Interview: Nitin Shah – Founder & Chairman and Bhagyesh Shah – Managing Director, Unison Pharmaceuticals, India



"Unison has actually become a reference among the domestic pharmaceutical industry when it comes to introducing high quality products at the lowest price available in India."

24.05.2018

Tags: India, Unison, Pharma, Strategy, Manufacturing, Internationalization

Nitin Shah, founder and chairman of Unison Pharmaceuticals Pvt. Ltd., and Bhagyesh Shah, managing director, provide insights into the unique positioning of this eye-catching company, which has forged a great name for itself among India's domestic industry by offering some of the most affordable high-quality pharmaceuticals in the market. Leveraging this long-standing commitment to healthcare affordability and the upcoming WHO certification of their new manufacturing plant, Unison is now ready to bring its life-changing products to European markets.

Could you please introduce Unison Pharmaceuticals Pvt. Ltd. to our international readership?

Nitin Shah (NS): The company is now 37 years old and ever since the point at which it was first conceived, our aim has been to provide high quality products at prices that are affordable to Indian patients. Due to the fact that public health spending in India is low, the country's healthcare is predominantly private in contrast with developed countries which generally either have government run healthcare systems or widespread insurance programs. In this context, Unison has actually become a reference among the domestic pharmaceutical industry when it comes to introducing high quality products at the lowest price available in India.

Bhagyesh Shah (BS): So far we have been focused entirely towards the state of Gujarat and its 60+

million inhabitants. In spite of this single-state focus and the fact that Gujarat accounts for only five percent of India’s total pharmaceutical market, we are among the top 80 highest ranking companies in India in terms of revenue and among the top 40 highest ranking companies in relation to number of units sold.

What factors allow Unison to bring products to the market at such competitive prices?

BS: Unlike the very large pharmaceutical companies, scale optimization is not our main competitive advantage: we only have two facilities in comparison with many of the bigger companies which may have ten or more. Primarily our pricing is achieved through our willingness to reinvest our profits and work with low margins.

NS: Essentially, we work using low margin business model with the objective to produce and sell high volumes of products at the lowest prices available. As we are producing high quality products and selling these products at affordable prices, we are creating a mutually beneficial situation for both our company and the patients.

BS: While widespread acceptance may be slow at first, eventually everyone realizes the advantages of our products. Even if it takes a few months or even a year, as long as quality and delivery remain consistent, people are eventually drawn towards the medicines we produce. As such the trend we have observed has been that orders start out relatively small but grow exponentially, as people come to appreciate the benefits of our business model.

What factors have influenced Unison Pharmaceutical’s success within Gujarat?

NS: Above all we are known for the quality of our products. Initially people believed that our competitive advantage was exclusively our pricing; as such our competitors attempted to undercut us, selling products ten cents cheaper than our medicines in an effort to present themselves as more economical. However, our central concept is that we offer high quality products along with affordable prices.

BS: We have the best research and development team in the industry, which enables us to create products to an incredibly high standard. It is not market pressures that keep our margins low; rather it is by choice that we choose to retain the margins that are central to our business model.

Most Indian companies are currently growing at a high single-digit growth rate. At what pace is Unison growing?

[Featured_in]

BS: We are currently growing at a rate of 10 to 11 percent a year. The only reason that we are not growing at a rate of growth in the twenties is due to our pricing structure. We are willingly do not increase the prices of our formulations which is allowable.

However, the medicines we produce mostly treat diabetes and hypertension, and their effectiveness is not subjective: it can actually be measured very effectively. So, while people may

not believe that it is possible to produce such high-quality products for such low prices initially, our results and experience prove them wrong. Typically, our products start gaining widespread acceptance after the first three months following their introduction to the market.

After having been tremendously successful in Gujarat, what are the next steps ahead for Unison?

BS: Currently we aim to continue concentrating our efforts towards Gujarat in India, while developing our abilities to expand into global markets. The process through which we came to this decision primarily centered around the development of our new production facility which is four times larger than our current manufacturing plant. While our old facility has had a World Health Organization (WHO) certificate for eight years, our new facility will be the WHO certified by September 2018 and we are expecting to get UKMHRA by March 2019. As such, this new facility allows us to export globally as well as being able to create a stronger footing across India; however, we aim to export for at least three years before eventually expanding throughout the domestic market.

A number of factors influenced our decision to focus on exporting to countries around the globe rather than developing a pan-India presence. The fact that I had completed a master's degree in International Business before joining Unison was influential in pushing us towards exporting our products internationally. Equally the fact that we do not currently have any partners within India has been important in our decision making. Finally, our high-quality products being extremely cost competitive – even by Indian standards – make us believe they could perform extremely well in foreign markets.

When will you begin your move towards becoming an international exporter?

BS: We expect that the WHO inspection of our new facility will be completed by the end of September 2018. By February or March, we hope to be making significant progress in our move towards the UK market. We intend to focus primarily on the European markets instead of the American market. This is largely due to the fact that we have a better understanding of the UK market and have a number of marketing managers and CEOs who we have been interacting within the UK. Furthermore, being a new entrant to the international market we would like to keep our focus at one market.

After the completion of the WHO inspection, we will start actively reaching out to international partners, and we hope to be able to enter the UK and other European markets in two to three years' time.

What challenges do you foresee arising in the development of this export strategy?

[related_story]

BS: Marketing will be our primary concern due to the fact that we will be a new company in

European markets and will thus be relatively unknown. Secondly the regulatory aspects will be a challenge we will have to navigate effectively, at the moment many Indian companies suffer from increasing regulatory scrutiny coming from strategic markets' regulators. Third of all we foresee a number of potential issues arising once our products are actually available in those countries, whether those challenges are related to registrations or financial restrictions.

Will you still apply your ethos of supplying high quality products at affordable prices in regulated markets in Europe?

BS: While we aim to remain true to our vision, we must look at the ways in which our ethos is received in each country. In this regard, we may need to adapt our strategy. While we know how the market in Gujarat functions and the ways in which our products are received, we do not know how our products will be received in markets in Europe. Nevertheless, social security systems and socialized healthcare systems in Europe will definitely work in our favor. However, we must first prove the quality of our products in order for them to be widely adopted.

What goals will Unison Pharmaceuticals Pvt. Ltd. have achieved in five years?

BS: In the next two to three years we aim to be an emerging company at a global level in terms of sales, while in the three years following that we aim to have created a strong footprint in the markets that we have entered. We intend to remain focused and have around 10 products registered across Europe, while being particularly strong in a single country such as the UK in which we would have up to six products registered and emerge as a top 10 player for these products. In relation to the domestic market we aim to become a Top 60 company within the pharmaceutical industry within the next five years.

To conclude why do you believe Gujarat is such a good place to grow a pharmaceutical business?

NS: Gujarat has a well-established pharmaceutical industry with a high number of very prominent companies: people who have grown up in Gujarat are very familiar with the pharmaceutical industry, which stands as one of our state's main industries. For Gujarati people, pharmaceuticals are in their DNA. While Gujarat holds a long-standing experience in international trade, Gujarati are reputed across India for their business mindset and their entrepreneurial drive – whether it relates to the pharma industry or to any other industries, an eye-catching number of India's entrepreneurs are actually Gujarati. Business is part of our culture, and this specificity stands as a great asset to drive our state's pharmaceutical industry to new heights.

See more interviews