



## Investing in a Sustainable Future

Edition – April 2025








"Pharmaceutical waste today is an environmental crisis tomorrow." - Klaus Kümmerer, Professor of Sustainable Chemistry

### Editor's Nest

Having explored the ESG impact in the chemical industry, we'll be focusing on the pharmaceutical sector in this issue. This industry is a vital one that focuses on the discovery, development, production, and marketing of drugs and medications that play a crucial role in curing diseases, alleviating symptoms, and improving the overall quality of life. The benefits of the pharmaceutical industry are vast, including increased life expectancy, eradication of diseases, reduced pain and suffering, and significant economic contributions through job creation and global economic growth.

In India, the pharmaceutical industry has evolved remarkably over the decades. Starting with the establishment of the first Indian pharma company in 1901, the sector has grown to become a global leader in generic drug production and vaccine manufacturing. The industry has seen significant milestones, such as the introduction of the Indian Patents Act in 1970, which spurred the growth of generic drugs, and the liberalization policies of the 1990s that attracted foreign investments. Today, India is known as the "pharmacy of the world," supplying a significant portion of the global demand for generic medicines and vaccines.

A Metrics-Driven Overview of Leading Pharmaceutical Operations in India, Encompassing Both Domestic Giants and Global Companies.

Key Metrics	Sub level metrics							
Energy Consumption (in Giga Joules)	Energy Consumed	29,61,039	20,18,011	48,73,329	8,46,812	329,334	23306.48	7,82,155
	Non-Renewable to Renewable Ratio	55:45	71:29	52:48	70:30	48:52	28:72	99:1
Green House Gas (GHG) Emission (In TCo2e)	Scope 1	111,175	735,080	189,530	15,294	5,831	452	57
	Scope 2	237,766	207,238	114,655	76,268	13,731	0	2,475
Water Management (in Kilolitres)	Withdrawal	18,02,434	16,14,079	20,47,865	10,82,000	341,808	24,548	38,222
	Discharged	101,423	115,118	154,246	108,500	-	7261	-
Waste Management (in Metric tonne)	Generated	39,723	31,643	78,516	5,684	9,416	19.85	150.43
	Recovered/Recycled to Disposed Ratio	74:26	89:11	53:47	74:26	75:25	100:0	78:22
Employee well-being – cost incurred (in %)	Cost of % against total revenue	0.26%	0.37%	0.20%	0.42%	0.35%	0.88%	0.41%
LTIFR	Employees	0.0	0.15	0.14	0.15	0.0	0	0
	Workers	0.06	0.15	0.14	0.15	0.0	0	0
Directly sourced from MSME/small producers	From MSME	13.61%	9.2%	2.9%	13%	28%	1.4%	14%
	Locally	82.57%	65%	45%	92%	95.59%	5.6%	82%

# Source: Annual Report - F.Y 2023-24

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## Navigating ESG Challenges in the Pharmaceutical Sector:

The pharmaceutical industry in India faces a myriad of challenges across various domains. A Comprehensive Analysis of Key Issues:

### **Governance/ Regulatory Challenges:**

1. Navigating the Maze of Regulatory Complexity: The Indian pharmaceutical sector is caught in a web of intricate regulations, with agencies like the Central Drugs Standard Control Organization (CDSCO) and the National Pharmaceutical Pricing Authority (NPPA) overseeing compliance. This regulatory labyrinth often leads to delays in drug approvals and places undue pressure on smaller pharmaceutical companies, particularly SMEs, struggling to keep up with the ever-evolving rules.
2. Upholding Global Quality Standards: Maintaining consistency in quality is an ongoing battle. Despite India's strong foothold in the global pharmaceutical market, the industry has faced setbacks, including US FDA warnings and import bans, tarnishing the reputation of Indian drugs. Ensuring stringent adherence to international quality benchmarks is vital, yet challenging, as it demands continual oversight and resources.
3. The Tug of War Over Patents and Licensing: Navigating the complexities of patents and licensing can often slow the pace of innovation cycle, delaying the introduction of groundbreaking drugs to the market and posing a significant barrier to industry growth. The pressure to balance intellectual property rights with affordable access to medicine creates a complex landscape.
4. Drug Price and Distribution Bottlenecks: The Drug Price Control Order (DPCO) ensures affordable medicines but can limit pharma profitability, restricting R&D investment and causing shortages. Additionally, India's pharmaceutical distribution network faces challenges due to a mix of traditional wholesalers and e-commerce platforms, creating logistical bottlenecks and regulatory hurdles that affect consistent access to medicines, particularly in rural areas.

### **Environmental Issues:**

1. Pharmaceutical Waste: The pharmaceutical industry produces large quantities of waste, including toxic residues from Active Pharmaceutical Ingredients (APIs). Improper disposal contaminates water bodies, accelerating antimicrobial resistance.
2. Carbon Footprint of Pharma: The pharmaceutical sector in India produces substantial greenhouse gas emissions, often exceeding those of other industrial sectors like automotive.

### **Social Issues:**

1. Labor Practices: Labor issues, including poor working conditions and inadequate wages, are prevalent in some segments of the pharmaceutical industry. Ensuring fair labour practices and compliance with labour laws is crucial for the industry's sustainability.
2. Traditional Knowledge and Marginalized Communities: The industry faces criticism for exploiting traditional knowledge without fair compensation and for limited access to affordable medicines for marginalized communities, underscoring the need for inclusive healthcare policies.

Sustainable growth of India's pharma sector demands collaboration among government, industry, and the global community. Details will follow in the next issue.

Did you know? Improper drug disposal can turn medicine into a hidden menace for health and nature. Here's how:

Issue	Description	Risks
Toxic Drugs: The Risk of Heavy Metal Exposure	Mercury-based preservatives and bismuth subsalicylate can cause heavy metal poisoning.	Heavy metal poisoning, neurological damage, kidney damage
The Danger of Expired and Contaminated Medications	Improper disposal of unused drugs can contaminate food and water.	Toxic exposure, environmental contamination
Hidden Hazards: Solvents and Compounding Agents	Pharmacy solvents pose fire and corrosion risks during handling.	Fire hazards, corrosion of materials, health risks from exposure
Antibiotic Residues: Fuelling Resistance	Improper disposal of antibiotics contributes to the rise of antimicrobial resistance.	Antibiotic resistance, ineffective treatments, public health threat



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Contact us for a detailed presentation on the subject of ESG & BRSR Reporting at [info@cnkindia.com](mailto:info@cnkindia.com) | +91 22 6250 7600