

 Early Warning System

IFC-38371

Glenmark



Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	GLENMARK PHARMACEUTICALS LIMITED
Sectors	Education and Health
Investment Type(s)	Equity
Investment Amount (USD)	\$ 75.00 million
Project Cost (USD)	\$ 200.00 million



Project Description

PROJECT DESCRIPTION

Founded in 1977, Glenmark Pharmaceuticals Limited ("Glenmark" or "the company") is a leading Indian manufacturer of generic pharmaceuticals. The company engages in the development, manufacturing, and marketing of pharmaceutical products and active pharmaceutical ingredients (APIs) in India and internationally, and offers products in a range of therapies including respiratory, dermatology, cardiovascular and oncology. The company has a global presence in more than 60 countries and 17 manufacturing facilities across India, United States (US), Argentina and Czech Republic. Of the 13 manufacturing facilities in India, five are API manufacturing facilities and located at Mohol, Kurkumbh and Aurangabad (in Maharashtra), and Ankleshwar and Dahej (in Gujarat); the remaining are formulation facilities in Baddi and Nalagarh (in Himachal Pradesh), Nashik and Aurangabad (in Maharashtra), Indore (Madhya Pradesh), Sikkim and Goa. In addition, all overseas facilities are formulation facilities. The company is also involved in the discovery of new chemical entities and new biological entities and has five Research and Development (R&D) centers across India and Switzerland. The proposed investment is upto \$75 million through quasi-equity instruments to be used for; (a) expanding manufacturing capacity (primarily in India); (b) building R&D capacity for new products (including in India); and (c) reduce debt so that internal accruals can be deployed to R&D ("the project").

OVERVIEW OF IFC'S SCOPE OF REVIEW

Considering the nature of the proposed investment (i.e. a corporate investment) and footprint of the company, the focus of IFC's review was to understand the capacity, maturity and reliability of the Glenmark's corporate environmental and social (E&S) management systems so as to effectively manage its E&S performance; the latter also included assessment of the company's ability to ensure current and ongoing compliance with IFC's Performance Standards (PSs). To understand typical E&S risks and impacts associated with the pharmaceutical manufacturing operations which need/will need to be managed, the E&S performance of a sample of Glenmark's existing pharmaceutical operations in India were reviewed during the appraisal. In 2013, IFC had evaluated operations of one of Glenmark's facilities in Goa for a proposed financial partnership, however, the project was not completed. The information available from that appraisal also provided a background to IFC on E&S management at Glenmark. Taking the above into account, IFC's appraisal consisted of reviewing company information related to technical, environmental, health and safety (EHS) and social matters including: corporate EHS policies and procedures, EHS performance reports submitted by facilities, management systems information (internal audits, objectives and targets, procedures), regulatory permits, EHS organization charts, environmental and workplace monitoring reports, safety audits, on-site emergency response plans, EHS training records and human resource (HR) related records. The appraisal also included site visits (in May 2016) to the operational API manufacturing facilities at Ankleshwar and Mohol, and a formulation facility at Baddi. Further, discussions were held with management at the respective facilities (representatives from EHS, HR, engineering and production), as well as the corporate office including Head - EHS, and individuals from HR and the supply chain management teams.

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS**

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards. PS 1 - Assessment and Management of Environmental and Social Risks and Impacts PS 2 - Labor and working conditions PS 3 - Resource Efficiency and Pollution Prevention PS 4 - Community Health, Safety and Security If IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

As the proposed investment is for general corporate purposes and though capital expenditure will be undertaken by the company, no new construction envisaged for the project requires land acquisition. In any event even in case of new facilities,



Investment Description

- International Finance Corporation (IFC)

Incorporated in 1977 by late Mr. Gracías Saldanha, Glenmark is an Indian pharmaceuticals company headquartered in Mumbai. Glenmark has a global presence across emerging and developed markets, and has 17 manufacturing facilities globally, of which 13 are in India, 2 in other emerging markets and 2 in developed markets. Of the 13 manufacturing facilities in India, a vast majority are in Tier-2/3 cities and two are located in Low-Income States (LIS) of Madhya Pradesh and Sikkim. The Company offers products across a range of therapies including respiratory, dermatology, cardiovascular, diabetes and oncology.

Glenmark is publicly listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India. Saldanha family, the Promoters of Glenmark, hold 46.48% in the Company and public shareholders hold the remaining 53.52%, as of March 31, 2016.



Contact Information

ACCOUNTABILITY MECHANISM OF IFC

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/>

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Other Related Projects

- IFC-44289 RSE Glenmark