Early Warning System

IFC-44971

Crystal Crop

Early Warning System
Crystal Crop

IFC-44971

Quick Facts

Countries	India
Specific Location	Nagpur, Dahej
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	A
Voting Date	2022-03-04
Borrower	CRYSTAL CROP PROTECTION LIMITED
Sectors	Agriculture and Forestry
Potential Rights Impacts	Healthy Environment, Housing & Property, Labor & Livelihood, Marginalized Groups, Right to Food, Right to Health
Investment Type(s)	Equity
Investment Amount (USD)	$ 14.91 million

Project Description

Crystal Crop Prtoection Ltd. plans to (i) further expand Crystal's own in-house manufacturing of active ingredients ("technicals"), which will help it to further backward integrate and reduce dependence on imports of technicals (ii) fund capital expenditure to expand capacity, improve IT infrastructure and automation in its plants, (iii) fund working capital requirement; (iv) setup solar plants in its production units to promote cleaner energy and reduce power costs, and (v) fund costs for domestic and global product registrations (all together, the "Project").

IFC is proposing an investment in the company to support; i) expansion of a recently acquired, operational, active ingredient manufacturing facility at Nagpur in the State of Maharashtra, India planned between March 2022 and March 2024; ii) greenfield development of an active ingredients manufacturing plant that is under construction at Dahej in the State of Gujarat, India and expected to be commissioned in December 2021; iii) registration of new molecules; and iv) financing working capital (the "Project"). Company has completed environmental and social impact assessment (ESIA) studies and obtained environmental clearance from central regulatory authorities for both Nagpur and Dahej projects.The company has also diversified into manufacturing, distribution of seeds (pearl millet, paddy, maize, grain sorghum, fodder, and cotton) and the distribution of agri-equipment (sprayers and crop harvesters). To diversify into the seed business, the company acquired M/s Rohini Seeds Private Limited in 2012 and currently owns 75 acres of advanced R&D farms and a state-of-the-art seed processing facility at Hyderabad (Telangana). The seed business division of the company has: 1,200 distribution partners; 15,000 retail partners; 5 institutional customers; 60+ sales and marketing team; 100+ crop advisors; and 13 supply distribution centres.

Early Warning System Project Analysis

This is a Category A project as per IFC’s Policy on Environmental and Social Sustainability as the company's business operations have the potential to cause significant adverse E&S risks and/or impacts that are diverse, irreversible, or unprecedented. Specifically, any catastrophic failure event in handling and storage of hazardous chemicals such as chlorine and bromine proposed at Nagpur and Dahej facilities respectively, could have potentially irreversible or unprecedented impact on neighborhood village communities that are located within the impact zone.

Key E&S risks and issues associated with this project include: (a) the company’s capacity to formulate and implement an integrated environment, health and safety management systems (ESMS) that meets: IFC PS 1 requirements, and cover the entire business operations spanning from the corporate level to the various manufacturing plants and the product distribution chain; (b) assurance of fair, safe and healthy working conditions including occupational health and safety (OHS) in compliance with local regulatory requirements, current good management practices (cGMPs) applicable to pesticide sector, and relevant PSs; (c) resource efficiency; (d) compliance of the company’s business operations with all international conventions, international agreements, Food and Agricultural Organization (FAO) standards and host country regulations that are applicable to pesticide industry sector, permit conditions and host country E&S regulations and assure compliance; (e) hazardous chemicals and materials management systems and pollution prevention strategies aligned to good international industry practices (GIIP) that are outlined in the World Bank Group (WBG) EHS Guidelines for pesticide manufacturing industries. Company’s management capacity to assess and avoid the risks and impacts on neighborhood communities due to onsite storage and handling of multiple hazardous and toxic chemicals as raw materials; (f) life and fire safety infrastructure and onsite & off-site emergency preparedness and response systems; (g) community health, safety and security including exposure to catastrophic accidents, instituting effective stakeholder engagement and community grievance redress mechanism; (h) cumulative impacts; and (i) pollution issues such as potential contamination risks in older plants (e.g Nathupur and Nagpur) that are in operation for more than a decade.

Investment Description

- International Finance Corporation (IFC)

Private Actor Relationship

Nand Kishore Aggarwal (Executive Chairman) and his son, Ankur Aggarwal (Managing Director), along with their families hold 94.7% of the Company. The remaining 5.3% is held by Crystal Crop Employee Welfare Trust.

Private Actors Description

Established in 1994, Crystal Crop Protection Limited (the “company”) is an agrochemical company in India which, along with its two subsidiaries i.e., Modern Papers and Nexus Crop Science Private Limited, is engaged in the technical manufacturing, formulation and marketing of agrochemical products such as insecticides, fungicides, herbicides, and plant growth regulators / micro-nutrients. The company has: two (2) operational Active Ingredients (AI) Manufacturing Plants in Nagpur (Maharashtra) and Nathupur (Haryana); one (1) greenfield AI Manufacturing Plant at Dahej (Gujarat) under construction; four (4) operational Formulation Plants located at Jammu (CCPL Jammu and Modern Paper in Jammu & Kashmir), Nathupur (Haryana) and Nexus Crop Science Plant at Anand (Gujarat). In addition, the company also has four (4) regional distribution centres (located at Kundli, Hyderabad, Kolkata and Indore) and a total of 29 retail warehouses located across India. The company exports agrochemicals to multiple countries, though currently this constitutes only about 3% of revenues. The company operates across two major business segments: i) the brands (B2C) segment where the company sells formulations as branded products to ~10,000,000 farmers through distribution partners with a portfolio of ~70 brands for various crops (Paddy, Cotton, Soyabean, Sugarcane, Wheat, Vegetables, Fruits and Pulses) utilizing a pan-India distribution network consisting of approximately 5,000 distributors; 30+ distribution centres; and ~25,000 retailers; and ~ 1,000 farm advisors who directly contact ~500,000 farmers and ii) institutional (B2B) where the company manufactures and sells 60+ products such as active ingredients, bulk products and pack-to-pack products to 100+ institutional customers.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Crystal Crop Protection Limited	Client	-

Contact Information

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Bank Documents

- Environment and Social Review Summary