dynamic businesses.

"India is the place to be for entrepreneurs - it has truly become a market economy, and a more efficient place to do business," says Vaidyanathan Vembu, CEO and managing director of IDFC FIRST Bank. "India has become a hugely aspirational place, everyone wants to grow. There are new entrepreneurs whether small scale like setting up a restaurant or large scale like our \$200b IT industry, or in the new emerging technologies as cloud, AI, ML etc. IDFC FIRST is participating in this ecosystem as users of technologies and providers of new age banking services."

Vaidyanathan says that micro entrepreneurs and the salaried class, are the most trustworthy in repaying their loans. "Our experience is that the gross NPA in this segment is less than 2% and net NPA is less than 1% for over a decade. Even after an extreme COVID 19 impact, they are repaying their past dues." Further, personal credit is only 15% of GDP, providing ample scope for growth.

In return, IDFC FIRST Bank has proved a reliable partner for small entrepreneurs and salaried class for their business and consumption purposes. Its strength is in intellectual property which allows it to evaluate potential customers in millions, at scale, and with great accuracy. Its specialisation, asset quality, model corporate governance, and long-term thinking have contributed to its 25% plus growth annually for over a decade, and a customer base growing from practically a start-up a decade ago, to 30m at present.

Vaidyanathan had nearly two decades of banking experience, earlier with Citibank and ICICI Bank, when he decided to quit his job to buyout an NBFC and convert it to a bank. So, he took out a structured personal loan of \$14m for a buyout, using the acquired stock and his home as collateral, to create Capital FIRST.



Starting from a loan book of \$140m in 2010, by 2018, the loan book was worth \$4.0bn, with its share price rising sevenfold from Rs. 122 a share in 2012 to Rs. 852 a share in 2018, making its investors very wealthy. That year, it merged with IDFC Bank, an infrastructure lender, and IDFC's banking licence was an excellent strategic fit for both parties. But since the merger, the book value per share eroded 12% largely due to losses on certain legacy infrastructure loans, a business the company does not pursue anymore. The core operating profit rise was strong though, at a 3-year CAGR of 36% to reach \$370m in FY22. The company is confident that the net earnings will hit a winning streak again from FY23 onwards.

IDFC FIRST Bank's profitability is boosted by its high current account savings account (CASA) ratio, which at 50% is best-in-class in the industry. The bank has grown its retail deposits by a 3-year CAGR of 73% to reach \$9.3b. The bank is forecasting 20-25% loan growth for the foreseeable future, and the company is confident of 18-20% ROE going forward in the retail business.

The IDFC FIRST Bank CEO's case perhaps

best represents what the new entrepreneurial India is about, where the son of an employee of a state-owned aeronautical firm earning less than \$1000 a year, can acquire a company, turn it around, and generate enough wealth to transfer \$10m of his personal stock to social causes and pay another \$10m in personal income tax. Bloomberg reports and stock exchange filings show that Vaidyanathan has already transferred about 38% of his wealth for social causes, rather early for a 54-year-old.

As it looks to further growth, IDFC FIRST is seeking global technology partners. Vaidyanathan wants the bank to be powered by the world's best technology; any future partner will also need top-class corporate governance to mirror their own.

In terms of a country's ability to reform, Vaidyanathan thinks in terms of a matrix of the economic orientation of a government vs. strength of mandate. "India is in the magic quadrant of a government with a strong mandate, coupled with a market-oriented reformist approach, and that's a terrific combination. If we had a government with a weak mandate, we couldn't have implemented reforms, and if we had a strong mandate but populist, we would have become a Sri Lanka." Implementing GST [Goods & Service Tax] was very difficult as it involved both federal and state governments, but the government managed it through its resolve. It has introduced a new bankruptcy code, capital market reforms and supported free markets. At the same time, the government is focused on micro-reforms to ensure that money, LPG, electricity, taps, toilets reach the poor in a targeted fashion, with massive digitization to prevent leakage.

India's resources are now supporting serious welfare, benefitting our market economy as a whole. It's been a winning recipe for the past eight years. India's governance, free markets and growth means that entrepreneurs have a better chance of success here than anywhere else."