Mediation Semi Finals

**‘In the Drug Business’ – General Information**

It is 2040 and pandemics have become common. The world is facing a huge pharmaceutical crisis. Health infrastructure is failing across economies. However, much like professional pursuits of law and medicine, there is one sector which is only growing – pharmaceutical industry. Drug manufacturing is at its peak. New players are coming up everywhere and the competition is intensifying like never before.

India is becoming the world capital for pharmaceutical manufacturing. Within the Indian market, Dawaai Ltd. is the market leader in manufacturing of all kind of drugs. Despite its dominance, it faces pressure from competitors, as well as the government, to manufacture cheaply and more efficiently. Not only is it catering to the world’s most populated country, but also to many other countries through exports of drugs worldwide. Having inherited this company from his father 40 years back, Samuel Jr. has made it into one of the world’s leading drug manufacturers. There is no end to ambition, especially for Samuel Jr. He wants to make Dawaai Ltd. the market leader across countries, and is looking for newer ways to achieve his ambition.

HLG Ltd. is an indigenous engineering company which started out from Hisar, Haryana, but today has its operations run from Frankfurt, Germany. The CEO, Mr. Goyal, is a law graduate who loves machines. During the COVID pandemic of 2019, Mr. Goyal was a student who lost many of his loved ones. One of the reasons was the exorbitant prices that drugs were sold at, making it impossible for the common man to get access to life-saving drugs. Ever since, he has been driven by the goal of increasing access to drugs. Giving up his passion for the law, he made it his life’s aim to come up with technology that would decrease manufacturing costs and make drug production substantially more efficient. He founded HLG Ltd. with this goal in mind and recently, his company has manufactured a machine ‘Lucy’ that can achieve exactly this.

Driven by a social cause initially, but no longer a slave to his altruistic desires, Mr. Goyal is looking to make money out of this technology. But being a patriot, he wants to sell the machine to an Indian company. Samuel Jr. had approached Mr. Goyal and asked for a quote. The conversation happened via video conferencing, and did not lead to much. The problem is that the machine is highly specialised, and there are a lot of factors that the two parties could not agree upon. The list price was set at $1.5m. However, the industry norm is heavy discounts (upto 25%) on machines of such type since there is fierce competition in the market.

Due to its specialised nature, only trained engineers can operate ‘Lucy’. Further, machines operating in India are prone to breakdown due to the climate and dust, which Samuel Jr. is worried about. Mr. Goyal knows the business well too, and would not want to make a deal that affects his returns. Samuel Jr. is a seasoned player – he wants his business to thrive, and is confident of his negotiation skills.

Both parties have scheduled an in-person meeting at NMACC (Nitya Malesh Anjani Commercial Centre) in Chandigarh. They hope to come to a settlement that is profitable for both of them.

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