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# Teva in India

An Israeli MNC's journey in an emerging economy

(2001 – 2005)

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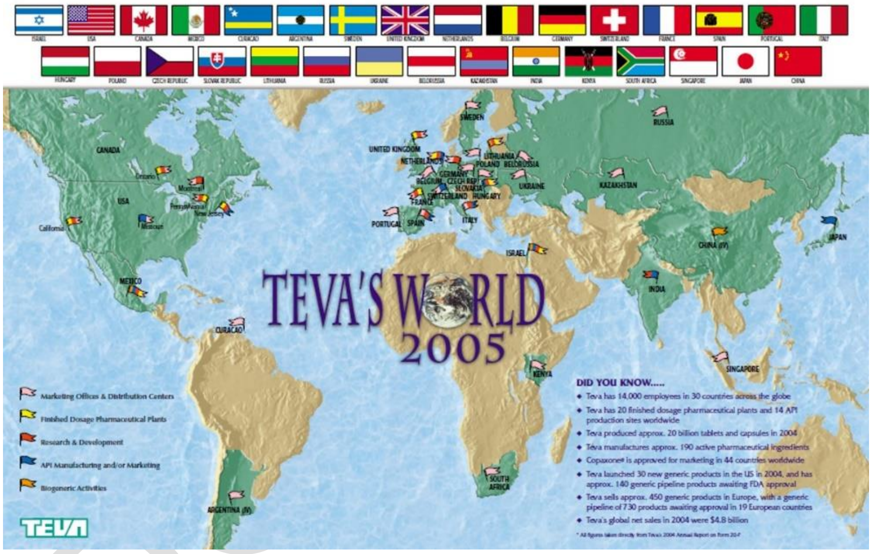
# Teva Active Pharmaceutical Ingredients (TAPI), Israel[1]

It was November 2005 and Gili turned away from the window in Petach Tikva, Israel; the early winter bleakness outside mirrored his thoughts rather aptly.
He had just spoken with Vijay and Dava, his team at TAPI's Indian plant, and it seemed that after three years of incredible toil and equally incredible achievements, Teva's Indian venture was in deep trouble… or was it not?

*Dr Gilead Fortuna known to all as Gili was the Vice President - Operations and Business Development of Teva Pharmaceuticals Ltd. Vijay Batra (Vijay) was the President and Director of JK Drugs and Pharmaceuticals, and Managing Director Teva API India Ltd from Aug 2003 till May 2013. In the later years, he was also Vice Chairman, Teva API India Ltd. David Kadmon (Dava) was the Director, Business Development TAPI – Asia BU. Aliza Grunbaum (Aliza) was the head of QA. Lazer Bezdin (Lazer) was involved with the India story from its inception and went on to become the country head for India.*

This was no longer about the language or the accents, Gili just did not know where the problem lay or what he needed to do to reach a resolution. There was a lockout at the Indian plant and the employees were on strike.

The Teva world map was on his screen, India a proud addition in the family.




Gili called Dava, Lazer and Aliza for a meeting. "India never fails to catch me by surprise", he opened the meeting, "but there's so much at stake now…"

[1] Teva Active Pharmaceutical Ingredients (TAPI), more details in next section.

# Background

## *Teva and TAPI:*[2]

Teva Pharmaceutical Industries Ltd is an Israeli multinational pharmaceutical company with its headquarters in Petach Tikva. Established in Jerusalem in 1901 by Chaim Salomon, Moshe Levin and Yitschak Elstein, the company started out as a small wholesale drug business that distributed imported medications. In 1935, Salomon, Levin and Elstein opened a small pharmaceutical plant called Assia (Aramaic for doctor) in Petach Tikva. Other plants founded at this time include Zori (Hebrew for health) in Tel Aviv and Teva established by Dr. Gunter Friedlander in Jerusalem. A period of consolidation in the Israeli pharmaceutical industry, beginning in the 1960s culminated with the 1976 union of Teva, Assia, and Zori to create Teva Pharmaceutical Industries Ltd. Teva, as of 2017, is the largest generic drug manufacturer in the world with facilities located in Israel, North America, Europe, and South America. (Generic drugs are the chemical and therapeutic equivalents of brand-name drugs, typically sold under their generic chemical names at prices below those of their brand-name equivalents.) Teva stock trades on both the New York Stock Exchange (via ADRs) and the Tel Aviv Stock Exchange.

Teva Active Pharmaceutical Ingredients (TAPI) is a major business unit of Teva Pharmaceutical Industries Limited. It is run independently from its finished products business and sells to both third-parties and Teva's various pharmaceutical units on arm's-length terms, competing with other vendors in price, quality and reliability. During 2001, these sales were approximately 40% of the division's total sales. In 2001, Teva produced approximately 80 different active pharmaceutical ingredients.[3]

TAPI has grown by acquiring manufacturing and development facilities around the world. Some of details are given below.[4]

2002 – Acquisition of PFC in Italy
1996 – Acquisition of Biocraft in US
1995 – Establishment of Teva-Tech in Israel
1995 – Acquisition of ICI in Italy, Biogal in Hungary
1991 – Acquisition of Prosintex in Italy

Teva, in addition to the above TAPI acquisitions, has acquired many more companies worldwide.



[2] http://www.tevapharm.com/about/history
[3] Financial and other numbers are from publicly available financial filings of Teva
[4] https://www.tapi.com/

## *Pharmaceutical Industry - World:*[5]

According to a report published in 2008, the global pharmaceutical industry has grown at a compounded annual growth rate (CAGR) of 10.7 percent for the period 2002-07.

| Global Pharmaceutical Market Size & Growth Rates (2000 to 2007) (figures in US$ billion, & %) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Global Sales (US$ bn.)/ Year** | **2000** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** |
| Total World market (current US$) | 365 | 392 | 428 | 499 | 560 | 605 | 649 | 712 |
| Growth Over Previous year (constant US$ Growth) | 11.50% | 11.80% | 9.50% | 10.30% | 8.00% | 7.30% | 7.10% | 6.40% |
| *Source: IMS Health Market Prognosis (includes IMS Audited and Unaudited markets) All information as of March 28, 2008* | | | | | | | | |

### Worldwide Generic Market, M&A Activity

| M&A Activity in the Worldwide Generic Market (figs. in US$ mn.) | |
|---|---|
| **Year** | **US$ mn** |
| 2000 | 1,438 |
| 2001 | 1,025 |
| 2002 | 1,112 |
| 2003 | 3,083 |
| 2004 | 1,411 |
| 2005 | 20,056 |
| *Source: Company fillings, Wall Street Research, UBS Investment Bank Report (includes only limited major activities )* | |

## *Pharmaceutical Industry - India:*

### Overview [6]

[5] Report of the Task Force, Ministry of Commerce & Industry, December 12, 2008
[6] The Emergence of India's Pharmaceutical Industry and Implications for the U.S. Generic Drug Market, William Greene, U.S. International Trade Commission, May 2007

The Indian pharmaceutical industry is one of the developing world's largest and most developed, ranking 4th in the world in terms of production volume and 13th in domestic consumption value.[7] India's industry, valued at $5.3 billion in 2005, represents less than one percent of the global pharmaceutical industry ($550 billion).[8]

| India's Pharmaceutical industry in 2005 | |
|---|---|
| Share of global sales: | Value 1%, Volume 8% |
| Global ranking: | 4th in volume, 13th in value |
| Domestic market: | $5.3 billion |
| Exports: | $3.7 billion |
| Imports: | $985 million |
| Bulk drug production: | $2.1 billion |
| Employment: | 5 million direct, 24 million indirect. |
| Capital investment: | $1.2 billion |
| Production costs: | Among the lowest in the world, estimated to be 70% less than the West. |

Source: OPPI.

Over the last 30 years, India's pharmaceutical industry has evolved from almost non-existent to a world leader in the production of high quality generic drugs. India has garnered a worldwide reputation for producing high quality, low cost generic drugs.

The industry currently meets India's demand for bulk drugs and nearly all its demand for formulations, with the remainder supplied by foreign multinational corporations (MNCs).

India's pharmaceutical industry is one of the fastest growing segments of the Indian economy with an average annual growth rate of 14 percent during 2002-2005. Overall, the Indian market for pharmaceuticals is projected to grow at an average annual rate of between 15 and 20 percent during 2005- 2010. The surge in production has been driven by legislative reforms, the growth in contract manufacturing and outsourcing, value added foreign acquisitions and joint ventures, India's mastery of reverse engineering of patented drug molecules, and India's efforts to comply with its World Trade Organization (WTO) Trade Related Intellectual Property Agreement (TRIPs) obligations.

When India joined the WTO in 1995, its pharmaceutical exports were valued at less than $600 million. By 2005, its exports had grown to $3.7 billion and accounted for more than 61 percent of industry turnover. Currently, Indian pharmaceutical companies produce between 20 and 22 percent of the world's generic drugs (in value terms) and offer 60,000 finished medicines and nearly 400 bulk drugs used in formulations.[9]

With changes in India's patent laws in the early 1970s, Indian drug producers became experts in 'reverse engineering' and increased its supply of less expensive copies of the world's best-selling patent protected drugs. India's pharmaceutical industry grew and prospered in a highly regulated environment with government price controls on a significant number of formulations and bulk drugs. In January 2005, India amended its patent laws governing pharmaceuticals, bringing them into conformance with the WTO TRIPs agreement. Under the new patent law, Indian drug makers can no longer manufacture and market reverse-engineered versions of drugs patented by foreign drug producers. To replace sales lost to TRIPs compliance, many of India's leading pharmaceutical producers have increased their exports of generic drugs to the United States and Western Europe and entered into research and development agreements, mergers and acquisitions, and other alliances with foreign pharmaceutical firms.



[7] National Pharmaceutical Policy, 2006, Department of Chemicals and Petrochemicals, Government of India, Dec. 28, 2005.
[8] "India gears up for unprecedented manufacturing growth," in-Pharma Technologist.com, Aug. 8, 2006.
[9] "Cuts Drug Prices, Else Face Action, Paswan Tells Industry," The Associated Chambers of Commerce and Industry of Industry, Nov. 29, 2006.

## India's Trade in Pharmaceutical Products:[10]

The Indian retail pharmaceutical market size was estimated at US$7.8bn in the year 2008 and was expected to grow at a high CAGR of 9.9 percent till 2010 and thereafter at a CAGR of 9.5 till 2015.

**2003-04, 2004-05 (figs in US$ mn. & %)**

| Commodity Name | Mar-04 | Mar-05 |
|---|---|---|
| Exports of Drugs, pharmaceuticals & fine chemicals | 3,312.99 | 3,972.81 |
| Imports of Medicinal & pharmaceutical products | 644.17 | 705.08 |
| Exports Growth Rate | 24.76 | 19.92 |
| Imports Growth Rate | 8.59 | 9.46 |

*Source: DGCI&S*

## From Procurement in India to Production in India - 2002:

In early 2002, Gili and Meron Mann went together to India for a two-week tour.
*Meron Mann had been with Teva Pharmaceutical Industries Ltd since 1978, where he has served as Group Vice President Europe until 2006 and had been the President and CEO of Teva Pharmaceutical Europe B.V. until 2006. From 1990 to 2002, he served as President of Teva's Active Pharmaceuticals Ingredients division and from April 2002 to August 2002, he served as Group VP Global Resources.*

Establishing a presence in India was no small step for Teva, despite the fact that the company had been purchasing intermediate raw materials there since the 1990s. These raw materials, inexpensive by global standards because of India's unregulated markets were brought to plants in Israel to be converted into APIs. The quality assurance and manufacturing methods in India at the time were not up to standard for API production. But the chemical companies in India recognized the value inherent in their manufacturing capabilities, and began to advance toward API manufacturing. Many of Teva's suppliers, as well as those of other pharmaceutical companies, were also quickly becoming competitors.[11]

The agency that helped with the procurement, the legal team, the procurement team were all quite happy to maintain status quo. The notion of production in India seemed far-fetched to everyone. It was definite that the production facilities would not be a green field venture. If production was the way forward, they definitely had to acquire a facility and the management. Buying in India was a hands-off process, making in India on the other hand would mean deep diving into something Gili could not quite articulate yet.

In some sense, Gili had choices to make, choices and decisions he knew would mean trouble both at home and in faraway India. To undo a carefully crafted procurement process put him at loggerheads with the entire purchase team. The technical team had its doubts on the prowess of the Indian

[10] Report of the Task Force, Ministry of Commerce & Industry, December 12, 2008
[11] Teva's World: Regent Drugs Limited: Teva's Passage to India

manufacturing and did not seem inclined to assist. Gili had liked what he saw but bringing the Israeli side on board was not going to be an easy task.

## Gili's journey from exploration through negotiation till acquisition - 2002-2003 July:

As part of the exploratory trip, Gili and Meron Mann met both the JK[12] group and another Indian firm. Initially the other firm seemed like a better fit, however the difference between Gili's budget and the other firm's expected price was too much to be bridged. Gili somehow managed to not only alienate their management but may have also insulted them with his far too low counter offer. They, in typical Indian fashion just refused to have any further discussions with Gili and his team.

Raghupati Singhania, who then headed the JK group met with Gili and Mann. During the course of the conversations it was evident that the group would quite happily divest the chemical division of the business. They had a separate company which manufactured Penicillin which they wanted to keep in their portfolio.

*Raghupati Singhania in 2001 was the Managing Director of JK Industries. JK Drugs and Pharmaceuticals Ltd, was a wholly owned subsidiary of JK.*

Vijay describes what was happening on the Indian front: "*JK was in no mood to invest in their pharma business and I took the opportunity of raising this with my immediate boss who was the nephew of Raghupati Singhania. He and I were more like friends; he was much younger than me and he talked it over with Raghupati Singhania saying that there is an opportunity and Vijay wants to explore it. The question was - would it be of interest to JK to divest this business as they were losing steam in this business and their focus was always paper, cement and tyre? He said "let's explore it". That's how initiation on this subject began and we started a serious discussion."* An initial offer of US$10 Million[13] was put on the table and a visit was arranged to JK's plant at Gajraula. A meeting was arranged between Gili, Meron Mann and the existing management at the plant. After visiting Gajraula, Gili realized that basically the infrastructure was good and the site was well laid out and had the potential for further expansion. There would be work required, but the setup seemed good enough to consider. Dov, after visiting the site could already see where improvements would be needed and was ready to take on the challenge. He had voiced his concerns at an earlier HR meet in Israel, asking if the management was ready to deal with a new culture, one that




[12] J.K. Group is a conglomerate, head-quartered in India and was established some 125 years ago. Some of their brands are JK Tyre & Industries Ltd, JK Paper Ltd. JK Drugs and Pharmaceuticals Ltd. was a wholly owned subsidiary of this group. More details in Exhibit 1
[13] $10m is the figure as quoted to the authors

was so different from anything they had dealt with before. His first impressions of India were one of shock and that was before he even visited the plant. Well before he landed in India he made sure that the Indian consultant of his choice was available and willing to be a part of their journey in India.

*Dov Ben-Dov (Dov) was the Global Head of HR API Division. Shalini Elassery & Manjiri Javadekar: Co-authors of the case, were actively involved as the Indian consultants with Teva, Shalini from the very beginning and Manjiri soon after when the recruitment of the R&D started. More details about their firm Meivia International is available in Exhibit 2*

There were other basic issues in the proposed buy-out including the necessary carving out of the unit for sale. It was decided that the business would be bought under the name of Regent Drugs Limited and the JK group made arrangements to make this happen. Teva seemed to have a policy that they would not give the new company the Teva name until it was a proven success. However, it seemed as if everything was moving at an incredibly slow pace. JK had to sort out a few issues from their side; these were debt and land issues. In addition, JK needed Foreign Investment Promotion Board (FIPB) approvals to take the deal further.

Gili was convinced that this was the company to go after and he made several strategic choices. First he decided to make sure that the remaining staff stayed long enough to make the transition smooth. In order to demonstrate Teva's seriousness, Gili offered to have the plant produce more products for them. It was clear that increasing the production was one way to keep the team engaged. During the entire negotiation process Gili had senior people coming in from Israel to make sure the right processes were being followed. In some sense this was the due diligence that he got done on the people, the plant and the processes. Gili said about this phase "*We also had a formal due diligence with many teams from Israel and then each team was doing its part and this was an also a big discussion whether or not* (India was the right choice)[14] *and some of the people especially in the technical* (team) *compared this to an acquisition we did in Italy and thought it is not going to be as good as Italy, but later we found out that in the long run this was much, much better*."

Very early on, Gili realized that what he was buying had to be more than just the infrastructure. He was impressed enough by the team and was somewhat concerned that by the time the deal was inked he may lose some of the people. Gili motivated the Indian team all through: *"During all the visits in 2002, we spent a lot of time, personally me with all the staff, to encourage them that once Teva gets in, we will invest, we will grow, it would be a good deal for them; that's the way we kept them. I think we kept the promise."* The Indian team understood what Gili was saying. They knew that JK was not investing in the company. They knew that if they performed well, this could be a game changer for them. The Teva brand name was too attractive to ignore. They put in their best and the plant managed to deliver not just what HQ was looking for, but also delivered the products at a much lower cost. This was a surprise to almost everyone in Israel. Since this dove tailed into the closure proceedings of the Assia[15] plant in Israel, it was another positive indicator for a final acquisition.

And yet the deal was not moving ahead. It was not clear to Gili what the other sides' strategy was, were they merely trying to set up a JV sort of arrangement, was there a mismatch in the expectations or was there something else that Gili just could not understand.

Vijay's words about the Indian front at the time: "*At that stage a lot of information was shared; then we started some kind of a commercial discussion and I still remember there used be one Mr.*

14 Words added to script to complete the meaning; non italicised

15 Teva Tech plant at Ramat Hovav was established in 1995; as one of the division's nine factories (at that time) and was designed for treating the wastewater of the factories of the chemistry division and for solvents recovery. In 1997, with the decision of closing Assia factory, Teva Tech was converted into an API manufacturing factory, and all the production lines were transferred to it. In 2001 a facility was established in Teva Tech to produce Copaxone Teva's leading ethical drug for the treatment of multiple sclerosis.

*Gupta - the legal advisor to JK. He and I travelled to Israel. We talked about the commercial terms of business, there was big gap in what they thought this business could really be bought for and what we were thinking. That process took a pretty long time, I think 3-4 months, maybe a little longer also, and then finally we settled on terms and some kind of MOU was signed. The due diligence part of it and that agreement, I think, both went on simultaneously"*

The legal teams on both sides were extremely hard-nosed about all aspects of the deal. In the words of both Gili and Vijay, it would have been possible to do the deal much faster if the legal teams had more trust. Under the circumstances, both Gili and Vijay could do nothing but wait for this to finish.

Finally, despite the progress with due diligence and the continued manufacturing, with no apparent progress on the actual deal front, Gili put an ultimatum on the table. On top of the originally offered price, he was willing to offer a nominal additional sign on bonus, provided all debt was cleared; but this was a one-time offer.

The offer was accepted, with lawyers, bank officials and other labour and regulatory officials in the room, the deal was inked on 31st July 2003 and Regent Drugs Limited became a wholly-owned subsidiary of the Teva group.

The next day, Gili, Dava, Dov and the Indian consultant drove down to Gajraula to formally meet and greet the newest members of the Teva API Family. In all, over 200 personnel had also been transferred to the new entity.

## Post-Acquisition, 2003 July- December 2004:

The first meeting at the plant after the signing was quite an important one. The apprehension was palpable, neither the remaining management nor the workers had any idea what to expect. Vijay made an opening introduction and then asked the Israelis to speak.

For the people at the plant there was no history of Israeli ventures, most knew what to expect from the Japanese or the Germans, even the Americans were predictable to some extent. The Israelis were an entirely new breed. The introduction was done, some understood what was being said; most did not. Dov established the first heartfelt contact. On advice from his Indian consultants he had bought Indian sweets from a very well-known store in Delhi. This, he then proceeded to walk around the crowd and distribute; very much as an Indian would. A single gesture and he did not have to make any speeches. The Indians understood that they had somebody on their side.


[16]As part of the deal, Teva had bought the plant in Gajraula as well as a small R&D unit in Faridabad. To the team, the acquisition was more about the plant and not really the R&D unit. A few months into the acquisition it became clear that the R&D

[16] The Plant at Gajraula

centre had neither the staff nor the infrastructure to make any kind of impact. During the due diligence it had already been found that the land on which the R&D centre stood was rented, the rent was high and the location was also not very beneficial. In Gili's words, "*And as for the R&D centre we didn't appreciate that much the R & D centre anyway. So we thought it is not such a big deal... As a matter of fact we bought the plant - not so much the R & D the centre. Singhania was trying to say that R & D centre is out of the deal. But we insisted that it was in the deal. So at the end of the day we understood that it is not so crucial for us to keep it. I already had in my mind that we would have a new R&D centre, a modern one, and the people, almost most of the people were already out*."

During and post-acquisition, Gili was also facing his own new challenges. Meron Mann had moved out and Arik was now in charge. Dava, was his appointment, the idea being that there had to be a single Israeli constant to make sure the venture worked. Shortly after the recruitment process was started, Dov also transitioned out of his role in HR.

*Aharon Yaari (Arik) was the Vice President of the Global API division since 2002. He joined Teva in 1981. He was also the Vice President – Marketing and Sales of Teva API Division from 1999 to 2002 and President of Plantex USA from 1996 to 1999.*

The notion of moving any R&D out of Israel was anathema. Gili, having spent almost two years in India, was convinced this was the way forward. Over the next year, with the help of the Indian consultants, Regent Drugs Limited conducted a pan India recruitment process which resulted in the hiring of over 50 R&D personnel and the appointment of the R&D head, Dr. Kansal. As one Israeli said, to find one qualified PhD in Israel would take a year while in India they had the option of hiring 50 qualified scientists after a thorough vetting process.

During this period there was a great bridging of the cultural gap. The notion of the Indian silence, the inability of the Israelis to define the pace of work was all being sorted out.

Dava was put in charge of reporting back to Arik and Gili about whatever was happening in India. He became the bridge between the Indian and Israeli teams. Dava remembers: "*We asked Indians to do things and they used to say yes and be positive and then we found they never did it. It caused frustration and arguments. But we understood that there is a difference in culture. They never said 'No' but did what they thought was right. So I began asking open questions – Tell me what you intend to do, lets write it down etc. and then later I could pull it out and show the person what we agreed…those things became a habit and things began to run more smoothly than before.*"

The Israelis wanted everything done more quickly than the Indians. Vijay recalls, "*It was almost a year and half for me having interacted with Teva; I started getting the flavour how the business has to be done and I also felt that there has to be a much higher pace in doing things. Business-wise aggression was good because it yielded results. On the communication front, the aggression caused discomfort in some of the teams. I used to say, don't worry about it; the numbers will reflect your work.*"

Once the decision to set up a new R&D Centre was made, Gili wanted to do it from scratch. As with most things, they were lucky and found the right space in Greater Noida. The deal was entered into and by the end of 2004 the ground breaking ceremony was carried out

*Indian ceremony at the groundbreaking of the new R&D Centre at RDL.*
*Left to right: Hindu priest ; Vijay Batra, Managing Director, RDL; Hon. Danieli, Israeli Ambassador to India;*
*Arik Yaari, Teva API President; Dr. Gilead Fortuna, VP Business Development, Far East and API; David Kadmon, RDL Coordinator;*
*Dr. Vinod Kansal, Head of RDL R&D.*



With more and more products coming out of the Indian plant and the R&D unit taking shape, it was becoming clear that an FDA approval for Gajraula would be the logical next step.

Aliza, the head of QA, was brought into the picture. More than the professional relationship, she developed warm and cordial relations with the work force at the factory, living amongst them, participating in their rituals and daily lives, she was an asset beyond compare. Her close interaction with the factory workers and management allowed her to get the entire workforce geared towards getting the plant ready for FDA. The FDA process was formally started by the end of 2004.

## Setting the bar higher, reaching new heights: 2004-2005:

The work was on in earnest, the R&D team was under training, there were multiple visits from and to Israel. The product portfolio was being increased and the FDA process was underway. The efforts put in by the team at the plant especially the QA/QC in-charge was unbelievable.

The plant received the FDA on 13 September 2005.

In accordance with the Israel time lines, payroll revisions were announced to take effect from the Israeli New Year which was in early October.

The revisions were met with disbelief. The HR Global had applied the same 5-8% increase that was the norm worldwide and stubbornly refused to listen to the Indian management that this was not going to be acceptable to any of the Indian workers.

Everyone had been very patient in the Indian factory. They had put up with the long period of uncertainty until the acquisition, and on advice from Vijay they had also not asked for immediate increments once the acquisition was completed. Then, they had patiently waited for the FDA to come through. For all their demonstrated patience, they were being rewarded with a 5-8% increment on a base that had not been revised for over 5-7 years anyway.

The plant went on strike and the fairy-tale seemed to be unravelling fast, it was the time for tough talking and bringing both sides to the table.

## Exhibit 1:

*Brief History of JK:*

The JK group, founded over a 100 years ago, is a large Indian conglomerate that was started by Lala Juggilal Singhania and his son Lala Kamlapat Singhania; (the J and K stands for Juggilal and Kamlapat). Lala Kamlapat Singhania had 3 sons: Padampat, Kailashpat and Lakshmipat and their families today run the Raymond Group (which consists of Textiles, Engineering and Aviation), J.K. Cotton Spinning & Weaving Mills and the JK Organization.

The JK organization is a diversified group with presence in the areas of tyres, paper, cement, seeds, insurance, clinical research etc. It has a strong global footprint with manufacturing facilities in Mexico, Indonesia, Romania, Belgium, Portugal and UAE. The group also exports to over 100 countries. Within India, it is a well-recognized brand with over 40,000 employees and 10000+ distributors across the country. In 2016, the group had a turnover of over US$ 4billion[17].

Bharat Hari Singhania took over as President of the JK Organization in 2015. He is the Chairman of JK Paper, JK Lakshmi Cement and other Group companies. He is also on the board of JK Tyres and other group companies and entities.

Dr. Raghupati Singhania, has been the Managing Director of JK Tyre & Industries Limited since April 1975 and has been the Chairman of the Board since May 2013.

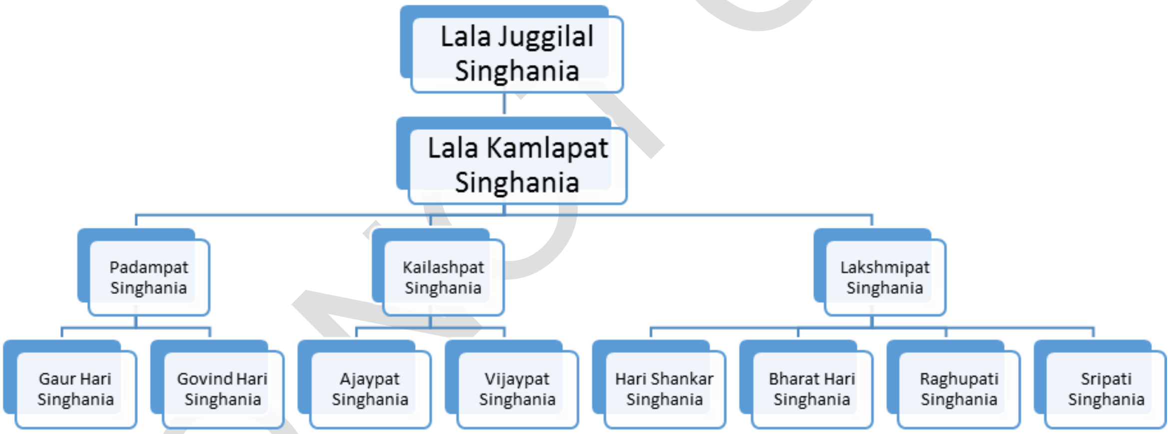
JK Drugs and Pharmaceuticals, founded in 1992, was part of the JK Industries. The Company's line of business included the manufacturing, formulating, processing of drugs in pharmaceutical preparations for human and veterinary use. [18]



[17] www.jkorg.in, 2016
[18] https://www.bloomberg.com/profiles/companies/6599148Z:IN-jk-drugs-&-pharmaceuticals-ltd

**Company structure of the JK Organization as of 2016** [19]


**The Singhania Family Tree – JK Group**






[19] http://www.jktyre.com/groupcompany.aspx

## Exhibit 2:

*Brief Background of Indian Consultants - Meivia International*

Meivia International is a management consultancy firm that was founded by Shalini Elassery in 2002 to facilitate bi-directional business between Israel and India. Over the years, it has provided consulting services not just in the Indo-Israel corridor but has done several projects in the domestic Indian market too.

Shalini has worked with Israelis from 1994. She lived in Israel for 3 years from 1999-2002, after which she decided to relocate to India with her Israeli husband. In India, she realized the potential for providing consultancy services between Indian and Israeli corporates and started Meivia International. Manjiri Javadekar, who had also worked with Israelis from 1998 joined Meivia two months after Shalini began the consultancy. Teva was one of Meivia's first clients.

Shalini Elassery and Manjiri Javadekar, both co-authors of the case, were actively involved as the Indian consultants with Teva, Shalini from the very beginning and Manjiri soon after when the recruitment of the R&D started. Even though Teva was a major success story, Meivia was involved in continuing projects with TAPI India, hence did not publish any information regarding the acquisition and its success.

# Exhibit 3:

**Financials** (as per Registrar of Company filings by the company)

| Period | Company | Revenue | | Net Profit (Loss) | |
|---|---|---|---|---|---|
| | | INR In Million | USD In Million | INR In Million | USD In Million |
| 1st Jan 2003 to 31st Dec 2003 | Regent Drugs Limited | 156.41 | 3.23 | -17.28 | -0.36 |
| 1st Jan 2004 to 31st Dec 2004 | Regent Drugs Limited | 613.78 | 13.36 | 112.98 | 2.46 |
| 1st Jan 2005 to 31st March 2006 | Regent Drugs Limited | 1,341.44 | 30.16 | 84.17 | 1.89 |
| 1st April 2006 to 31st Mar 2007 | Regent Drugs Limited | 1,461.16 | 33.65 | 103.69 | 2.39 |
| 1st April 2007 to 31st Mar 2008 | Teva Api India Limited | 2,662.41 | 66.74 | 425.84 | 10.68 |
| 1st April 2008 to 31st Mar 2009 | Teva Api India Limited | 5,406.32 | 104.45 | 481.55 | 9.30 |
| 1st April 2012 to 31st Mar 2013 | Teva Api India Limited | 10,746.50 | 197.95 | 487.30 | 8.98 |
| 1st April 2013 to 31st Mar 2014 | Teva Api India Limited | 7,582.00 | 126.32 | 100.50 | 1.67 |
| 1st April 2014 to 31st Mar 2015 | Teva Api India Limited | 9,841.60 | 157.95 | 572.90 | 9.19 |
| 1st April 2015 to 31st Mar 2016 | Teva Api India Limited | 11,552.90 | 174.28 | 737.30 | 11.12 |