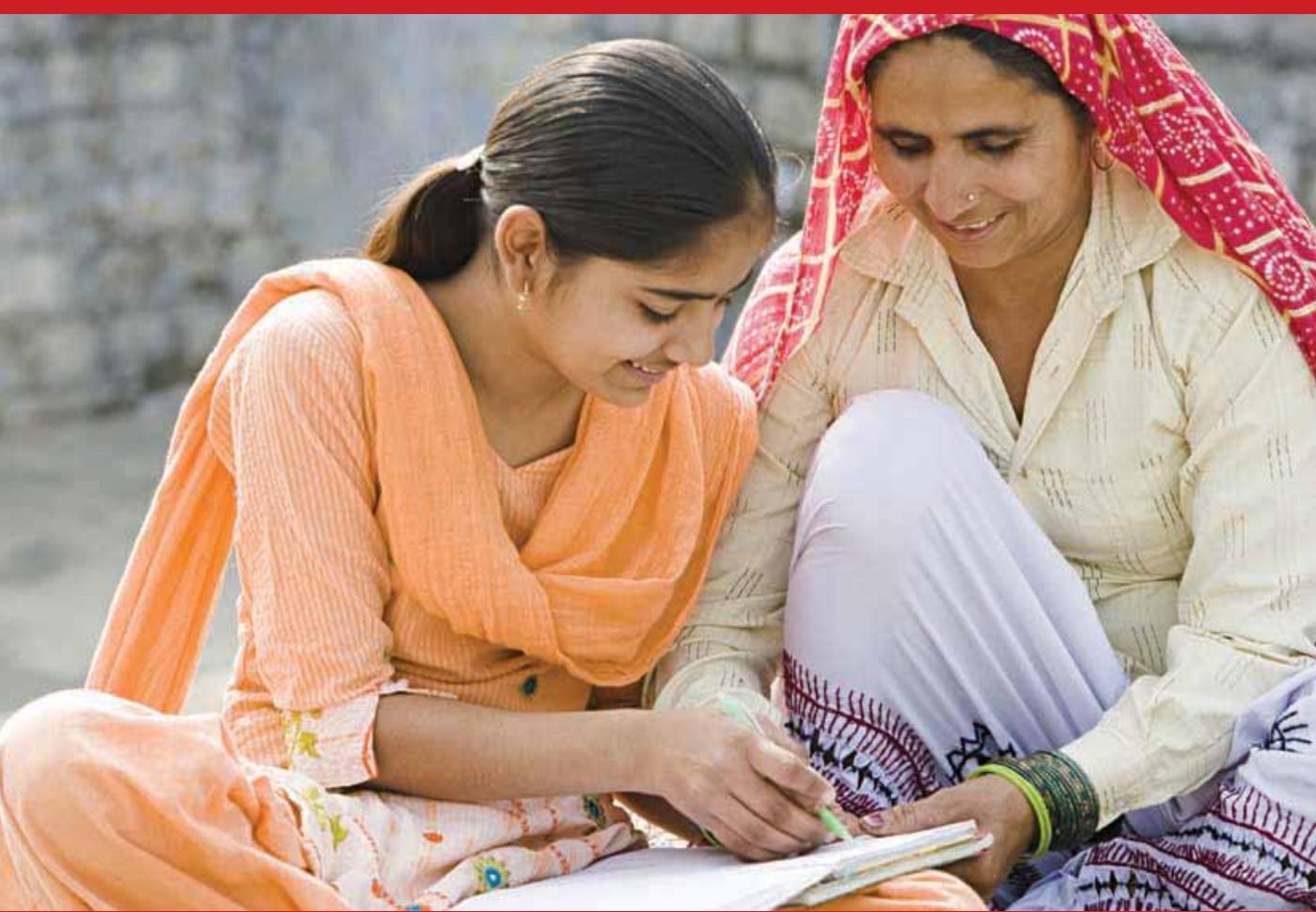




CHAMBAL FERTILISERS
AND CHEMICALS LIMITED

Sustainability Report 2011-12

Securing the present and the future



CHAMBAL SUSTAINABILITY POLICY

Chambal is committed to building a sustainable enterprise for the benefit of its present and future generation of stakeholders. The Company has integrated responsible practices into its business strategies and operations to manage the three challenges – economic prosperity, social development and environmental integrity.

Guiding Principles

Towards this commitment, the Company shall:

- Build a sustainable enterprise that effectively balances financial strengths with social and environmental responsibilities
- Deliver sustainable top-line and bottom-line growth while maintaining the highest corporate governance standards
- Reduce its environmental footprint by investing in eco-friendly and reliable technologies and practices
- Increase efficiency by optimum utilization of resources and technology
- Promote sustainable farming practices to boost crop productivity in rural India through its soil testing facilities and advisory services
- Work towards improving the quality of life by making the communities self-reliant in areas within which it operates
- Build lasting social capital through interventions in the infrastructure, healthcare and education domains for the community residing in the vicinity of its fertiliser plants
- Ensure welfare, growth and safety of all people associated with it
- Empower its employees and continuously develop their knowledge and skill sets, so that they realize their true potential and drive the Company's growth
- Promote inclusive growth and equal opportunity by remaining a caste, gender and religion neutral organisation

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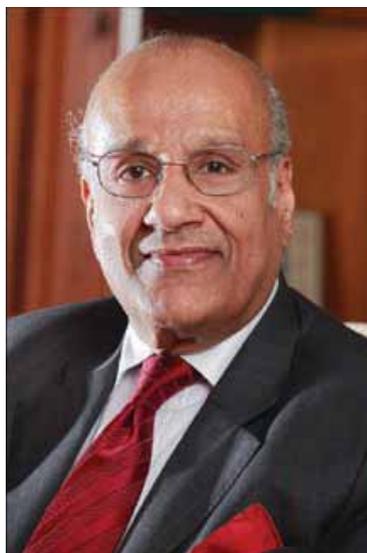
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Glossary of Terms



Chairman's Message



Dear Stakeholder,

It is my pleasure to present the third Sustainability Report of Chambal Fertilisers and Chemicals Limited. I take this opportunity to share with you the sustainability performance and related developments in the Company.

It is a historical fact that business has played an important catalytic role in spurring development of societies around the world, be it infrastructure development, employment generation, healthcare support, education services or poverty eradication.

It is also true that social and business development have unfortunately led to environmental degradation, social inequities, unsustainable consumption and unbalanced life styles. To mitigate the negative effects of such a development model, the need of the hour is sustainability.

Sustainability, in fact, is the only viable panacea for securing the future of present and future generations of our planet's inhabitants. It is the sensible way to preserve and enrich the blessings of Mother Nature, which is critical for the well-being and survival of the human species and other life forms.

To usher in a sustainable world, businesses, in partnership with other stakeholders of the civil society, have to take the lead. The recent Rio+20 Conference and the UN Global Compact Corporate Sustainability Forum reiterated the need for business involvement in sustainable development.

At Chambal, our idea of sustainable development is synonymous with what we call 'Live Responsibly', a framework we conceptualized last year. To Live Responsibly is to ascribe to sustainability both on an individual and collective basis. It is a commitment to create lasting shareholder-value and wealth; build societal capital; preserve and enrich natural resources; and find more just and inclusive ways of living, working and doing business.

For Chambal, 2011-12 was a year of opportunities coupled with challenges. The performance of the fertilizer division of the Company was commendable both in terms of profitability and revenue. The Company recorded its highest ever production and sales of urea. However, the shipping and textile divisions faced severe

recessionary trends and as a result their performance was adversely affected.

In 2011-12, Chambal achieved a turnover of ₹ 6455.13 crore as against ₹ 4647.43 crore during 2010-11. While our Company's Profit Before Tax (PBT) increased by about 27% as compared to the previous year, there was a marginal decrease in Profit After Tax (PAT) due to one time provision for deferred tax liability on account of opting out of tonnage tax scheme for our shipping division. Economic Value Generated by the Company in 2011-12 was ₹ 6616.49 crore as compared to ₹ 4752.58 crore in the previous year, an increase of 39%.

Urea production has been almost stagnant in India for the last 13 years, whereas there has been a steady increase in demand of urea, resulting in a significant gap between demand and supply. The Government is in the process of formulating a new investment policy to encourage capacity addition. The new policy will give us the impetus for further expansion in this space, which is essential for the growth of our Company. We have also decided to set up a SSP plant with an annual capacity of 2 lakh tonnes at Gadepan that will add to the basket of nutrients that we offer to the farmers. This plant is expected to go on stream in the third quarter of 2012-13.

Chambal is committed to reducing its environmental footprint by

judicious consumption of natural resources. Our two units at Gadepan are amongst the lowest water consuming plants in the industry. During the reporting year, the specific consumption of water was 4.82 cubic meters per MT of urea as against 4.92 cubic meters per MT of urea during 2010-11. In the reporting year, we also recorded our lowest-ever specific energy consumption per tonne of urea for both our units i.e. 5.51 Gcal/MT of urea at Gadepan I and 5.37 Gcal/MT of urea at Gadepan II.

Chambal is committed to improving the quality of life of the people residing in the vicinity of its plants through its Corporate Social Responsibility programme named 'Uttam Roshani'. For sustained focus on this activity, we established the K K Birla Memorial Society (KKBMS) in 2011-12. Some special projects that we have undertaken in the recent past are:

1. We have adopted 24 primary and upper primary government schools in 22 villages under the Public-Private Partnership scheme of the Government of Rajasthan. This initiative aims

to extend quality education to children and will make efforts to control school drop-out rates, especially among girls.

2. Chambal had adopted ITI - Sangod, (Rajasthan) in 2010-11, under the Public-Private Partnership Scheme of Rajasthan Government. In the reporting year, we undertook major upgradation of the infrastructure by repairing and renovating the building. We have also procured equipment and tools to introduce four additional technical streams which are due to commence soon at this ITI. Our active involvement in the institute has resulted in campus placements of 94 students with some leading companies including Chambal Fertilisers.
3. Chambal established 15 Village Learning Centres in its vicinity to promote Girl Child education through an NGO – IIMPACT for capacity-building of these children and bring them back in the mainstream government schools.

For us, the health and safety of our people is a strategic priority. We operate our plants as per the

highest international benchmarks of health, safety, environment and quality. The Company has won many international safety awards. The reporting year 2011-12 was an accident-free year and the Company completed 9.03 million man-hours (654 days) of safe operations.

Our third Sustainability Report 'Securing the Present and the Future' gives our Triple Bottom Line performance on all 49 core indicators and conforms to A+ Application Level of GRI-G3 guidelines. The report has been externally assured by a third party- Ernst & Young.

In the end, I would like to reiterate that if businesses and the world are serious about securing their present and future, they will have to learn to Live Responsibly. Chambal, on its part, is committed to making that goal an intrinsic part of its business ecosystem.

With best wishes,



Saroj K. Poddar
Chairman



Securing the present and the future

Inspired by a vision to 'Live Responsibly' or put sustainability in action, Chambal has created a business eco-system to serve the interests of its present and future generations of stakeholders.

The principal tenets of the Chambal business eco-system are:

A belief in the inter-connectedness and inter-dependence of all life forms; and their intrinsic unity with planet Earth. The core idea being that because the 'well-being of one impacts the well-being of all', development has to be inclusive.

A commitment to balance the need to consume Earth's resources, with the bigger need to preserve and replenish them.

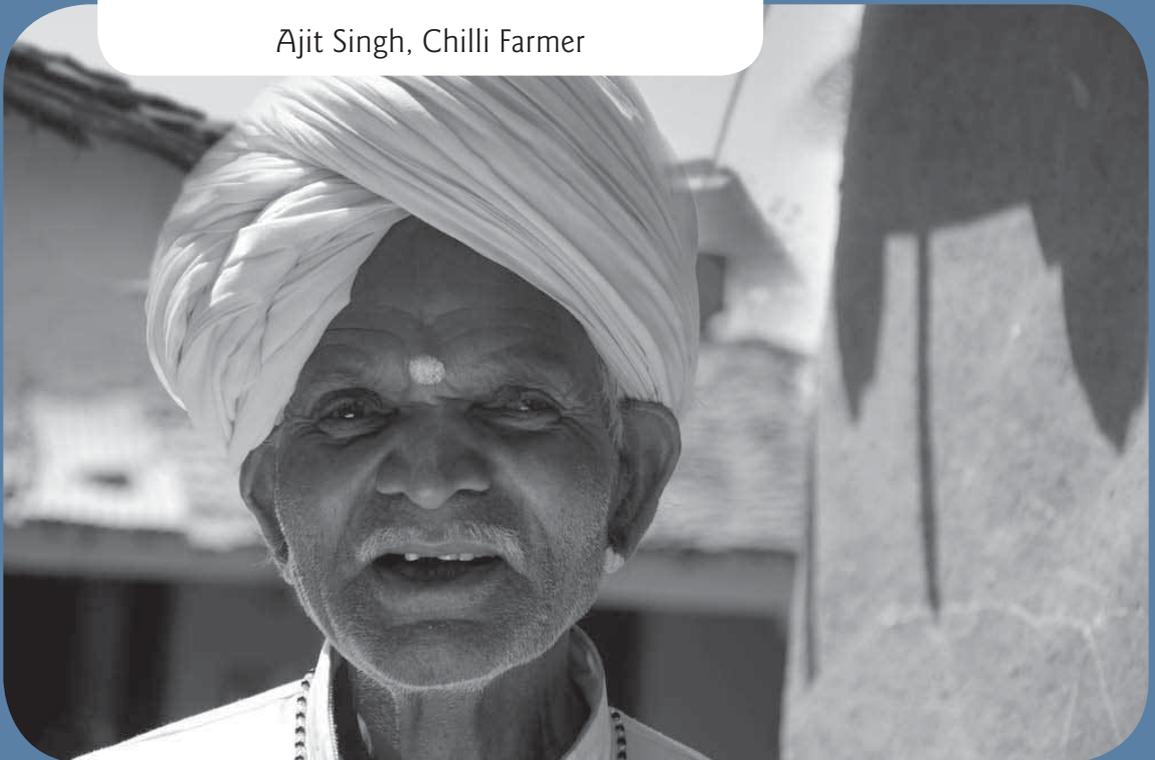
The idea that an organisation's basic drive to create wealth has to be maximized, but balanced by the need to create social capital.

The belief that integrity, transparency and fairness in business dealings are the cornerstones of a 'responsible' organisation.

And Finally, an important responsibility of an organisation is to create an environment for ensuring that employees lead safe, healthy and happy lives.

“I understand that the future of my business depends on crops being grown more sustainably. Chambal is a trustworthy partner in this endeavour.”

Ajit Singh, Chilli Farmer



We are actively promoting sustainable farming practices

At Chambal, the key focus of our sustainable farming programme (christened Uttam Bandhan) is soil health.

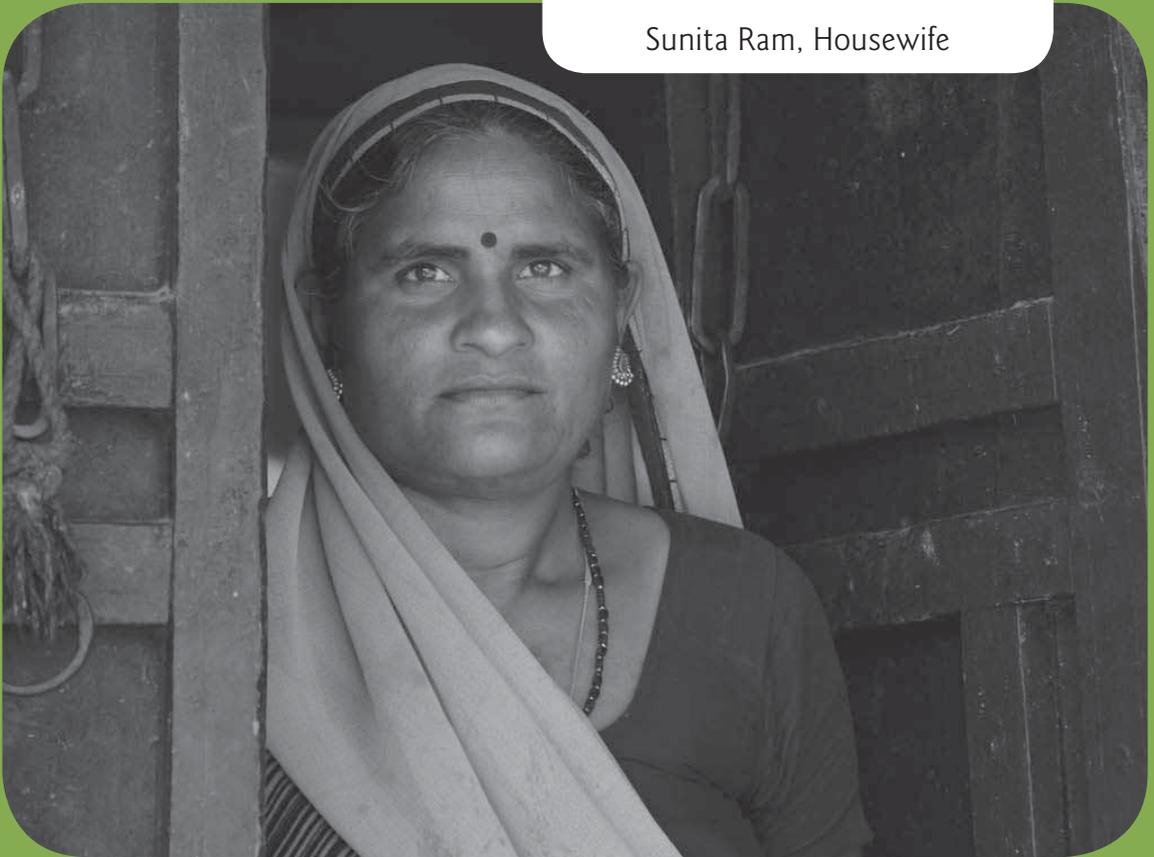
We are helping over 90,000 farmers in ten states to address concerns about nutrient-deficient soils, poor quality agri-inputs, falling water tables and indiscriminate use of fertilizers and pesticides.

Our two agriculture development institutes at Sriganganagar and Agra, string of satellite labs at Kota, Baran, Brundi and Jhalawar and two mobile vans carry out over 65,000 soil tests every year. The soil reports are used to advise farmers on the correct use of agri-inputs, crop planning and good agricultural practices.



“Chambal is playing a key role in raising the standard of living in our village.”

Sunita Ram, Housewife



We are implementing a slew of ‘societal value creation’ programmes for accelerating economic growth and social development

Uttam Roshani is Chambal’s over-arching CSR initiative for creating comprehensive development in 22 villages that are in the vicinity of our plants at Gadepan.

The programme has five spearheads to help us realize our development objectives: education, healthcare, livelihood, rural infrastructure development and agriculture and veterinary services. Each of these initiatives has been designed to elicit public participation and leadership at the grassroots level.



“Chambal shares our conviction that business and civil society must work jointly towards building sustainable communities.”

Rekha Solanki, K K Birla Memorial Society



We are strengthening the bandwidth of our outreach programmes by forging a strong partnership with NGOs and civil society

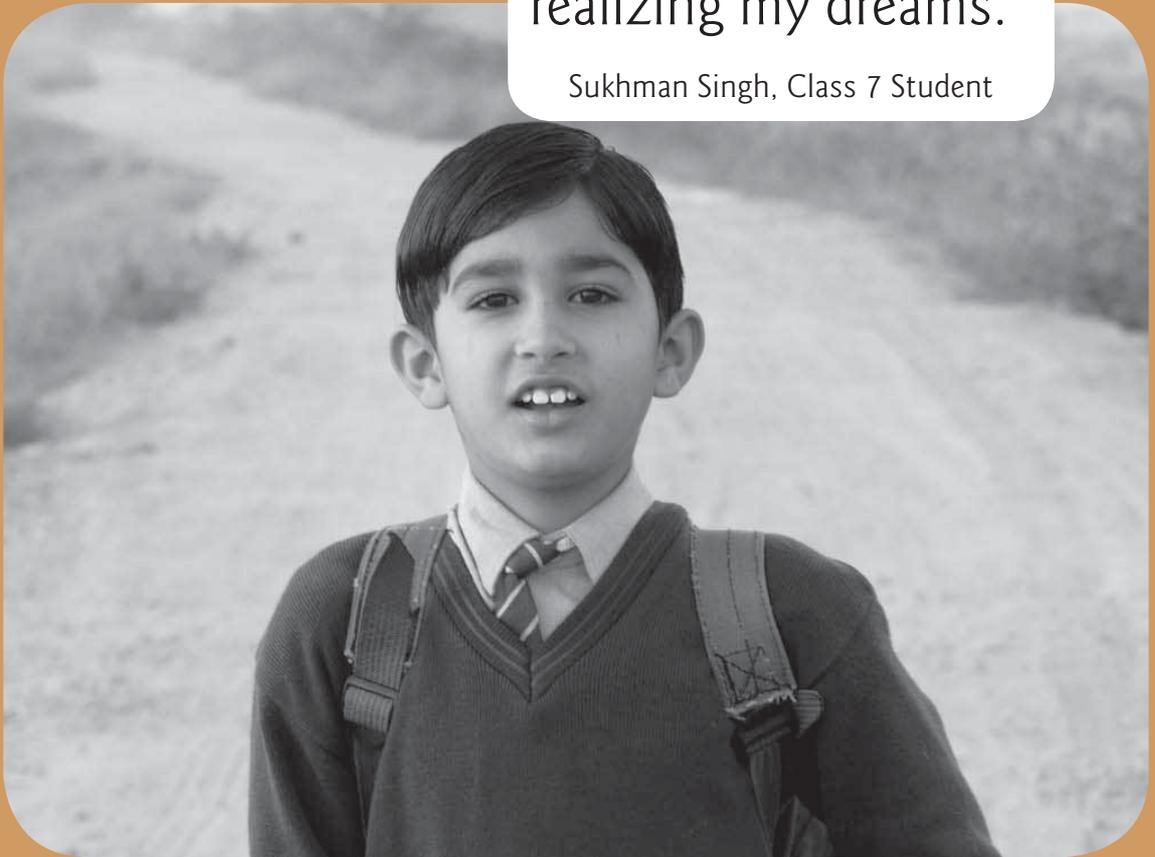
We are promoting the 'participatory' model of development by partnering NGOs, civil society, domain experts, local government and self-help groups on the ground.

This is helping us shed the 'ivory tower' mindset and get a pulse of the real needs and problems of local communities. In this way, we are making well-targeted interventions in education, healthcare, agriculture and livestock development, environment, infrastructure development and entrepreneurial skill building in 22 villages that lie in close proximity of our manufacturing plants.



“I believe the school
Chambal established
near my village is a
stepping stone to
realizing my dreams.”

Sukhman Singh, Class 7 Student



We are securing the future of future generations of rural communities by strengthening the education infrastructure

Chambal believes that education is the critical catalyst for raising the aspiration levels of children and ushering in social development that is truly sustainable.

We are making important interventions in strengthening the educational quotient of village communities under the Uttam Roshani programme.

The focus areas are upgrading existing infrastructure, developing educational materials, making schooling accessible to the underprivileged sections of society and building capacity of teachers.



“Chambal has struck the right balance by equating the concerns of shareholders with those of society.”

Mathew George Chandy, Vice-President
- Corporate Banking, HDFC Bank



We are pursuing a comprehensive business strategy, whose twin pillars are wealth creation and sustainability

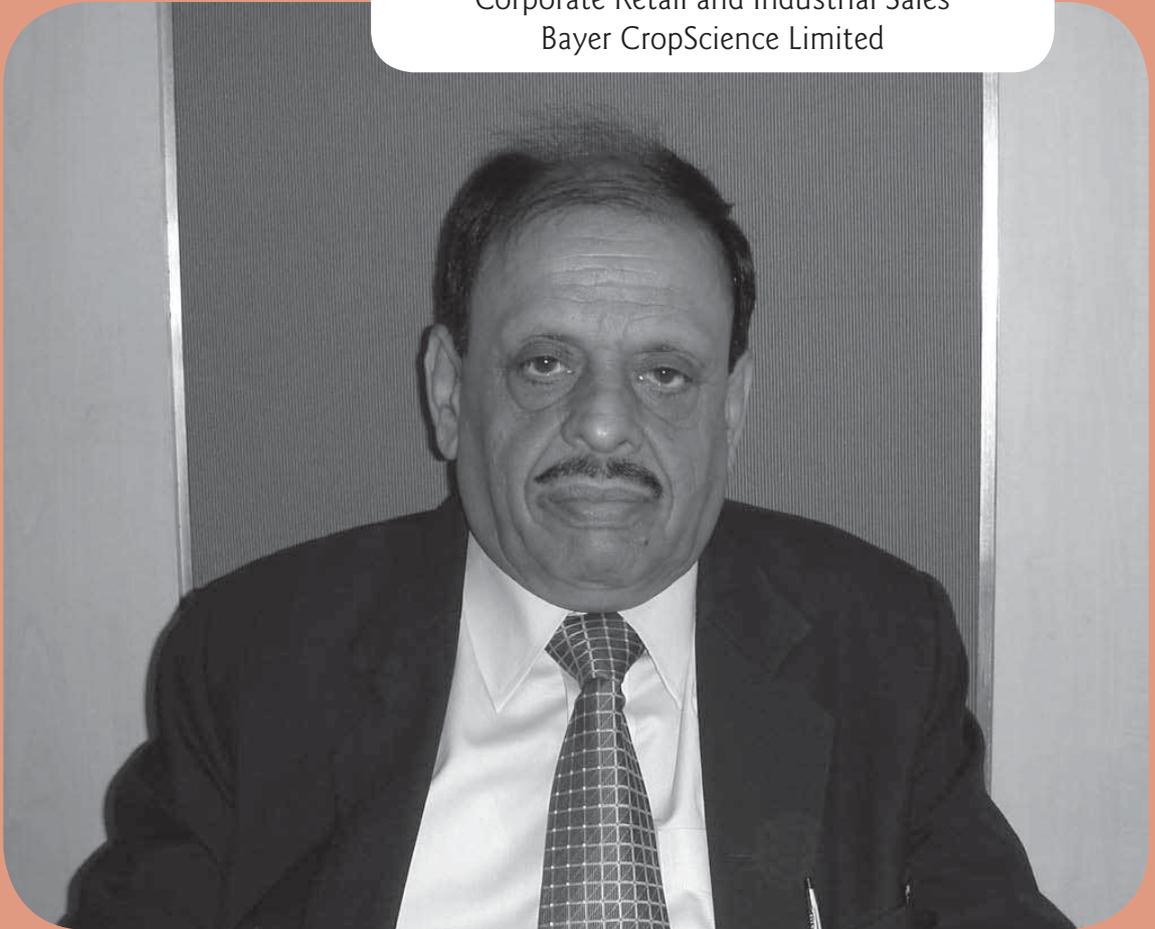
All our efforts are directed toward enhancing productivity and excellence with a view to achieving sustained growth and profitability. This 'wealth creation' objective is balanced by our commitment to building 'environment and social capital'.

We have successfully embedded 'sustainable' practices into our business strategies, manufacturing value chain, product life cycle and community development programmes.



“As a supply chain vendor, I fully endorse Chambal’s sustainability vision and programmes.”

Narinder Arora, General Manager –
Corporate Retail and Industrial Sales
Bayer CropScience Limited



We are engaging with and persuading our partners to conduct their business in a responsible manner

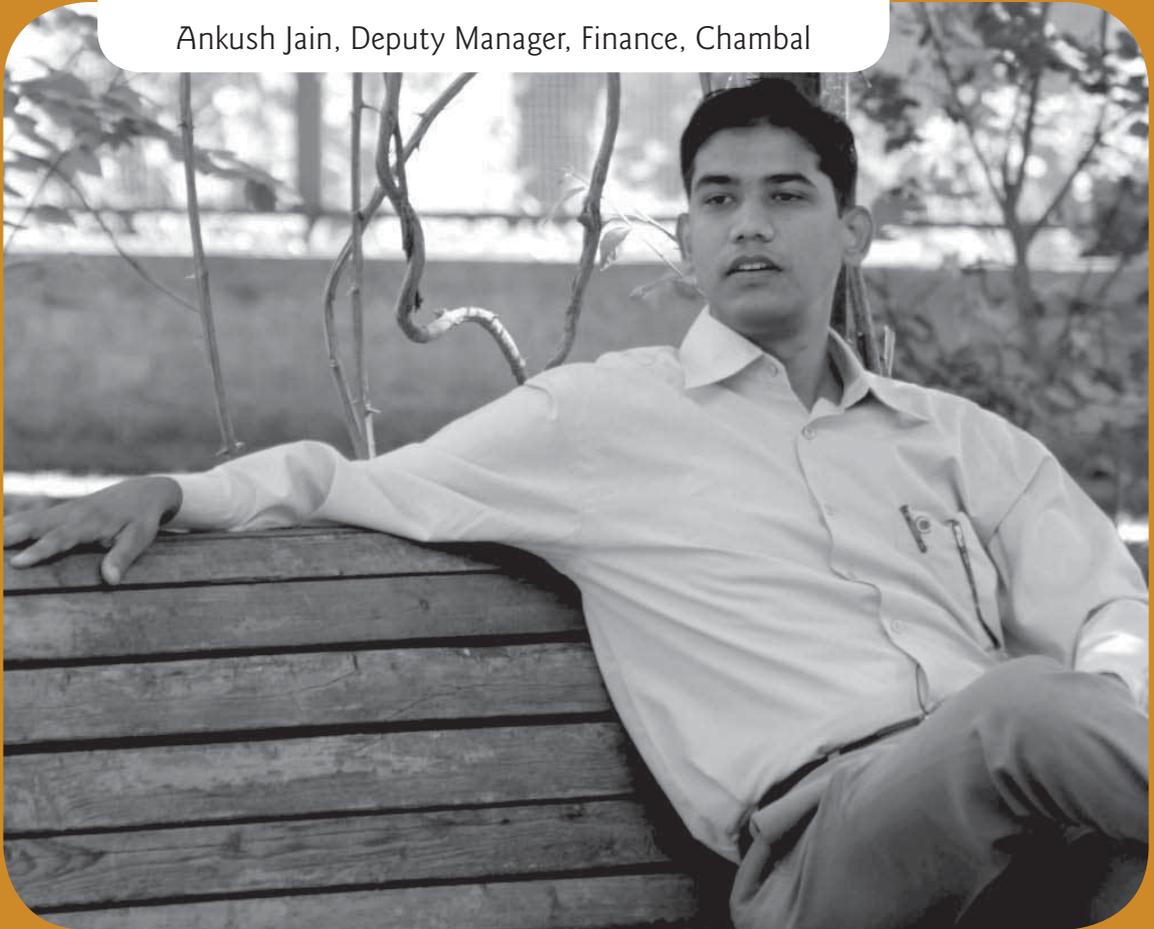
Chambal believes that to achieve lasting sustainability, all its stakeholders have to come on board. That's why we are closely working with all our important stakeholders in the value chain – suppliers, contractors and service providers – sensitizing and encouraging them to implement sustainable practices in a time-bound and realistic manner.

While adhering to the highest corporate governance standards, we encourage our stakeholders to conform to similar benchmarks of responsibility, ethics, transparency and integrity in the conduct of business.



“Chambal is a competency-driven organisation where individuals get opportunities to realize their career potential and are encouraged to lead quality lives outside the work place.”

Ankush Jain, Deputy Manager, Finance, Chambal

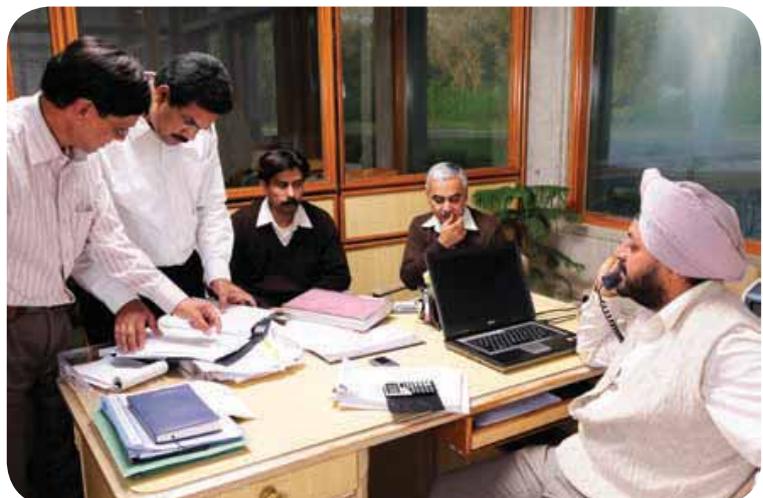


We are encouraging our employees to achieve the right work-life balance in their lives

Chambal is committed to a workplace environment that helps employees realize their career potential and enhance their quality of life.

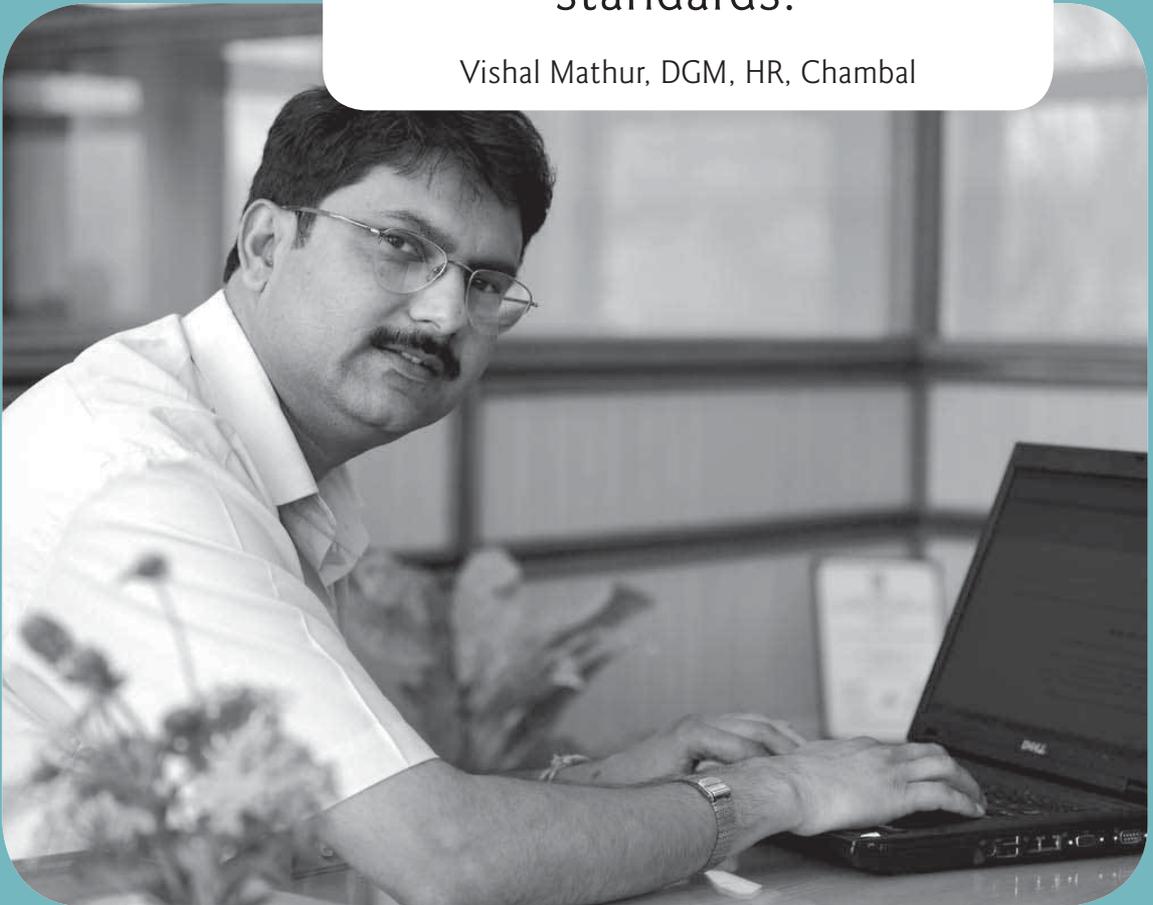
The Company has a well-defined HR programme which has incorporated some of the world's best HR practices to help us fulfil the above twin objectives. These practices cover a large number of areas such as empowerment, continuous learning, leadership capacity building, meritocracy and equal opportunity.

We also strive to keep every Chambal employee healthy and safe. The Company has an international standard safety and occupational health programme conforming to OHSAS 18001:2007.



“Chambal employees are playing a key role in reducing our carbon and water footprint as per regulatory environment standards.”

Vishal Mathur, DGM, HR, Chambal



We are sensitizing our employees to adopt a more proactive approach for the conservation and enrichment of the environment

Chambal is committed to investing in eco-friendly technologies and practices across the business value chain. The key objectives of our environment preservation and regeneration programme are optimizing resource efficiency, managing waste, controlling pollution, re-charging ground water and using green energy where ever possible.

We adhere to the best international environment standards such as ISO-14001:2004 (Environment Management System Standard) and ISO-9001:2008 (Quality Management System Standard).



Report Parameters

Chambal Fertilisers and Chemicals Limited is committed to build a sustainable enterprise that effectively balances financial strengths with social and environmental responsibilities.

This 'Sustainability Report' is a part of a broader stakeholder disclosure process, which includes Chambal's Annual Report, websites and other publications.



Purpose and Audience of Reporting

Through the third edition of our Sustainability Report, we wish to communicate with our stakeholders about our sustainable development policies, practices and performance for FY 2011-12.

Chambal Fertilisers initiated reporting its sustainability performance in FY 2009-2010. Its last Sustainability Report titled 'Live Responsibly' was published for the FY 2010-11 and conformed to A+ Application level of GRI.

The Corporate Sustainability Report of the Company is published annually and is distributed to its key stakeholders as well as electronically transmitted to its shareholders.

Defining the Report Content

There has been no significant change in the reporting scope or boundary limits over the last year. The reporting principles and methodology continues

to remain in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting (2006) – GRI G3 Guidelines.

In addition, this report is in compliance with the National Voluntary Guidelines on social, environmental and economic responsibilities of business (Ministry of Corporate Affairs, Government of India). The nine principles of the guidelines have been mapped against the disclosures in this Report in the relevant sections.

Indicator Selection and Application level

This report has been prepared as per 'A' Application level and includes all 49 core performance indicators and 7 additional indicators which are material to the organisation.

Boundary, Scope and Data Collection

The report boundary comprehensively covers our two urea plants, at Gadepan, District Kota, Rajasthan (India) and also covers social performance (social development and outreach, workforce break-up, employee turnover and product responsibility) of agribusiness.

The Economic Performance data reported is drawn from Company's audited Annual Accounts for FY 2011-12 unless otherwise stated.

The performance data does not include data from residential township at Gadepan (Kota) and information related to traded products, unless otherwise explicitly stated. All financial figures in the report are in Indian Rupees, unless otherwise indicated.

In order to show trends, most of the performance indicators have been

presented for three years - FY 2009-10, FY 2010-11 and FY 2011-12.

This report was made possible through the collaborative efforts of our various departments: Production, Environment, Utilities, Safety, Technical, Stores, Marketing, Finance, Legal & Secretarial, Human Resources, CSR and Corporate Communications.

Disclaimer

The terms 'Chambal', 'the Company', 'the organisation', 'we', 'us', refers to Chambal Fertilisers and Chemicals Limited and are used purely for convenience sake and is not intended to mislead the reader.

Assurance

The contents of this report have been verified by an independent consultant, Ernst and Young Pvt. Limited. Their Assurance Statement is included in the report.

The corporate office of Chambal Fertilisers and Chemicals Limited is located at

Corporate One, First Floor
5 Commercial Centre, Jasola
New Delhi - 110 025 India
Phone: +91 11 46581300 / 41697900
Fax: +91 11 40638679

Any query with respect to this report may be addressed to Corporate Communications at the above address or e-mail at live.responsibly@chambal.in

About Chambal Fertilisers

- The Legacy
- The Forte
- Shareholding Pattern
- Market Presence
- Brands and Products
- Other Businesses
- Awards and Recognitions



About Chambal Fertilisers

The Legacy

Chambal Fertilisers was established in 1985. The rationale for setting up the Company was sound. 70% of India was an agrarian society. There was an acute shortage of fertilizers, which was the basic need of farmers. There was a clear need for self-reliance in such an important field as agriculture. Chambal Fertilisers and Chemicals Limited was promoted by Zuari Industries Limited (A part of the K K Birla Group) to meet the farmers' need of quality agri-inputs at their doorstep. It also made economic sense.

The Forte

Today, we are one of the largest private sector fertiliser producers in India. Our two hi-tech nitrogenous fertiliser (urea) plants are located at Gadepan in Kota district of Rajasthan. The two plants produce over 2 million tonnes of urea per annum. The first plant was commissioned in 1993 and the second one in 1999. Both the plants use state-of-the-art technology from Denmark, Italy, United States and Japan.

Shareholding Pattern

The equity shares of the Company are listed at the National Stock Exchange of India Limited and the B S E Limited. Its shareholding pattern as on March 31, 2012 is given in Graph 1.

Market Presence

Chambal caters to the needs of the farmers in eleven states in northern, eastern, central and western regions of India and is the lead fertiliser supplier in the state of Rajasthan. The Company has a vast marketing network comprising 12 regional offices, 1,700 dealers and 20,000 village level outlets.

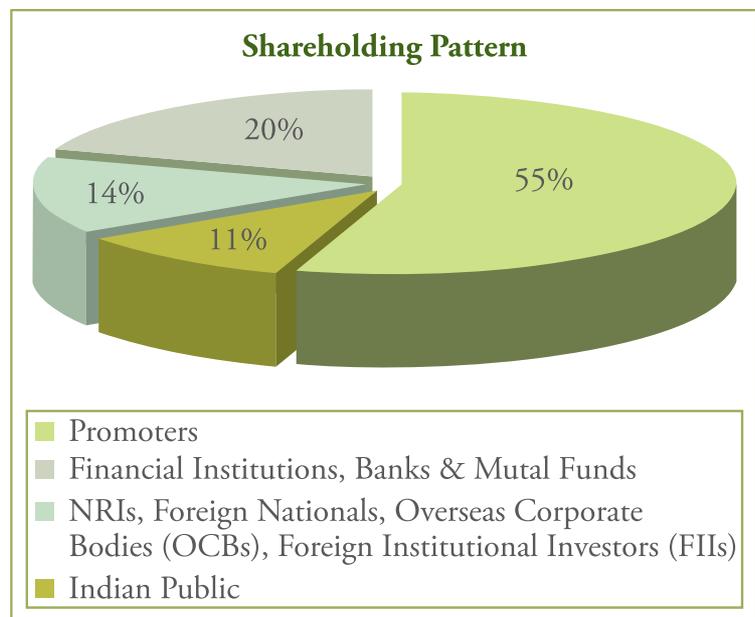
The agri-business division of the Company operates in the following states:

Bihar
Chattisgarh
Gujarat
Haryana
Jammu & Kashmir
Madhya Pradesh
Maharashtra
Punjab
Rajasthan
Uttar Pradesh
Uttarakhand

Brands and Products

The key driver of Chambal's agri-business is a vision to provide integrated crop solutions to farmers. At the forefront of this vision is its flagship Uttam Bandhan programme, one of the largest technology-based interventions by a private sector fertiliser Company, which is ensuring re-vitalization of cultivable land in rural India. Chambal

“Chambal Fertilisers and Chemicals is one of the largest private sector fertiliser producers in India. Its two plants produce over 2 million tonnes of urea per annum.”



Graph 1: Shareholding pattern



products are sourced from reputed suppliers and sold under the 'Uttam' umbrella brand. The Company is a leader in the pesticide business in north India.

Other Businesses

Chambal Fertilisers has consolidated its position in the agri-business and diversified into other sectors. Its shipping division under the name India Steamship operates 6 Aframax tankers with a combined capacity of over 6,00,000 DWT. Birla Textile Mills is the textile division of Chambal Fertilisers, located at Baddi, in Solan district of Himachal Pradesh. The mill has a state-of-the-art spinning unit with a capacity of over 83,000 spindles.

Additionally, we have a joint venture in Morocco for manufacturing phosphoric acid; and subsidiaries in the software sector.

Awards & Recognitions 2011-12

- CII National Award for Excellence in Energy Management 2011
- CII National Award for Excellence in Water Management 2011
- FAI Environment Protection Award 2010-11
- FAI Best Overall Performance of an Operating Fertilizer Unit for Nitrogen 2010-11 (Runners up)
- Golden Peacock Sustainability Award 2011 (Special Commendation)
- Rajasthan Energy Conservation Award 2011



“Chambal’s agri-business vision is to provide integrated crop solutions to farmers. The key driver of this vision is its flagship Uttam Bandhan programme, one of the largest technology-based interventions by a private sector fertiliser Company, which is ensuring re-vitalization of cultivable land in rural India.”



Opportunities, Threats and Risk Management

- Global Sustainability Trends
- Risk Management Framework
- Fertiliser Industry Structure and Developments
- Opportunities & Threats
- Risks and Concerns
- Outlook



Opportunities, Threats and Risk Management

I. GLOBAL SUSTAINABILITY TRENDS

Chambal keeps itself abreast of global sustainability concerns like energy consumption, eco-friendly packaging and responsible labeling and voluntary programmes like Responsible Care, IFA (International Fertilizer Association) guidelines, etc. The Company has also implemented voluntarily codes like Process Safety Management (PSM) to ensure high level of safety at its plants. We benchmark ourselves with the best in the international arena by continuously re-assessing and investing in the latest systems, processes and technologies.

II. RISK MANAGEMENT FRAMEWORK

We understand that continuous assessment of our 'risk profile' will determine the level of our economic success. The Company's presence in various businesses requires it to identify, measure and manage its risks

effectively, and to allocate necessary resources for the same.

At Chambal, the key responsibility of 'Risk Management' vests with the Board of Directors. Our robust 'Risk Management Policy framework' helps us identify our inherent key and non-key risks. The policy is reviewed on a half yearly basis and the changes along with the revised policy are informed to the Board.

III. FERTILISER INDUSTRY STRUCTURE AND DEVELOPMENTS

a) Raw Material

Natural gas is the main input for production of urea. The natural gas supplies in India are through two sources: a) Domestically produced natural gas and b) Re-gasified Liquefied Natural Gas (RLNG). The international oil prices have a direct bearing on the gas prices due to a close correlation

between oil and gas prices. There were high hopes of abundant natural gas supply upon commencement of supplies from KG-D6 gas fields of Reliance Industries Limited (KG-D6). However, the euphoria was cut short by dwindling natural gas production from KG-D6. This has put more pressure on the supply side and in turn, on prices of natural gas in the spot market in India. The increasing demand-supply gap is being met through spot RLNG which is costlier than gas being supplied from other sources. This cost has further escalated due to weakening of the Indian Rupee against the US Dollar.

We have a range of suppliers of natural gas; and our urea plants at Gadepan are using gas in the form of feed and fuel. The Company has long term gas supply agreements for its needs. RLNG constitutes a major quantum of gas supplies and the prices under the contracts have been rising due to increase in the international oil prices. We resort to buying gas on a spot basis to sustain the urea output in the event of reduction in supplies from long term sources.



“Chambal keeps itself abreast of global sustainability concerns like energy consumption, eco-friendly packaging and responsible labeling.”

b) Demand – Supply Scenario

Urea production has been almost stagnant in India for the last 13 years whereas there has been a steady increase in demand for urea, resulting in a significant gap between demand and supply. While no new plant has come up since 1999, small capacities have been added through de-bottlenecking projects. The country is, therefore, far from self-reliant in nitrogenous and phosphatic fertilisers. India has imported around 8.0 million tonnes of urea during 2011-12. Large imports of urea by India, significantly impact the international urea prices. Urea import prices were volatile during the year and varied between USD 350 and USD 550 per MT. A positive Government policy intervention is urgently needed to encourage

new investments in the urea sector and thereby reduce the country’s dependence on costly imports.

c) Developments in Government Policies

New Pricing Scheme (NPS) Stage III which was valid up to March 31, 2010, has been further extended provisionally.

The Government of India is currently working on the New Investment Policy (NIP) to create a conducive investment climate for the urea industry. The Company is actively tracking these developments and poised to make investments as and when a favorable policy is announced by the Government of India. The New Investment Policy is expected in the current fiscal.



“The Government of India is currently working on the New Investment Policy (NIP) to create a conducive investment climate for the urea industry.”

The Government of India proposes to give fertiliser subsidy directly to the farmers as against routing it through fertiliser producers. The task force constituted to implement the direct subsidy to farmers has suggested a three phase road-map for this purpose. Under Phase-I, the data regarding supply of fertilisers up to the retailer point has to be captured in the system. Phase-II envisages payment of fertiliser subsidy to the retailers. Under Phase-III, the subsidy will be paid directly to the farmers. Phase-I is currently under implementation. The roll out of Phase-II was planned from 1st June 2012, but final decision is still pending.

IV. OPPORTUNITIES & THREATS

We are continuously tracking Government policies. There is hope that the new investment policy will address the concerns of the industry and will act as a catalyst for long awaited investments in the urea sector. We are gearing up to expand capacity in the fertiliser business and have commenced several preparatory activities. However, shortage and increasing prices of natural gas is a major challenge to the expansion plans of the Company.





“Implementation of Nutrient Based Subsidy by the Government of India has given a major impetus to the trading activity of the Company.”



Implementation of Nutrient Based Subsidy by the Government of India has given major impetus to the trading activity of the Company. The strong marketing network and brand image gives an upper hand to the Company in ramping up sales volumes of traded products.

We are setting up a single super phosphate (SSP) production facility at Gadepan with a capacity of 600 MT per day. Production is expected to commence in the third quarter of the Financial Year 2012-13. SSP is used as a substitute to diammonium phosphate (DAP) and has

very good potential in view of the high prices of DAP.

V. RISKS AND CONCERNS

The urea segment of the fertiliser industry operates in the Government controlled regime, placing high dependence on urea pricing policy of the Government of India. Further, in a rising interest cost environment, delays in payment of subsidy by the Government may cause serious financial burden on the industry. High volatility in foreign exchange rates and likely reduction in demand of DAP due to high market prices may impact

the profitability from trading activities of the Company.

VI. OUTLOOK

Urea is not likely to face any challenge in terms of sales volumes due to the huge demand - supply gap. The positive monsoon predictions are likely to support the growth plans of the Company in traded products and proposed SSP production. Considering the huge demand - supply gap and ever increasing subsidy outgo on imported urea, it is expected that Government of India will come out with a urea investment policy which will attract desired investment in this sector.



“The Company is setting up a Single Super Phosphate (SSP) production facility at Gadepan with a capacity of 600 MT per day.”

Accountability Framework

- Board of Directors
- Governance Committees
- Investor Services
- Code of Internal Procedures and Conduct for Trading in Securities of the Company
- Code of Conduct and Ethics
- Prevention of Corruption
- Public Policy



Accountability Framework

Chambal believes that corporate governance is not just limited to creating checks and balances. It is more about creating organization excellence leading to increasing employee and customer satisfaction and shareholder value. The primary objective of corporate governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, to develop capabilities and identify opportunities that best serve the goal of value creation.

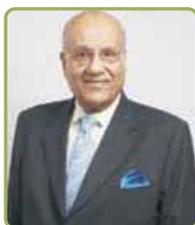
We believe we must leverage our human and capital resources to translate opportunities into results, create awareness of our corporate vision and spark dynamism and entrepreneurship at all levels.

Above all, corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Accountability and transparency

are key drivers to improve decision-making and the rationale behind such decisions, which in turn creates stakeholder confidence.

At Chambal, the Board of Directors strive to create an environment, which is conscience-driven, accountable and ensures that the management and employees act with integrity and responsibility. As the highest decision making body of the organisation, the Board relentlessly pursues long-term

Board of Directors



Mr. S K Poddar
Chairman



Mr. Anil Kapoor
Managing Director



Mr. S S Bhartia
Co-Chairman



Mr. R N Bansal
Independent Director



Mr. D Basu
Independent Director



Mr. K N Memani
Independent Director



Mr. C S Nopany
Director



Mr. Marco Wadia
Independent Director



Ms. Radha Singh
Independent Director

corporate values and sets the strategic framework for growth.

As on 31 March 2012, the Board consisted of nine Directors, including one Managing Director and eight Non- Executive Directors, of which five are Independent Directors.

GOVERNANCE COMMITTEES

The Board of Directors review the performance of the Company from time to time. There are eight Committees of the Board of Directors, which have been delegated adequate powers to discharge urgent business of the Company.

Senior officials of the Company help the Directors in the discharge and implementation of their duties. The Company pays sitting fees to the Non-Executive Directors for attending the meetings of the Board and its committees. Apart from the sitting fee, the Company pays commission to each of the Non executive directors.

1. Audit Committee

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the terms of reference of the Audit Committee include:

- Approve internal audit programme;
- Review with statutory auditors their findings, observations, suggestions, internal control systems, scope of audit, other related matters and major accounting policies followed by the Company;
- Review the contracts entered into by the Company, valuing more than ₹ 75 million and the contracts entered in the register maintained under Section 301 of the Companies Act, 1956, if any; and
- Review Internal Audit Reports.

2. Investors Grievance Committee

The Committee was formed to approve the matters relating to allotment of

securities, issue of duplicate certificates, review and redressal of investor grievances, decide the dates of book closure/ record dates in respect of the shares issued by the Company, etc. In order to provide quick service to investors, the Board has delegated enough powers to a few executives to deal with various matters including transfer of shares across the counter, transmission of securities, etc.

3. Remuneration Committee

The Committee was formed to recommend appointment of Managing Director(s)/ Whole Time Director(s)/ Manager and to review and approve the remuneration including the compensation package, annual increments, incentives, additional perquisites, etc. of the Managing Director(s)/ Whole Time Director(s)/ Manager and Senior Executives of the Company.

4. Banking and Finance Committee

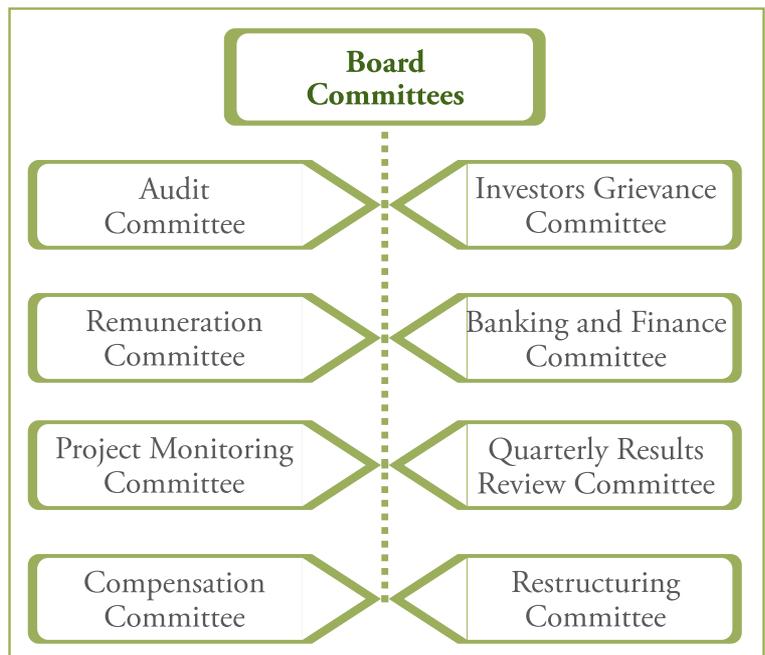
The Committee was formed to approve sanction of various types of finances including working capital facilities,

“The Board of Directors strive to create an environment, which is conscience-driven, accountable and ensures that the management and employees act with integrity and responsibility.”

loan facilities, etc. and any other specific matter delegated by the Board from time to time.

5. Project Monitoring Committee

The Committee was formed and delegated powers to review progress of various projects of the Company and approve contracts of certain value.



6. Quarterly Results Review Committee

The Committee was formed to deal with all the matters pertaining to approval of the unaudited quarterly results of the Company.

7. Compensation Committee

The Committee was formed to formulate Employee Stock Option Scheme and its administration.

8. Restructuring Committee

The Committee was formed to explore various options to restructure the shipping business of the Company, recommend to the Board suitable option(s) for restructuring of the shipping business and do all other acts, deeds and things as may be necessary in this regard.

INVESTOR SERVICES

As on 31 March 2012, we had a base of 1,72,042 shareholders. To provide prompt service to the investors through quick redressal of investor grievances, we have an in-house Investor Service Centre. The motto of 'high investor satisfaction' is being pursued through proactive actions like reaching out to investors regularly, timely reminder to investors about unclaimed corporate benefits, etc.

CODE OF INTERNAL PROCEDURES AND CONDUCT FOR TRADING IN SECURITIES OF THE COMPANY

We have a Code of Internal Procedures and Conduct for Trading in Securities of the Company. This code, inter alia, prohibits purchase and sale of shares of the Company by our Directors, Officers, Designated Employees and their dependents while in possession of unpublished price sensitive information relating to the Company.

CODE OF CONDUCT AND ETHICS

In order to maintain the highest standards of ethics and governance



while conducting of our business and dealings, we have adopted a 'Code of Conduct and Ethics'. The Code acts as a guiding document for suggestive behavior in dealing with the Company, fellow directors, employees and the external operating environment. The purpose of this code of conduct is to promote conduct of business in an efficient and transparent manner and to meet its obligations to shareholders and all other stakeholders. This code of conduct is also a tool in carrying out the Company's social responsibility in a more effective manner. It is applicable to the Board of Directors and members of the core management team including members of management one level below executive directors and all functional heads. The Code covers issues like regulatory compliance, conflict of interest, bribery and corruption, safety, environment and health, financial and operational integrity etc.

All Board Members and Senior Executives of the Company affirmed their compliance with the Code of Conduct and Ethics during the year 2011-12. A certificate to this effect forms a part of Annual Report for the year 2011-12.

The code is available at www.chambalfertilisers.com/images/pdf/Code_of_Conduct.pdf

PREVENTION OF CORRUPTION

We believe that we have to set exemplary standards of ethical behaviour and therefore have 'zero tolerance' for corruption at the workplace. In addition to the 'Code of Conduct and Ethics', we have an adequate internal system to control corruption. The system comprises authorization levels, supervision, checks and balances, financial limits of authority and procedures through documented policy guidelines and manuals, which provide that all transactions are authorized, recorded and reported correctly and compliance with policies and statutes are ensured. Due to this strict internal control system, we do not foresee any need to conduct any corruption related risk analysis and related trainings for its employees. Any proven cases of corruption result in immediate termination of service. During the reporting year there were no reported cases of corruption in the organisation.

PUBLIC POLICY

Chambal actively participates in public policy debates and discussions relating to fertiliser industry. The Company is a member of various industry associations and safety councils both in India and abroad. We regularly participate in various industrial forums to share insights and present viewpoints on issues related to business, environment and society.

Stakeholder Engagement

- Chambal Linkages
- Government of India/ Regulators
- Investors & Bankers
- Employees
- Industry / Other Associations
- Suppliers / Vendors
- Local Communities / NGOs
- Media
- Customers



Stakeholder Engagement

Chambal is committed to proactively engage with its stakeholders for formulating mutually beneficial business strategies. Open and honest communication through a variety of traditional and innovative ways with our stakeholders provide us with valuable insights into emerging trends, business risks and opportunities. It also helps us in clearly defining our business goals, which are critical to maintaining our competitive edge.

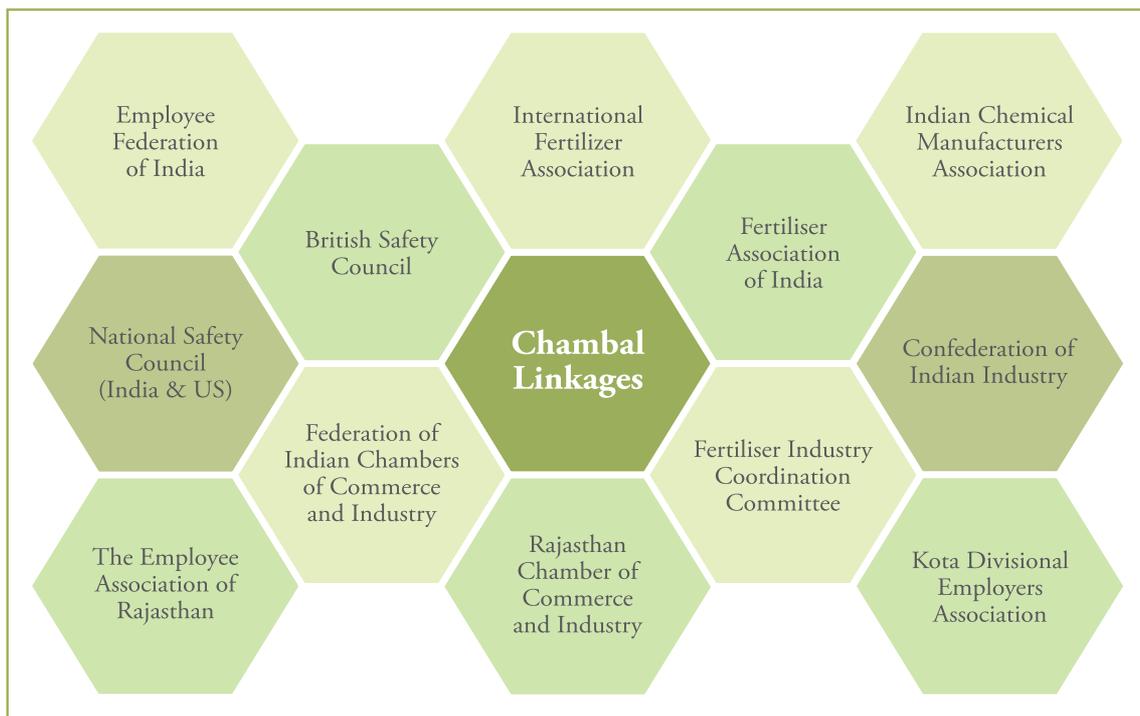


Figure 1: Industry / other associations

Stakeholder Sub-Group	Method/Type of Engagement	Key Issues / Agenda	Frequency
Government of India/ Regulators			
Ministry of Chemicals and Fertilisers, Ministry of Environment and Forests, Ministry of Petroleum & Natural Gas etc.	One to One interaction	Policy issues, Project clearances, Gas supply issues	As per statutory/ business requirement
Rajasthan State Pollution Control Board, Factories Inspectorate, Railway Board etc.	One to One interaction/ circulars/ responses/ plant visits/ report submissions		As per statutory/ business requirement

Investors & Bankers			
Shareholders	Advertisement in leading National/ Regional dailies, business newspapers, Chambal website/ Stock Exchange portals, Shareholders Annual General Meeting, Mail/ e-mail /phone	Financial results announcement, Important company developments, Company Performance Annual Reports/ Half Yearly Results/Reminder for unpaid dividend, Shareholders queries	As per statutory/ business requirement
Financial Institutions/ Bankers (Consortium of 11 banks)	One to one interaction, Consortium Meetings/ Audits	Information submission, Working capital funding	Regular
Employees			
Dy. General Managers and above	Performance Analysis Report Meetings	Review of business performance	Monthly
All Employees	Engagement Survey, Performance Management Systems , Training Programs	Performance Improvement Action Plan Career Development Plans Training Needs	Periodical
	Intranet, SAP Portal, In-house Magazine, E-mail Newsletter, Employee Functions/ Picnics/ Get-togethers	Company Information/ Policies/ Help desks / Industry News, Celebrations	Regular
Industry / Other Associations			
Industry / Other Associations (as per Figure 1)	Meetings, Seminars, Conferences, one to one interaction	Need based , Industry networking, Employee related, Trainings, safety promotion activity	Regular
Suppliers / Vendors			
Contractors / Service Providers / Suppliers / Vendors	One to one interaction / Training Programs/ Vendor Appraisal	Need Based/ Quarterly performance review	As per business requirement / Regular
Local Communities / NGOs			
4 Gram Panchayats covering 22 villages in the vicinity of Chambal Plants at Gadepan (Rajasthan) / NGOs	Health & Hygiene activities, Tree plantation, Agriculture & Animal Husbandry/ Livestock Camps, Rural infrastructure development, Vocational Training Programs/ women empowerment through Self Help Group, Education support, Radio Programs		Regular

Media			
Media	Advertising Campaign, Corporate Interviews/ Press Releases, Website	Company/ Product Information	As per business requirement
Customers			
Farmers	Plant Visits, one to one interaction, SMS Service/ Phone Helpline, Website, Newsletter, Meetings, Training Programmes, Promotional Campaigns	Crop / product related information	Regular
Business Partners/ Retailers/ Dealers	Training Programs/ Meetings/ Surveys		Regular

Table 1: Stakeholder groups and modes of engagement



Triple Bottom-line Performance

Economic Footprint



Economic Footprint

The globalization of India has given rise to new opportunities but it has also brought with it new challenges and responsibilities. It means that the global economy can no longer be viewed from a spectator's standpoint.

The developments over the last year in major economies of the world have not been encouraging. There is an apprehension that the process of global economic recovery that began after the financial crisis of the 2008 is beginning to stall and the sovereign debt crisis in the euro-zone area may persist for a while. The US economy has shown some improvement but economic growth remains sluggish. The global economy is expected to grow by 3.3 per cent in 2012 compared to 3.8 per cent in 2011 as per the International Monetary Fund (IMF).¹

Managing growth and price stability are the major challenges of macro-economic policymaking. In 2011-12, India found itself in the heart of these conflicting demands. The Indian economy is estimated to grow by 6.9 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. With agriculture and services continuing to perform well, India's slowdown can be

attributed almost entirely to weakening industrial growth.²

India is primarily an agriculture based economy. The agricultural sector and its other associated spheres provide employment to a large section of the country's population and contribute about 25% to the GDP. India has emerged as the third largest producer of nitrogenous fertilizers. The increase in the production of fertilizers and its consumption acts as a major contributor to overall agricultural development.³

For Chambal, FY 2011-12 was a year of opportunities coupled with challenges. The performance of our fertiliser division was commendable, both in terms of profitability and revenue. However, our shipping and textile divisions suffered due to an overall dismal market scenario.

The Company has achieved highest ever production and sales of urea. The Company sold 21.26 lac MT of urea during the year 2011-12 as compared to the last year's sale of 20.41 lac MT. The production and sales of urea were higher due to better plant production rate per day and higher number of stream days.



“The performance of our fertiliser division was commendable. It has achieved the highest ever production and sales of urea.”

There has been substantial increase in the volumes of phosphatic and complex fertilizers also. The turnover of traded products increased to ₹ 2729.11 crore in the financial year 2011-12 from ₹ 1608.02 crore in the previous year.

The Company sold 5.25 lac MT of di-ammonium phosphate-DAP (Previous year 4.01 lac MT) and 2.66 lac MT of complex and other fertilizers (Previous year 1.23 lac MT) in the financial year 2011-12 apart from other fertilisers. The sales of pesticides has gone up to ₹ 243.33 crore as against ₹ 212.39 crore achieved last year. The turnover from sales of seeds was ₹ 55.69 crore as against ₹ 45.62 crore achieved during previous year.

	2009-2010 Million ₹	2010-2011 Million ₹	2011-2012 Million ₹
Economic Value Generated (EVG)	36457.08	47525.78	66164.87
Economic Value Distributed (EVD)			
Operating Costs	30954.28	40866.11	57947.39
Employee benefits and wages	986.07	1145.41	1339.37
Payment to providers of capital	1701.21	1888.64	1993.35
Payment to government (Indian)	1228.95	1284.48	3251.75
Community Investments	18.20	8.44	79.22
Economic Value Retained	1568.37	2332.7	1553.78

Table 2: Economic Contribution at a glance

¹ Indian Economic Survey 2011-12

² Indian Economic Survey 2011-12

³ www.economywatch.com

The Company has expanded its market reach by setting up its marketing office at Aurangabad which will cater to Maharashtra market. The Company is planning to increase its presence in Punjab by opening a new office at Bathinda, in addition to the existing office at Chandigarh.

Economic Value Generated by the Company in 2010-11 was ₹ 66164.87 million as compared to ₹ 47525.78 million in the previous year, an increase of 39%. The Company Board recommended a dividend of ₹ 1.90 per equity share in the reporting year. The total dividend outgo for 2011-12 will be ₹ 919.08 million (including



Performance Snapshot				
	FY 2009-10	FY 2010-11	FY 2011-12	Unit
Production				
Urea	2.03	2.10	2.15	Million MT
Sales⁴				
Urea	2.01	2.04	2.13	Million MT
Traded Items - Sales				
Di - ammonium Phosphate	141647	401487	524981	MT
Muriate of Potash	86498	98278	52480	MT
Single Super Phosphate	697	72311	108174	MT
Pesticides	1625	1929	2433	Million ₹
Micro-nutrients and Zinc	423	537	406	Million ₹
Seeds	298	439	557	Million ₹
Profit Before Tax (PBT)	3588	4408	5596	Million ₹
Profit After Tax (PAT)	2491	3252	2473	Million ₹
Employees	853	878	932	Number
Energy	4407733	4588682	4534277	Gcal
Specific Energy Consumption				
Gadepan I	5.640	5.550	5.51	Gcal/MT Urea
Gadepan II	5.432	5.440	5.37	Gcal/MT Urea
GHG Emissions	1032995	1065306	1074692	MT CO ₂
Specific Water Consumption	5.05	4.92	4.82	m ³ /MT Urea
Water Discharge	1307807	1144069	1454738 ⁵	m ³
Air Emissions				
Urea Dust	751.33	783.12	759.87	MT
Ammonia	502.38	613.56	598.28	MT
NOx	399.47	413.14	424.84	MT

Table 3: Performance at a glance⁶

⁴ Ammonia Sales for the FY 2009-10, 2010-11 and 2011-12 was 14000 MT, 18000 MT and 13000 MT respectively

⁵ Increase in water discharge is on account of increased raw water hardness and higher urea production

⁶ Economic data pertains to the entire company



dividend tax). Total subsidy income of the Company in 2011-12 increased to ₹ 32,155.85 million from ₹ 21,868.35 million in 2010-11.

Chambal considers India as its local market and understands the associated importance of procuring major input material from within the country. This practice of ours not only makes good business sense but also has a positive impact on the local economy. In the reporting year, a very large extent our suppliers of goods and raw materials (Excluding capital equipment and OEM spare parts) at our Gadepan unit, Kota were based in India.



Triple Bottom-line Performance

Environmental Performance



Environmental Performance

The need for a 'comfortable life' has led humankind to create a highly consumption-oriented society. Unbridled consumption which requires vast amounts of energy is causing problems like resource depletion, global warming and environmental damage.

We are committed to the conservation of resources and preservation of the ecosystem in which we operate. We have set up a well-defined Environment Management System focusing on energy efficiency, pollution prevention and control, renewable energy use, reduction, recycling and reusing of waste and water. Raw materials, water, emissions and energy consumption continue to be material issues for our organisation. We constantly monitor and analyze our performance on these critical issues.

RESOURCE OPTIMIZATION

The production of our key product, urea entails consumption of large amounts of energy and water. We are aware that the more we optimize consumption of these resources, the more sustainable our operations will be. Each year, we raise the bar to lower our energy consumption and take



necessary measures to achieve pre-defined targets.

Natural gas is the primary raw material for manufacturing ammonia, which in turn, is used to produce urea. In addition to natural gas, we consume process chemicals like poly alumina chloride, sulphuric acid, hydrochloric acid, lye, catalysts and resins in significant quantities. Judicious use of resources is a fundamental economic principle for us and we strive continually to use our materials efficiently.

Our primary product, urea is supplied to the farmer in HDPE or PPE bags. To minimize consumption of

chemicals, we are following a well-defined resin replacement road map; and monitor and track chemical consumption regularly. We have also trained operators for carrying out correct operational procedures. The material consumption figures with respect to urea and ammonia production are given in Table 4:

REDUCING OUR CARBON FOOTPRINT

Widespread energy usage in all spheres of life has serious ramifications on climate change. The fertilizer industry is a highly energy-intensive sector. The industry relies on both direct (natural gas, naphtha, coal, furnace oil, etc)

Material	Unit	FY 2009-10	FY 2010-11	FY 2011-12
Natural Gas	000' Sm ³	805019	834947	851344
Hydrochloric Acid	MT	1451	1534	1544
Sulphuric Acid	MT	851	736	929
Lye	MT	670	727	663
Poly Alumina Chloride	MT	102	117	134
Neem Oil	Ltr.			551854
Packaging Bags	Nos'	40570664	42083601	42986085
Production	Unit	FY 2009-10	FY 2010-11	FY 2011-12
Ammonia	Million MT	1.18	1.22	1.24
Urea	Million MT	2.03	2.10	2.15

Table 4: Resource Consumption

and indirect (electricity from the state grid) sources of energy. Manufacturing of urea entails consumption of fossil energy such as natural gas, naphtha, etc not only as fuel but also as feedstock. Natural gas being the cleanest fossil fuel is preferred over naphtha.

We have initiated various technological and operational changes to reduce our energy consumption, utilize waste heat, strive for renewable energy options and use energy efficient products, wherever possible. We installed KRES in 2009 and carried out revamping of our plants in 2008-10. In the reporting year, we undertook the following energy-efficiency programmes. (Table 5)

For the reporting year 2011-12, Chambal's specific energy consumption was 5.51493 Gcal/MT and 5.37046 Gcal/MT of urea at Gadepan-I and Gadepan-II plants respectively. There has been a reduction in specific energy consumption to the tune of 0.035 Gcal per metric tonne of urea and 0.07 Gcal per metric tonne of urea for Gadepan-I and Gadepan-II respectively over the previous year, which is mainly due to the above mentioned schemes and stabilized operation of the plants.

In the reporting period, we used 1379 Gcal (5774 GJ) of naphtha, which was approximately 53% less compared to the previous year.

During the reporting year, our direct energy consumption for Gadepan-I plant was 2.51 million Gcal (10494354 GJ) and for Gadepan-II plant, 2.03 million Gcal (8489757 GJ).

We have our own natural gas based captive power plants, hence we buy only small amounts of electricity from the grid. In the reporting period, our indirect energy consumption was 4354.4 Gcal (18231 GJ), which is approximately 0.09% of our total energy consumption⁷.

GREEN HOUSE GAS EMISSIONS AND CLIMATE CHANGE

The fertilizer industry recognizes that it contributes directly and indirectly to emissions of greenhouse gases (GHGs), particularly carbon dioxide (CO₂) and nitrous oxide (N₂O), through the production, distribution and use of fertilizers.

Chambal is aware that use of cleaner energy like natural gas instead of naphtha and promoting good nutrient management practices amongst farmers may partially offset increased emissions.

Our strategy to achieve reductions in GHG emissions are focused on increasing our energy efficiency in the short term; and plans to incorporate proven emissions-reducing

“Chambal has set up a well-defined Environment Management System focusing on energy efficiency, pollution prevention and control, renewable energy use, reduction, recycling and re-use of waste and water.”

technologies in our operations in the medium and long terms.

The major sources of emissions in fertilizer production are use of fossil fuel (natural gas, naphtha, etc) as feedstock and fuel. We primarily use natural gas – the cleanest of fossil fuel, as feedstock and fuel. Naphtha is used only on account of unavailability of natural gas which is very rare. Use of natural gas has helped us to keep our GHG emissions low. Almost all of the CO₂ formed during ammonia production is reused in urea production. Thus GHG emissions from our operations are primarily due to natural gas or naphtha consumed as fuel. During the reporting period, GHG emissions from the use of natural gas, naphtha as fuel and using electricity from the grid were 1.07 million tCO₂.

In the reporting period, we estimated 558.87 MT CO₂ emissions from employee transportation by buses/ cars (including personal vehicles) and other company operated vehicles in the plant area. Though these emissions are not significant in quantum, this exercise is a small effort from our side in understanding GHG impacts beyond the production process.

Replacement of CO₂ stripper top trays with improved design trays in CO₂ removal section of Ammonia-II plant.

Replacement of Secondary Reformer catalyst with new catalyst in Ammonia-II plant.

Part replacement of natural gas line with higher size line to reduce the pressure drop in Ammonia-II plant.

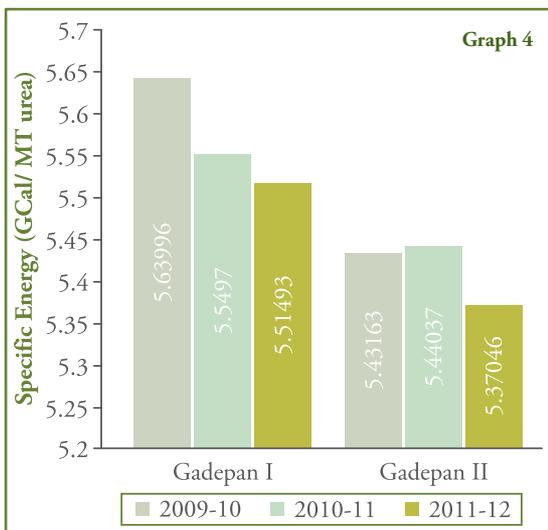
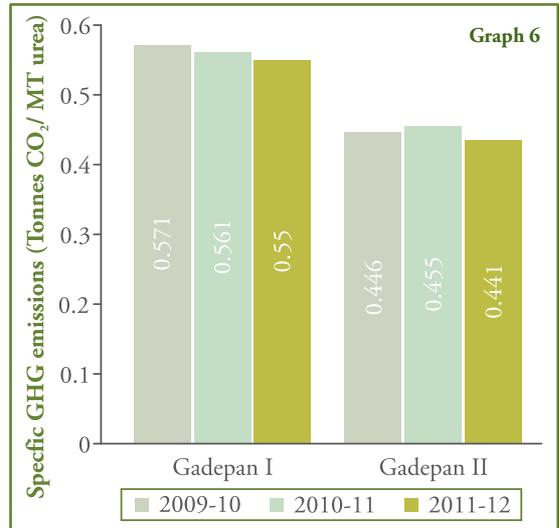
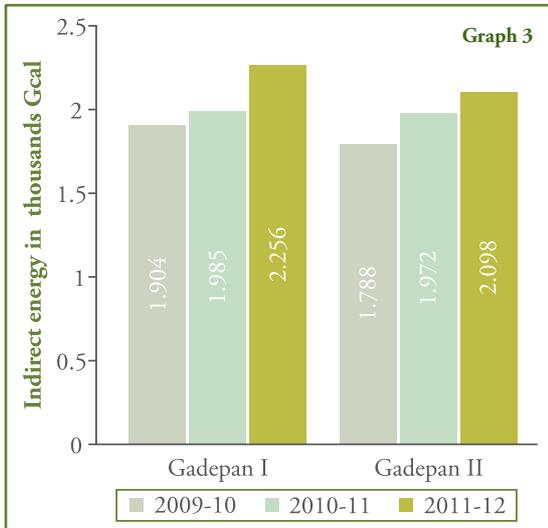
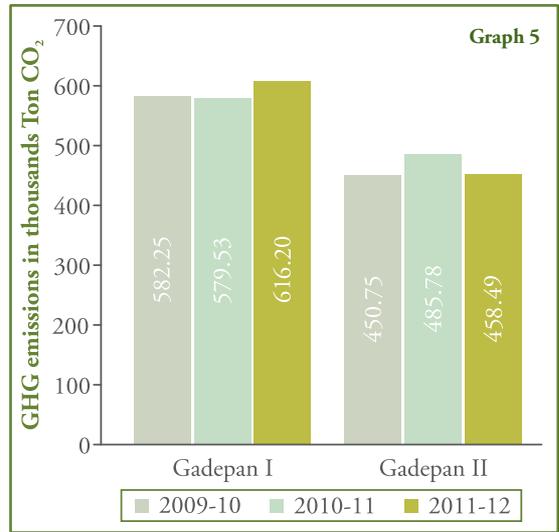
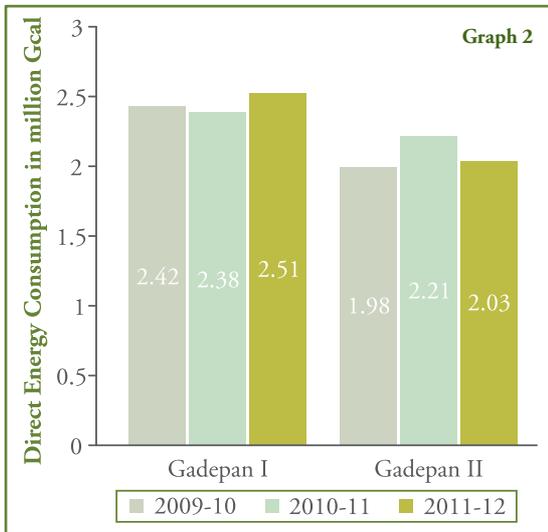
Complete overhauling of air compressor along with replacement of high pressure and low pressure rotor in Ammonia-II plant.

Replacement of Ammonia Refrigerant condenser (EA-706) in Ammonia-II plant.

Trimming of impeller of Hydrolyser Feed pump in Urea-II plant.

Table 5: Energy efficiency initiative in FY 2011-12

⁷ Total energy consumption = Energy used as fuel and purchased energy



Graph 2: Direct Energy Consumption (Energy as fuel)

Graph 3: Indirect Energy Consumption (Electricity purchased)

Graph 4: Specific Energy Consumption

Graph 5: Total GHG Emissions⁸

Graph 6: Specific GHG Emissions

⁸ Excludes GHG emissions due to venting and flaring during plant upsets/ trips and plant process.

We are mitigating climate change by reducing energy consumption, using clean fossil fuel and by developing a green cover around our plants. The green cover around our premises helps in sequestering CO₂ emissions from the atmosphere. In order to understand the GHG benefit of extensive green cover at Chambal, we conducted a preliminary study to estimate amount of CO₂ sequestered by trees. This exercise reaffirms Chambal's endeavour to mitigate climate change.



REDUCING OUR WATER FOOTPRINT

From inception, we have viewed water as a precious resource since our fertilizer plants are located in a water-scarce state. To overcome this challenge we have been working tirelessly for more than a decade to reduce our water consumption per MT of urea as well as implement rainwater harvesting in the region. We are committed not to use ground water for our operations. Treated waste water is being used in maintaining the green belt through a 65 km long irrigation network spread all over the Gadepan complex, which in turn, is helping us save fresh water. In 2003-04, we had constructed a check-dam on the nearby Kalisindh river (capacity 7 million m³). Another check-dam (capacity 3.4 million m³)

built on the Parwan river for rainwater harvesting was commissioned in the reporting year.

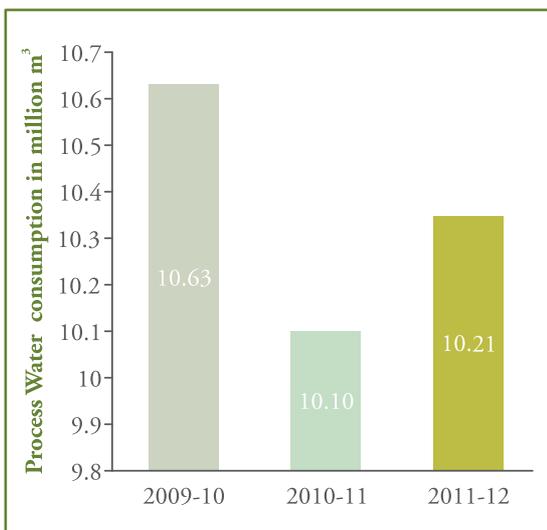
As a result of our continuous efforts like harvesting, recycling and reusing water, water consumption of our two units at Gadepan is much below the limit prescribed by Corporate Responsibility for Environment Protection (CREP) guidelines. The Indian fertilizer industry has been permitted a maximum water consumption of 8 cubic meters per tonne of urea for gas-based urea plants, as per the CREP Guidelines. The trend of consumption at Chambal shows a continual improvement. During the reporting year, our specific consumption of water was 4.82 cubic meters per MT of urea as against 4.92 cubic meters per MT of urea during 2010-11.

In the reporting year, our total water withdrawal from the Kalisindh river was 10733995 m³ as against 10988245 m³, in the last reporting year. In 2011-12, we replaced drinking water/fire water header and cooling tower drift eliminator, thereby reducing our specific water consumption by 2.033% compared to 2010-11.

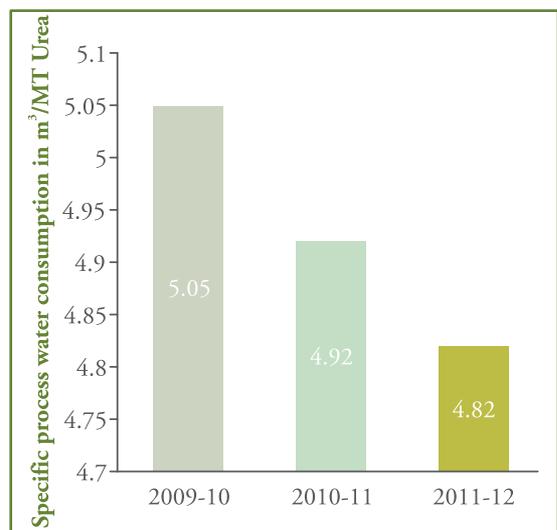
RESPONSIBLE EFFLUENT MANAGEMENT

Under the guiding policy of "at source treatment of effluents and recycling of treated effluents back into the process", we initiated the following recycling processes at the design stage itself:

- Ammonia and urea process condensates are treated in ammonia and urea plants respectively and recycled into the process after passing



Graph 7: Water consumption in plant process



Graph 8: Specific water consumption

them through the demineralisation plant.

- Turbine condensate is also recycled into the process after treatment in the demineralisation plant.
- Boiler blow down water is reused as cooling water make-up.

Beside the above measures, the effluents generated from other points

like seal water of pumps, steam traps and sample cooler drains are sent to the effluent treatment plant (ETP) where they are further diluted by other effluent streams. ETP also receives treated effluents from DM plant, filter back wash water, etc. We have also set up a sewage treatment plant (STP) which treats sanitary waste-water from the township.

In the reporting year, nearly 72% of waste water was recycled back into the system, and the balance amount is used in the irrigation network within the complex. We do not use fresh-water for irrigation or horticultural purposes. During FY 2011-12, we used a total of 1282932 m³ of treated effluent water for irrigation. We discharged 171806 m³ of waste water into the Kalisindh

Parameter	Unit	FY 2009-10	FY 2010-11	FY 2011-12	Permissible Limits (Mg/l)
Biological Oxygen Demand	Mg/l	10	7.9	8.0	30
Chemical Oxygen Demand	Mg/l	69.5	63.7	52.8	250
Nitrate Nitrogen	Mg/l	5.7	6	6.2	10
Total Ammonical Nitrogen	Mg/l	5.4	5.7	6.5	50
Total Dissolved Solids	Mg/l	1400	1548	1768	2100
Total Kjeldahl Nitrogen	Mg/l	18.4	16.4	16	100
Total Suspended Solids	Mg/l	81	79	81	100

Table 6: Effluent discharge quality and their permissible limits

Parameter	Unit	FY 2009-10	FY 2010-11	FY 2011-12
Biological Oxygen Demand	MT	13.1	9.0	10.3
Chemical Oxygen Demand	MT	90.9	72.9	67.7
Nitrate Nitrogen	MT	7.5	6.9	8
Total Ammonical Nitrogen	MT	7.1	6.5	8.3
Total Dissolved Solids	MT	1831	1771	2268
Total Kjeldahl Nitrogen	MT	24.1	18.8	20.5
Total Suspended Solids	MT	105.9	92.1	103.7

Table 7: Effluent Load⁹

Parameter	Unit	FY 2009-10	FY 2010-11	FY 2011-12
Biological Oxygen Demand	Kg / '000 MT Urea Production	6.45	4.29	4.8
Chemical Oxygen Demand	Kg / '000 MT Urea Production	44.76	34.71	31.55
Nitrate Nitrogen	Kg / '000 MT Urea Production	3.69	3.29	3.73
Total Ammonical Nitrogen	Kg / '000 MT Urea Production	3.50	3.09	3.87
Total Dissolved Solids	Kg / '000 MT Urea Production	901.62	843.26	1056.88
Total Kjeldahl Nitrogen	Kg / '000 MT Urea Production	11.87	8.95	9.55
Total Suspended Solids	Kg / '000 MT Urea Production	52.15	43.85	48.32

Table 8 Specific Effluent Load⁹

⁹ Effluent load quantifies total weight of standard effluent parameters such as Biological Oxygen Demand (BOD), Total Suspended Solids (TSS), etc. e.g: Tonnes/ year discharged.

river in the rainy season in 2011-12. We ensure that the quality of the discharge is within the norms specified by the regulatory authorities.

SPILL MANAGEMENT SYSTEM

Chambal has a well-defined Environmental Operation Control Procedures (OCP) to prevent and manage spills. The Company regularly conducts integrity checks for reactors, vessels, flanges, valves and pipelines for leaks. In order to keep a regular check, the drains are monitored at specified intervals and these observations are recorded and reported to the management. For each spillage, we carry out root cause analysis and take corrective and preventive actions to ensure that such events do not occur again. GV (geomarco vetro coke) and benfield solution, chlorine, ammonia, urea, oil,

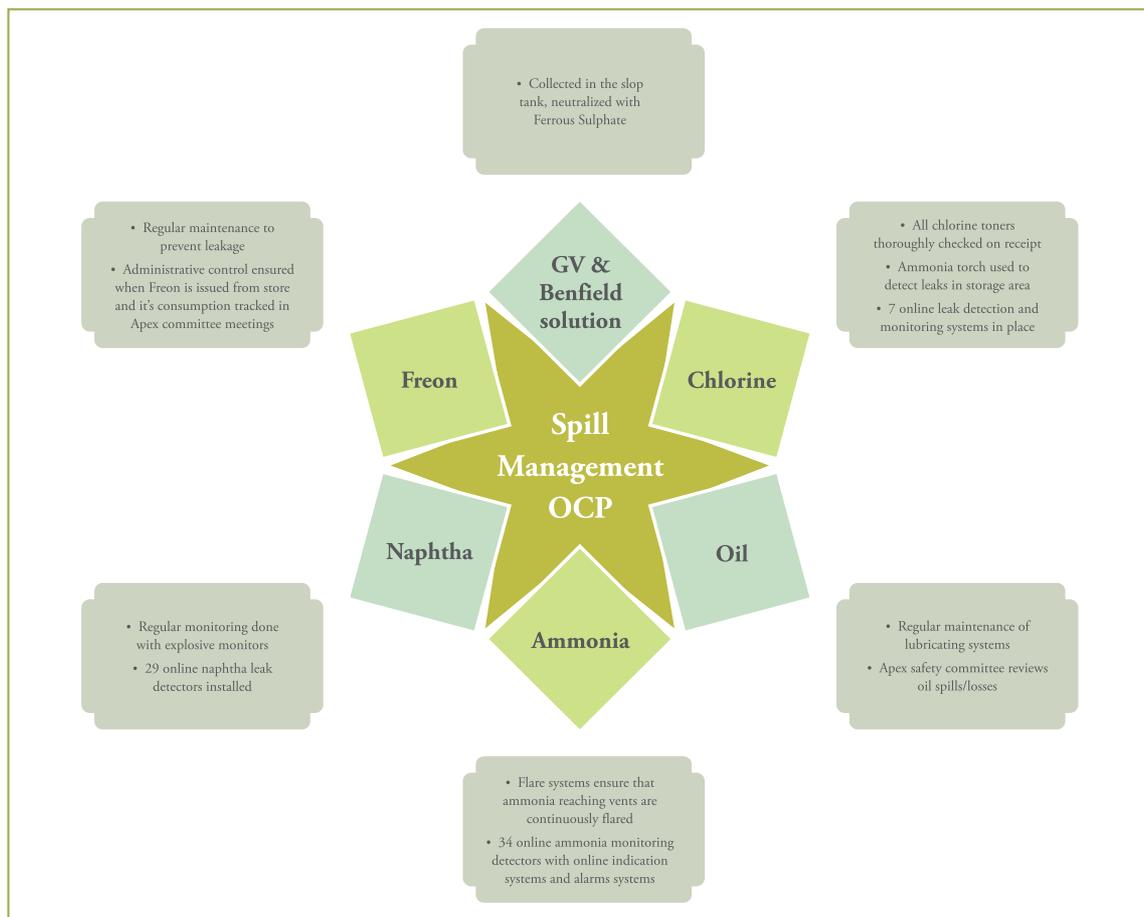


freon and naphtha, are a few of the substances for which we have well-defined spill management systems in place. During the reporting period, there was a spillage of sulphuric acid (approx 0.32% of total

consumption) which was contained and reclaimed.

OTHER AIR EMISSIONS

In addition to GHG emissions, ammonia, urea dust, suspended



particulate matter (SPM) and oxides of nitrogen and sulphur are the major air emissions from our manufacturing process. Various control measures and initiatives to minimize air emissions are given below.

- Use of Sulphur free fuel NG/RLNG
- Low NO_x burners in Auxilliary Boiler and primary reformer
- Stacks having height more than statutory requirements
- Dedusting system in bagging plant
- Use of efficient prill bucket to reduce urea dust
- Natural draft Prilling tower with extra height to contain urea dust emmissions
- Recovery of ammonia at various places
- Water curtains

RESPONSIBLE WASTE MANAGEMENT

Chambal has a comprehensive Waste Management Manual under Health,

Safety, Environment & Quality (HSEQ) system which has the following elements:

- Categorization of wastes as hazardous and non-hazardous for differentiated management.
- Identification at the lowest component level.
- Linking all possible sources of generation and location of generation.
- Concept of waste bins based on categories, placement of bins nearest to generation point.
- Methodology of shifting to larger categorized bins to collect wastes from smaller bins.
- Identification of recyclers/reusers and methodology of lifting segregated components from bins directly for final disposal.

To manage household waste, we have provided non-biodegradable and biodegradable bins to each household. We collect segregated house hold waste from each house and send biodegradable waste for composting and non-biodegradable waste for disposal to recyclers. Similar practice of collection and disposal are followed for

Earth Hour

This year, Chambalites participated in the global 'lights out' event by switching off all non-essential office lights before leaving the office building on Friday 30 March 2012, the day before 'The Earth Hour'. In addition, all the employees were encouraged to participate by turning off the lights in their homes, during the event.

domestic waste from bulk sources such as canteen, guest house and shopping centre. Composting of horticulture waste is carried out in NADEP pits and used as manure in the green belt. We understand the severe ramifications of use of polythene bags; hence, we do not permit use of polythene bags. As a result, the township is now 100% free of polythene bags.

Inside the factory premises, we have colour coded and labeled waste collection bins and storage areas, and for many wastes, we have restricted access to authorized personnel. The wastes generated in our plants largely comprise used oil, spent catalyst, lead batteries, ferrous waste and waste HDPE bags. We dispose off hazardous waste (except bio-medical wastes) to authorized external agencies for the transportation, treatment and final disposal of such waste.

We also generate small quantity of biomedical waste at our occupational health centre, which we dispose off in

	FY 2009-10	FY 2010-11	FY 2011-12
kg CFC-11 equivalent (ODS emission)	25.03	30.86	15.62

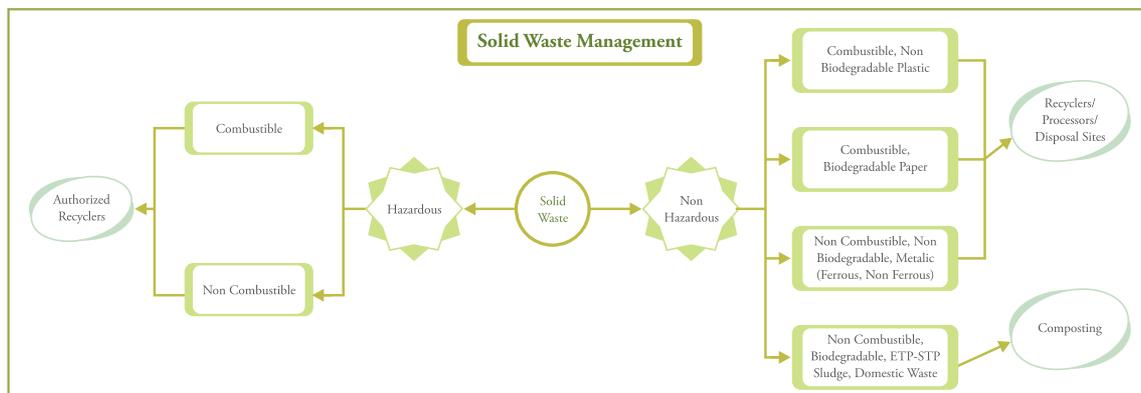
Table 9: Ozone Depleting Substance (ODS) Emissions

Parameter	Unit	FY 2009-10	FY 2010-11	FY 2011-12
NO _x	MT	399.47	413.14	424.84
Urea Dust	MT	751.33	783.12	759.87
Ammonia	MT	502.38	613.56	598.28

Table 10: Air Emission Load (Yearly average values)

Parameter	Unit	FY 2009-10	FY 2010-11	FY 2011-12
NO _x	Kg/ MT Urea production	0.2	0.2	0.20
Urea Dust	Kg/ MT Urea production	0.4	0.4	0.35
Ammonia	Kg/ MT Urea production	0.2	0.3	0.27

Table 11: Specific Air Emission Load (Yearly average values)



Type of waste	Treatment and Disposal	2009-10 Amount (Kg)	2010-11 Amount (Kg)	2011-12 Amount (Kg)
Sharp waste	Autoclaved and Buried	4.58	4.91	3.81
Contaminated waste	Autoclaved ,chemically treated and buried	4.82	5.42	5.29
Disposable waste	Treated chemically and buried	4.82	5.32	4.73

Table 12: Disposal of Biomedical waste

Name of Waste Disposed	Type of waste	Unit	FY 2009-10	FY 2010-11	FY 2011-12
Spent Oil	Hazardous	MT	23.36	25.74	36.43
Spent Catalyst	Hazardous	MT	83.16	163.81	71.1
Ferrous Scrap MS drum	Hazardous	MT	1.09	1.06	1.28
Lead Acid Battery	Hazardous	MT	0.45	0.77	1.54
HDPE Scrap	Non-Hazardous	MT	44.19	59.07	61.38
Paper	Non-Hazardous	MT	10.91	7.63	7.66
MS Scrap	Non-Hazardous	MT	313.87	86.63	118
PVC	Non-Hazardous	MT	12.85	9.79	7.32
Resin	Non-Hazardous	Lit			21,000

Table 13: Major categories of waste disposed off

an environment friendly way as per the required norm. We strictly adhere to all laid down laws for storage and disposal of wastes.

SUSTAINING BIODIVERSITY

Since different species contribute directly to the well-being of the 'ecosystem', the healthy survival of future generations and in meeting development goals, it is of critical importance that diversity of species be protected. Our vision and commitment to work for the greater environmental good has led us to initiate some significant bio-diversity conservation measures. We have set up a fund in collaboration with Hadoti Naturalists

Society (a local body), and the Forest Department, Government of Rajasthan to conserve wildlife and preserve the habitat of endangered species at Sorsan Preserve which is located about 10 km from our manufacturing facility in Rajasthan.

Our pro-active attitude and enthusiasm towards environment conservation have helped us develop 400 acres of green oasis (approximately 40% of the total land area) in the midst of a rocky, barren and dry land allotted to us. This green oasis houses two plants and a township with all the necessary amenities for more than 400 employees and their families. We have

planted many local and exotic plants in the premises based on sound scientific evaluation and developed water bodies so that our intervention does not negatively impact the local flora and fauna. Today, our ecological township has more than 100 species of flora, and several animal and avian species (local and migratory) such as peacocks, monkeys, rabbits, reptiles and many non-predatory animals. Our township is also ISO – 14001 and OSHAS – 18001 certified.

To sensitize employees and their families on environment issues, we regularly organize nature walks, poster competitions, nukkad natak, tree

Type of Expenditure	Description of Expenditure	Direct and Variable cost incurred in ₹ Million		
		FY 2009-10	FY 2010-11	FY 2011-12
Waste disposal, emissions treatment and remediation costs	Cost of treating wastewater or disposing solid waste/ sludge to an external contractor or destination plus operating and maintenance cost	1.12	2.63	0.44
	Clean-up costs including costs of remediation of spills etc.			2.64
Prevention and environmental management costs	Cost for employing external authorities for lab testing and sampling	0.19	0.23	0.25
	Annual costs of ISO 14001 and other such certifications for management systems	0.23	0.03	0.06
	Purchase of green fuel, recycled materials or any other such purchase to reduce environmental footprint	0	0.06	0
	Consent to operate and other environmental compliances	0.27	0.54	0.48
	Total	1.81	3.49	3.87

Table 14: Expenditure on Environment Management (Data has been rounded off)

plantations and bird watching trips. We also carry out interactions with Bombay Natural History Society (BNHS) on environmental issues. Officials of BNHS visit the campus need based and give suggestions and advice on improving the flora in the campus.

ENVIRONMENTAL EXPENDITURE

We incurred expenses deriving from actions related directly and indirectly to the environment, as well as other expenses connected with ecological fees and taxes. Direct environmental investments are also made, such as those related to environmentally-friendly technologies. The expenditure on various initiatives towards waste disposal, emissions treatment, and environmental management incurred during the 2011-12 was ₹ 3.87 million.

Our proactive approach towards conserving our environment shows our commitment to complying with the environmental laws and securing our ISO 14001: 2004 and OHSAS 18001:2007 certifications.

World Environment Day celebrations

Week long activities were organized for increasing awareness, involvement and commitment of our employees, family members and contractors' workforce towards the cause of protecting and preserving environment on the occasion of World Environment Day 2011.

Additionally, trainings were organized covering contractor workmen on control of urea spillage and waste management and for our employees on legislative responsibility on environment management, pollution abatement, waste management and climate change.

Children of Uttam Nagar came out with brilliant ideas during the spot painting competition. A written quiz on environment was conducted for children and the top 8 children participated in an oral quiz on WED function. A Hindi film, "Changing Climates: The impact" was screened for township residents. Uttam Nagar children enacted a drama "Water World". In the morning, township residents organized an environment march and planted trees.

Employees and their family members participated in poster and slogan competitions.

The families who consumed less water and electricity were recognized for their commitment to the environment.

Triple Bottom-line Performance

Social Responsibility



Social Responsibility

VALUING HUMAN CAPITAL

Chambal is an enterprise whose foundation stones are integrity, transparency and accountability. We believe in passionately pursuing excellence; and provide a work-life balance environment for all our employees. We encourage open and transparent communication to promote diversity of ideas at all levels.

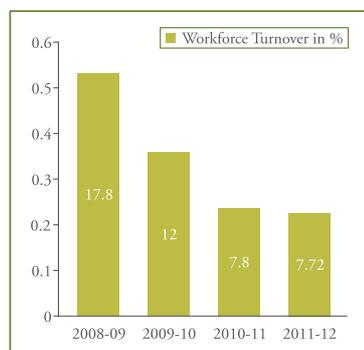
Chambal is running two high-tech plants at Gadepan, Rajasthan which requires highly qualified, motivated and trained manpower. Therefore, retention of trained and experienced manpower is very critical for operations of the plants. Our human resource strategy is aligned to our business needs and seeks to ensure that appropriate

talent acquisition and retention plans are in place and reviewed periodically.

As a part of our talent retention strategy, we have come out with suitable interventions, including retention incentive and stock options for key personnel. As a result, employee turnover has continued to decline in the last four years.

Chambal, a professionally managed company, has a team which is energetic, motivated and a perfect blend of youth and experience. In the reporting year, the average age of our employees was 35.35 years as against 36.46 years in 2010-11. As on March 31, 2012, the total employee strength of its agri-business division was 932. In addition, we engaged 982 contract workers during the reporting year.

Chambal is a merit-driven organization. We regularly recruit talent from the premier management and engineering institutes of the country. We define local persons as those who reside within India. General Manager and above are regarded as senior management in the Company. While we do not have a specific policy for hiring senior officials from the local community, 100% of



Graph 9: Workforce turnover in percentage

“A professionally-managed company, Chambal has a team which is energetic, motivated and a perfect blend of youth and experience.”

our senior management employees are from India.

EMPOWERING THE WORKFORCE

Chambal is committed to empower its employees and continuously develop their knowledge and skill sets, so that they realize their true potential and drive the Company's growth. Priority is always given to internal resources when it comes to career and growth opportunities through job rotation, job enrichment and promotion. Career progression of all our employees are based on a well-structured and time-bound Performance Management System (PMS).

Management Level	FY 2009-10		FY 2010-11		FY 2011-12				
	Male	Female	Male	Female	Male	Female	Less than 30 years	Between 30 to 50 years	More than 50 years
Senior Management	20	0	19	1	17	1	0	7	11
Middle & Junior Management	449	5	455	5	492	5	127	338	32
Workmen	334	11	340	10	359	10	176	166	27
GETs / TMOs / MTs	9	0	19	1	21	0	21	0	0
Trainees	25	0	28	0	27	0	27	0	0

Table 15: Composition of workforce (excluding contract workers) by category, gender and age

Employee Turnover ¹⁰ in 2011-12						
Management Level	Age Group			Gender		Region
	Less than 30 years	Between 30 to 50 years	More than 50 years	Male	Female	India
Senior Management ¹¹	0	1	0	1	0	1
Middle & Junior Management	9	25	4	36	2	38
Workmen	18	5	0	23	0	23
GETs / TMOs / MTs	9	0	0	0	0	9
Trainees	0	1	0	1	0	1
TOTAL	36	30	5	69	2	72

Table 16: Employee turnover

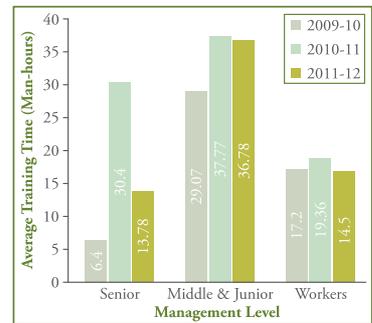
TRAINING AND DEVELOPMENT

At Chambal, training and development of people for their growth, aligned with the company's business needs, is an on-going process. The training needs of our employees are captured through the annual PMS. These needs are then categorized and evaluated for organizing customized training programmes. Apart from in-house training programmes, the employees are also nominated for various external management development and general health and hygiene.

Chambal also has a self-development scheme for employees to enhance their knowledge and skills by enrolling in professional training courses. Under this scheme, 50% of the tuition fee subject to a maximum of ₹ 50,000 is reimbursed by the Company.

Furthermore, we regularly train our contractual workforce on various subjects like emergency handling, first aid, workplace safety, fire fighting, environment management and general health and hygiene.

During 2011-12, 49 HSE (Health, Safety and Environment) training



Graph 10: Average training time

SOME TRAINING PROGRAMMES CONDUCTED IN 2011-12

SOME TRAINING PROGRAMMES CONDUCTED IN 2011-12		
BEHAVIORAL	Building Communication as Culture	
	Creating A New You	
	Innovation & Creativity	
	Leadership Skills	
	Managerial Effectiveness	
	Negotiation Skills	
	Team Building (Outbound)	
	Personality Development	
	Team Building	
	Time Management	
HSEQ	Electrical Safety, Defensive Driving	
	Emergency Response Care & First Aid Certification	
	Environment Management & Legal Compliance	
	Fast Track Emergency Response	
	Fire Fighting and Emergency Response	
	HSEQ Refresher for facilitating Internal Audit	
	Rescue Operation from Confined Space & Height	
	Safety in Material Handling, Energy Conservation	
	Scaffolding & Work at Height, HAZOP	
	TECHNICAL	Applied Metallurgy
		ASPEN Plus
		Bearing maintenance & Lubrication
Boiler Feed Water and Cooling Water Treatment		
Boiler Operation & Maintenance		
Centrifugal Compressor & Steam Turbine		
Tribology & Lubrication Management		
Gear Drivers Fundamental Maintenance		
Programmable Logic Controller		
KSB Pumps – Operation & Maintenance		
Maintenance of Control Valves		
MS Project & SAP Refresher		
Radiographic Film Interpretation Level-II		
Refractories & Non Metallic		
Low Voltage Switch Gear Maintenance		
Spare Parts & Inventory Management		
Steam Engineering		
Ultrasonic Testing Level-II		

¹⁰ Number of employees who leave the organization voluntarily or due to dismissal, retirement, or death in service.

¹¹ Does not include one senior management person transferred to a group company in FY 2011-12



programmes were conducted, in which 1289 contract workers participated.

EMPLOYEE BENEFIT SCHEMES

We have various employee benefit schemes to secure the financial future of our staff. The Chambal employee senior staff superannuation fund and Chambal non-management employees' superannuation fund provides for pension benefits to them. The provident fund scheme is managed by Chambal through a trust. Employees who have completed 5 years of service are eligible for gratuity and the Company's employees group gratuity trust fund provides for gratuity benefits. Life insurance benefit to each employee is also covered under gratuity and superannuation schemes. All employees are eligible for the group personal accident scheme, group health insurance scheme and group term solution scheme. In case of accidents, the personal accident scheme ensures compensation for treatment expenses, permanent/partial disability, permanent/temporary loss of earning capacity including salary component and death coverage. The health insurance scheme covers hospitalization expenses of employees and their family members, while under the term solution scheme life of each employee is insured. All retired employees and their

spouses are covered under group health insurance policy up to the age of 85 years. In addition, Chambal provides home, vehicle and furniture loans to employees according to eligibility at low interest rates. All management grade employees are supported for membership of one professional body, wherein the annual membership fee is borne by the Company.

WORKPLACE SAFETY

Work place safety is a top priority for Chambal. The reporting year 2011-12 was an accident-free year and the Company completed 9.03 million man-hours (654 days) of safe operations.

SAFETY MANAGEMENT SYSTEMS

A strong occupational-health and safety management system OHSAS-18001:2007 is in place to ensure safety of employees, contractor

workforce as well as equipment and machinery. The township at Gadepan is also OHSAS-18001:2007 certified. We have implemented the Process Safety Management System (PSM) complying to Occupational Safety & Health Administration, USA (OSHA) standard CFR1910.119 in our operation for proactive identification, assessment and control of hazards. PSM is not mandatory but was adopted by us to fulfill our quest for highest safety standards in our operations. During the reporting year, process incidents were reviewed as per PSM guidelines and trainings and audits were conducted for overall improvement of safety management systems.

EMERGENCY HANDLING

We have a well-defined 'On-site Disaster Management Plan' which also involves local administration and other industries in the area. Regular mock drills and fire drills were conducted to check the emergency preparedness. The Company executives visit near-by companies and consultations are held with them to share information and learn from each other's experience.

SAFETY TRAINING

In order to keep our safety system agile and updated, extensive trainings were conducted by internal and external expert faculties on rescue, fire fighting and emergency handling, electrical safety, material handling and road safety.

Parameters	2009-10	2010-11	2011-12
No. of Injuries	1	1	0
No. of Fatalities	0	0	0
Lost Days	68	91	0
Injury Rate ¹²	0.051	0.050	0
Lost Day Rate ¹³	3.49	4.55	0
Near-misses reported	260	342	454

Table 17: Safety Statistics

¹² Injury Rate = (Total No. of reportable injuries X 200000)/ Total No. of hours worked (permanent + contractual)

¹³ Lost Day Rate = (Total No. of lost days X 200000)/ Total No. of hours worked (permanent + contractual)

SAFETY REVIEW SYSTEM

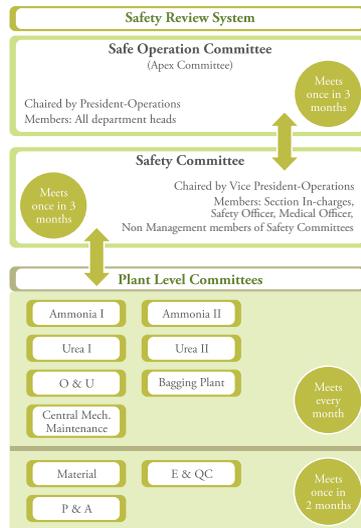
Chambal has a three-tier 'Safety Review System' which consists of plant, management and safe operations committees. There are 10 committees at the plant with representation from all the concerned departments. These committees meet on a monthly or bi-monthly basis to review the safety systems. The Safe Operation Committee is the apex safety committee that comprises all department heads, headed by President- Operations and meets once every three months. Each committee and its constituent members have clearly delineated roles and responsibilities for implementation, review and monitoring of health and safety aspects of the organization. The safety system is also regularly reviewed by the Managing Director. EHS performance is reported to the Board of Directors.

NEAR MISSES AND MAKE-TO-GOODS

To encourage safety awareness among employees and contractor workforce, a scheme of 'Near-Miss' and 'Make-to-Good' reporting is in place. All near misses, minor injuries and incidents were reviewed, analyzed, and corrective actions were taken. In the reporting year, 454 'near misses' and 472 'make to goods' were reported.

SAFETY OF CONTRACT WORKERS

For Chambal, the well-being and safety of its contract workers is a priority. Our agreements with contractors



include provisions on various safety related issues e.g. right to levy penalties for any unsafe act or violation of safety norms by the workers.

We also have a system of nominating senior employees as 'safety stewards' for each of our contractors with the aim to promoting safety awareness amongst workers. To identify lapses and areas of improvement, review meetings with contractors are conducted every quarter.

At the plant entrance, risks and precautions are explained to each worker. During execution the jobs are supervised by job in-charges and other senior officers to ensure safety compliance. Whenever any violation is observed, the concerned workmen and job supervisors are counseled

and violation, if any, is recorded. All the safety violations are recorded under three categories - unsafe act, unsafe condition and unsafe practice. In 2011-12, 278 safety observations were made during the 18 day annual plant shutdown in April, 2011 and 165 during the rest of the year. Out of these, 193 were classified as 'unsafe acts' and 250 as 'unsafe conditions'. The management analyzed the causes of these incidents and appropriate actions were taken to prevent such recurrences in the future.

During shutdown maintenance, extensive safety trainings and supervisions were conducted by associating experts. During the reporting year, personal protection equipment (hand gloves, dust mask, ear plugs) was provided free to all contract workers.

ENCOURAGING PROACTIVE SAFETY BEHAVIOR

The safety reward system has been reviewed and widened during the reporting year to further strengthen the safety culture in the Company. To improve safety work culture and bring reduction in injuries more and more workers of associated contractors were involved in safety promotional activities and training programmes. Those with a better safety performance record were recognized and rewarded at an award ceremony.

OTHER SAFETY INITIATIVES

During the reporting year, Chambal undertook various safety improvement initiatives such as adding new safety



Visitors' Safety Film

In the reporting year, Chambal made a special 'Safety Film'. This film is screened for the benefit of all visitors before they enter the plant premises.

and emergency handling equipments, additional safety procedures, screening of Environment, Health and Safety (EHS) documentary for township residents, pictorial booklet depicting do's and don'ts for bagging plant and fire alarm system upgradation. Additionally, we installed electrically-operated road barriers on rail tracks and cleared the wild grass in the plant area to reduce fire hazards.

As a special drive, the concept of Behavior Based Safety (BBS) was introduced in the bagging plant, which is working satisfactorily through selected BBS champions.

EMPLOYEE HEALTHCARE

We continuously monitor and upgrade our health and hygiene standards. The work environment is regularly monitored to prevent occupational hazards. Some of the key initiatives are an on-site medical centre, health awareness programmes and regular assessment of employees' health.

Health checks for employees working in hazardous environments are done once every six months. The production



Doctor on Call

In 2011-12, Chambal tied-up with two leading doctors of Delhi, to visit its corporate office once in a week. The doctors, one of whom is a gynecologist provide free medical consultation to all employees at the corporate office.

and process departments prepare a list of personnel who are exposed to occupational hazards like noise, urea dust and ammonia vapours. The identified personnel undergo relevant medical screening depending on the nature of the exposure. If health check results persistently demonstrate deviations, the employee is relocated to some other area devoid of the hazard under intimation to the respective department/ functional head.

In FY 2011-12, there were no reported cases of chronic obstructive pulmonary disease (COPD), noise induced hearing loss (NIHL), audiometry and spirometry abnormality. 555 employees and 3244 contract workers underwent health checks in FY 2011-12. All food handlers (in the staff canteens and kitchens of guest facilities) are examined once every six months and are de-wormed and vaccinated against typhoid once every three years.

We regularly make our employees aware about life style diseases such as diabetes, hypertension and osteoarthritis; encourage adoption of preventive measures and provide facilities for treatment. The annual medical examination of employees has brought to light a marginal increase in stress related diseases like diabetes, hypertension, acid peptic and sleep related disorders. Hence, we plan to organise stress management workshops to train personnel in stress mitigation

and to maintain a work-life balance. We also carry out a medical examination of all our employees working in non hazardous area once a year and once in six months for people working in hazardous areas at plant locations. For all other employees (working at locations other than the plant) the frequency of medical examination is once in two years for those below 45 years of age and once a year for those above 45 years of age.

HEALTH, SAFETY, ENVIRONMENT & QUALITY (HSEQ) AUDITS

At Chambal, teams of trained internal auditors regularly conduct HSEQ audits with special emphasis on health and hygiene, house keeping, safety, environment and quality. HSEQ systems are periodically audited by various external agencies of repute in line with the management approach of continual improvement. Surprise visits are conducted to plant and canteen to ensure highest standard of housekeeping and hygiene. In 2011-12, ammonia storage safety systems were upgraded based on a review by the designer and a risk based inspection is under progress. To extend and improve the safety culture among our marketing team, all our regional marketing offices



“Chambal is committed to continuously review and upgrade its health and hygiene standards. The work environment is regularly monitored to prevent occupational hazards.”

were audited; and the staff participated in a safety workshop during the reporting year. Furthermore, fire safety training and mock drill was conducted for corporate office employees also.

EQUAL OPPORTUNITIES FOR ALL

Chambal is a caste, gender and religion neutral organisation, committed to creating inclusive growth and equal opportunity. All our policies concerning recruitment, compensation, training, and promotion are solely based on merit and performance of an individual. We are highly vigilant about ensuring that our contractors discharge their legal obligations with regard to workers' rights and welfare. We ensure that requisite laws with regard to decent work practices and labour welfare, viz. Equal Remuneration Act, Minimum Wages Act, Workmen Compensation Act, Maternity Benefit Act, etc are implemented.

Chambal has a prevention of sexual harassment policy in place for all employees (direct, contract, temporary, part-time and trainees). An internal complaint committee of three members and headed by a female employee, is responsible for carrying out detailed investigations. The committee has been directed to furnish all findings to the Managing Director within a month of receipt of the complaint, while maintaining due confidentiality. In 2011-12, no such case was reported.

ENSURING 'CHILD LABOUR / FORCED LABOUR FREE' OPERATIONS

We are committed to preventing human rights abuses like child labour and forced/compulsory labour in all our operations. An elaborate process of medical fitness, address and age verification is followed along with compliance of other statutory requirements by the Industrial Relations (IR) department for contract workers. IR Department, after completing all formalities, issues a request letter to



the security department, which cross-checks all the information furnished by the contractor and generates photo identity cards for the workers. In the reporting year, no case of 'child labour/ forced labour' has been reported.

Although we are vigilant about human rights abuses by our suppliers, we do not have a defined formal policy for the same. We are planning to incorporate specific human rights clauses in our agreements with them within a stipulated time frame. Also we have not entered into any significant investment agreements in the reporting year.

INDUSTRIAL RELATIONS

Chambal has cordial relations with workers, staff and officers in the organisation. We have an effective system of formal and informal channels /platforms like committee meetings, interaction with HR/IR department, where our employees are able to share their thoughts. The required welfare measures are implemented on a continual basis to ensure a healthy work environment. Chambal fully subscribes to the Right to Freedom of Association of UN Universal declaration of Human Rights. We have never faced a demand by any of our employee groups to form a union due to embedded formal



“Chambal is committed to preventing human rights abuses like child labour and forced / compulsory labour in all its operations.”

and informal channels of interaction. We follow the Factory's Act 1948, to specify minimum notice period(s) regarding significant operational changes. As on March 31, 2012, we have 16 re-instatement claim cases pending for adjudication before the Labour Court, Kota. Of these, 14 cases are related to contract workers and 2 cases pertain to ex-employees.

ENRICHING LAND, TRANSFORMING LIVES

Chambal is playing a catalytic role in creating sustainable development in rural India by embedding sustainability goals in its business strategies. We match our commitment to creating

shareholder value by a corresponding commitment to creating societal value. We have two multi-pronged programmes:

- Uttam Roshani – around the plant area at Gadepan in Kota district of Rajasthan.
- Uttam Bandhan – in our marketing territories.

UTTAM ROSHANI

Chambal's full-spectrum CSR programme, Uttam Roshani has been designed to realize larger societal objectives such as sustainable economic, social, educational and environmental development. We have contributed in our own small way towards development of the agriculture sector in India by producing and marketing plant nutrients and various other agricultural inputs. Apart from serving the farming community in our marketing territories, we consider people residing in the vicinity of our plants to be important members of our family. The geographical focus of Uttam Roshani has been the 22 villages abutting the Gadepan plants. All the interventions have been designed and implemented in consultation with the local administration and with the active participation of the local community.

To address the diverse needs of the community, there are five focused intervention areas under Uttam Roshani. These interventions were



designed after conducting a need assessment survey.

To initiate and sustain meaningful actions in this regard, Chambal has formed the KK Birla Memorial Society in the reporting year. This society will, hereafter, be responsible for the delivery of all 'Uttam Roshani' interventions.

1. Education:

Primary Education

To promote education among the underprivileged children in the nearby villages, Chambal regularly provides stationery items, uniforms, woollens, shoes and other essentials to them. Chambal also organizes educational drives in villages to promote girl education. In the reporting year, we provided scholarship to 21 meritorious students of nine government schools near our plants.

In order to promote quality education, Chambal encourages children from nearby villages to study in CF DAV School inside the Gadepan plant campus. During the last 4 years, the percentage of students from nearby villages has gone up considerably.

Free mid-day meals are provided to all students at CF DAV School. During

Promoting Girl-Child Education

Girl-Child Education is a major Challenge in Rural India. It is estimated, that over 450 girl children have dropped out of school in our 22 villages in Chambal's vicinity. In the reporting year, Chambal engaged an NGO – IIMPACT (an NGO of an IIM Alumni) for capacity-building of these children and bring them back in the mainstream government school. Chambal has started this pilot scheme at 15 learning centers in 15 nearby villages.

And, since many girls are unable to attend school due to lack of separate toilets, Chambal has constructed girl's toilets in 10 government schools.

	2009-10	2010-11	2011-12	2012-13
Students from nearby villages in CF DAV School	29.18%	37.24%	45.48%	50% approx

Table 18: Percentage of students from nearby villages in CF DAV School

Chambal Adopts 24 Government Schools

In 2011-12, Chambal adopted 24 primary and upper primary government schools of nearby 22 villages under the Public-Private Partnership scheme of the Government of Rajasthan. This initiative shall extend quality education to more children and shall endeavour to check drop out rates especially among girls. An MoU to this effect was signed between Chambal and Zila Parishad - Kota, in concurrence with the Education Department at Jaipur.

the reporting year, CF DAV was upgraded to class 10th standard and was affiliated with the Central Board of Secondary Education (CBSE).

Technical Education

Industrial Training Institutes (ITIs) were established by Government of India to fulfill the need of technically qualified manpower of the Indian industry. There are at present 1396 ITIs, some of which are in need of better management and facilities. In 2010-11, Chambal adopted ITI - Sangod, (Rajasthan) under the Public-Private Partnership scheme of the government. We have constituted an Institute Management Committee (IMC) to manage and develop this institute. During the next few years, we plan to improve the infrastructure and introduce four additional technical streams to meet the industry demand and employment needs of the region.

Activities like renovation of building, horticulture development and procurement of tools have already commenced. In the reporting year, 94 students of ITI – Sangod, were placed with various companies. To provide a platform for knowledge sharing to the students, facilitate the students and industries, IMC

launched a dedicated website - www.itisangod.com for this institute in FY 2011-12. As per the institute's development plan, four additional courses will soon commence there.

2. Healthcare (Gramin Arogya Sewa):

Villages near our plant do not have access to medical infrastructure. Chambal has a mobile healthcare unit with a doctor and a nursing assistant, which visits nearby villages every day. We conduct health checks and provide required medicines, free of cost. Medical cases requiring specialized treatment are referred to the district hospital at Kota. Due to need and request of the local

community, we extended the coverage of this service from 14 villages to 23 villages during 2011-12.

The medical centre at Gadepan campus also provides free healthcare services to sick people from surrounding areas. In addition to this, the villagers availed the services of various visiting specialists in the fields of pediatrics, gynecology, skin, dental and ENT.

We also provide emergency ambulance services to the community on a 24 x 7 basis. Apart from the above services, periodic health camps for various diseases were organized during the reporting year. Chambal organized a family planning camp in partnership with the Health Department (Kota) where 15 operations were conducted. We also organized a blood donation camp in association with the Kota Blood Bank Society (KBSS) where our



Healthcare Programme	2009-10 (Nos.)	2010-11 (Nos.)	2011-12 (Nos.)
Patients treated by Gramin Arogya Sewa Mobile Health Care Unit	19485	22485	34741
Patients treated by specialist doctors	2200	1553	2880
No of times ambulance was provided to community members in emergency situations	189	171	222
Children covered under Pulse Polio immunization programme	95	75	51

Table 19: Healthcare related activities

Healthcare Camps	2009-10 No. of patients	2010-11 No. of patients	2011-12 No. of patients
Camp for skin related diseases	-	263	217
Camps for differently-abled person	-	169	-
Eye Check-up Camp	1047	942	742
Family Planning Camp (Tubectomy & Vasectomy)	-	61	15
Blood Donation Camp	149 units	152 units	196 units

Table 20: Healthcare related activities

employees and their family members donated blood.

3. Livelihood (Swarojgar Prashikshan):

Self-help Groups (SHGs) are a unique method to implement developmental schemes at the grass root level by combining self management with access to low cost finances. It also helps the marginalized community come together to solve their problems through the participatory approach. Chambal's SHG initiative is focused on women in the nearby villages and is being implemented with the help of an NGO, Gramin Vikas Trust. These SHGs have been formed with the objective of providing micro-finance, inter-loans and promoting entrepreneurial skills.

During the reporting year, 3 SHGs purchased a dona partal machine and started entrepreneurial activities to augment their family income.

4. Rural Infrastructure Development

Chambal has been contributing towards rural infrastructure development by



Number of SHGs formed (Till Date)	Number of women members
28	337

Table 21: Self-Help groups

Constructing classrooms and boundary walls in schools, pavements and gravel link roads, drains and culverts in the adjacent villages. In the reporting year, we constructed pavements in Karadia, Mandola, Simliya and Ballabhura villages. Chambal also constructed a boundary wall in Gadepan and Ballabhura schools, a boundary wall of community center at Bambhori village and two crematoriums in Bambhori and Kalarewa villages.

We have started a pilot scheme for the construction of drains and pavements in Gadepan village. Under this scheme, manpower is routed through MNREGS and the entire material is provided by us. This work is currently in progress.

Chambal has also helped in the construction of hand-pumps and tube-wells in surrounding villages. During the reporting year, de-centralized drinking water systems were constructed in Bhonra and Gadepan ki jhopariyan villages and Ballabhura Government School.

5. Agriculture and Veterinary Services:

Agriculture and livestock development forms the backbone of rural livelihood.

Chambal is committed to educate the farmers about the latest developments in the field of agriculture and animal husbandry. We have established two Uttam Krishi Clinics (UKCs) in the vicinity of our plants at Kota.

The Uttam Krishi Clinics provide the following services to the rural community:

- Quality vegetables and fruit saplings
- Vermi-compost/NADEP units
- Field demonstrations
- Free soil testing
- Agriculture consultancy
- Crop seminars in collaboration with Krishi Vigyan Kendras
- Farmer training programmes for new and improved techniques
- Improved farm implements

We regularly organize veterinary camps (for vaccination and treatment of animal health related problems) in collaboration with the Government Veterinary Department, Kota.

PRODUCT RESPONSIBILITY

Agriculture is the backbone of the Indian economy and fertile soil is the most important resource for

Phase II of Operation Sanitation launched

Sanitation is critical for ensuring quality of life and health in the rural areas. Chambal is committed to enhancing sanitation through 'community participation' and 'people-led' programmes in the vicinity of its plants. The Company plans to improve sanitary practices through awareness campaigns and construction of toilets. Awareness about good sanitary habits is being spread by regularly organizing information, education and communication (IEC) activities on health and sanitation in nearby villages and schools.

In 2010-11, Chambal started a pilot project for construction of toilets for Below-the- Poverty Line (BPL) households under the Total Sanitation Campaign of the Government of India. This Public-Private Community Partnership (PPCP) scheme was implemented by an NGO, Gramin Vikas Trust. In phase-I of this scheme, the Company constructed 715 toilets in 22 surrounding villages of four gram panchayats. Of the 715 toilets, 402 were constructed in the reporting year. The company has also renovated girl toilets in 10 Government schools in 2011-12.

Based on the response and demand of the community, Chambal has launched phase-II of the sanitation programme. In this phase, an additional 200 toilets will be constructed during FY 2012-13.

agricultural production. Soil provides water, nutrients and anchorage to crop plants. But to increase fertility, the soil needs inputs like organic manures and fertilizers. Agricultural inputs, like fertilizers, insecticides and pesticides have played a key role in increasing production of food grains and other crops in India since 1960.

We are committed to maintaining the quality of our products and to minimize any potential negative impacts these may have on the people, environment and biodiversity. While Chambal's flagship product – urea, poses minimal risk to human health during transportation and handling, its over-application can be harmful to soil and crop health.

Farmer Advisory Services - Uttam Bandhan

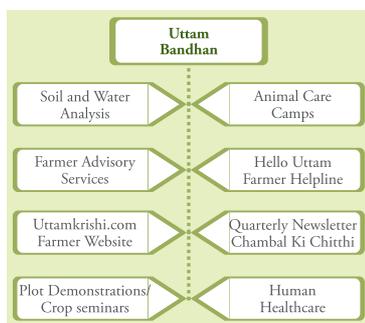
As a part of our extended responsibility, we use both new-age as well as traditional media to educate the farmer about the optimum quantity and right mix of fertilisers for use in farms.

Chambal's Uttam Bandhan – a trendsetting agriculture and community development programme, is playing a key role in protecting and renewing arable land through the practice of sustainable agriculture. Under this programme, farmers are using various contact points to access information on scientific farming practices, learn about latest, high quality agri-inputs, locate authorized dealers, get the latest local weather forecast and know about non-farm businesses. Most significantly, farmers are being empowered to cope with problems like nutrient-deficient soils, low water tables and indiscriminate use of fertilisers and pesticides.

The delivery touch points for Uttam Bandhan are crop and product demonstrations, field trials, training programmes and farmer meets. The key agenda of these activities is to promote balanced use of fertilisers and advise farmers on suitable combination of nutrients for different kinds of soils. Plot demonstrations are conducted to showcase efficacy of Chambal products and give a preview of efficient agri-practices.

Agriculture and Livestock Development Initiative through Uttam Krishi Salhakars	2010-11 Nos.	2011-12 Nos.
Farmer Training Programmes / crop seminars*	16	8
Animal Vaccination	3105 vaccinations in 15 camps	3086 vaccinations in 14 camps
Micro Irrigation (Drip irrigation system installed under National Horticulture Mission)	7.11 hectare	16.68 Hectare

Table 22: Agricultural and livestock development initiative
* in addition to Uttam Bandhan data on page 68



In addition, Chambal’s toll-free telephone helpline ‘Hello Uttam’ answers farmer’s questions in their local language. A quarterly newsletter of the Company, ‘Chambal Ki Chitti’ disseminates latest farming and product related information. This newsletter is published in three languages - Hindi, Punjabi and Gujarati. The Company has an interactive Hindi portal - www.uttamkrishi.com -with the latest information on crops and agronomy. Chambal also reaches out to the farming community through television and radio advertisements.

Maintaining Soil Fertility

Low fertility of Indian soils is a major constraint in achieving high plant yield. Soil fertility decline is naturally more alarming in intensively cultivated regions wherein regular nutrient withdrawals by crops are high. Therefore, to maintain soil health and promote sustainable agriculture, replenishment of macro and micronutrients of soil becomes critical.

Chambal’s soil management initiative is a pioneering move in this regard. We have two Agriculture Development Laboratories (ADL) at Sriganganagar (Rajasthan) and Agra (Uttar Pradesh). In addition to the two ADLs, we have two mobile soil testing vans and four satellite laboratories at Kota, Baran, Bundi and Jhalawar in Rajasthan. The soil tests are done free of charge for Uttam Bandhan members.

Till date, Chambal has conducted over 700,000 soil and other sample tests in ten states.

Measuring Satisfaction

We use various platforms to interact with our customers, gauge their satisfaction levels and get valuable feedback. Their comments and remarks are compiled and analysed for identifying the opportunities for improvement in our products and service delivery mechanism. In 2010-11, we conducted a ‘Brand Health Survey’ in some key markets. Based on the research findings of this survey, in the reporting year, we took corrective action by designing new product packaging for some of our products.

Responsible Communications

We label our products as per the guidelines of The Fertiliser (Control) Order 1985 and Legal Metrology

‘Soil Fertility Status’ Booklet

In 2010-11, Chambal published a ‘Soil Fertility Status’ for north-western states of India. This booklet also carries soil fertility maps with respect to different soil parameters. The findings in this publication are a result of about 7 lac soil and water samples tested by Chambal ADLs. This booklet printed in Hindi and English is available free of cost at www.chambalfertilisers.com

Act, 2009. Our product labels inform customers about the following:

- Name of fertiliser
- Percentage of various nutrients
- Gross and net weight (in kilogram)
- Maximum retail price
- Month and year of manufacture
- Contact details of manufacturer
- Address of manufacturing facility
- Handling precautions
- Toll-free Helpline number

We also provide Material Safety Data sheets to new dealers or channel partners as and when requested.

Ensuring Compliance

We adhere to ASCI (Advertising Standards Council of India) guidelines in all our marketing communications. During the reporting year, there were no fines relating to any non-compliance in this regard.

Uttam Bandhan Activities	FY 2010-11	FY 2011-12
Soil & other samples tested by ADLs/ Mobile Vans	66992	79025
Soil Sample Days	155	230
Farmer Meetings	5557	2265
Farmer Training Programmes	143	186
Jeep Campaign Days	6885	5442
Field Days	130	45
Fairs / Exhibitions	87	75
Dealer & Sub-dealer Meetings	54	59
Demonstrations/ Crop Seminars	975	603
Hello Uttam Queries	32739	40903

Table 23: Uttam Bandhan activities

Other Statements

[Assurance Statement](#)

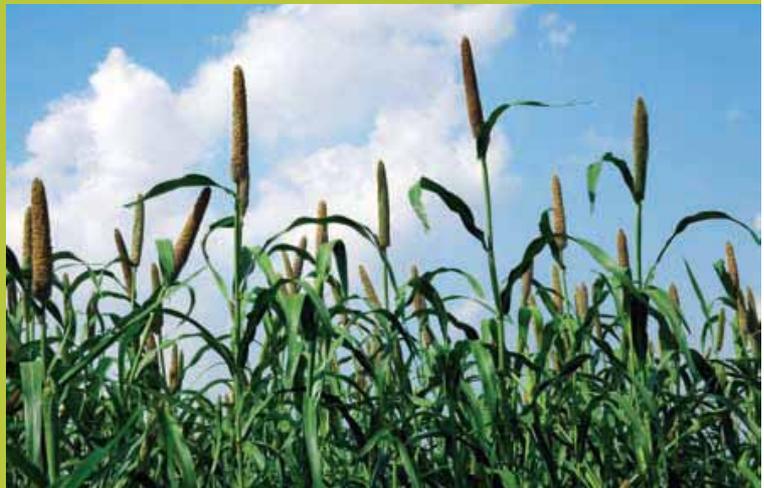
[Index - National Voluntary Guidelines on social, environmental and economic responsibilities of business \(Ministry of Corporate Affairs, Government of India\)](#)

[GRI Index](#)

[Glossary of Terms](#)

[Application Level](#)

[Feedback Form](#)



Assurance Statement



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Independent Assurance Statement

**The Management and Board of Directors
Chambal Fertilisers and Chemicals Limited
Corporate One, First Floor
5 Commercial Centre, Jasola
New Delhi, India**

Independent Assurance Statement

Ernst & Young Pvt. Ltd. (EY) was retained by Chambal Fertilisers and Chemicals Limited (the 'Company') to provide an independent assurance of its Sustainability Report 2011-12 (the 'Report').

The development of the Report, its content, and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance that any such third party may place on the Report is entirely at its own risk.

Assurance Standard

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

Key assurance procedures

The nature and scope of our work was based on our professional judgment and we have performed all the procedures deemed necessary to provide a basis for our conclusions. Within the scope of our engagement, we requested evidence on a sample basis to obtain a limited level of assurance on the contents of the Report that has been prepared using the reporting principles and criteria of GRI 2006 guidelines (GRI-G3).

Scope of assurance and methodology

The scope of work for this assurance was limited to review of information pertaining to environment, health & safety (EHS) and social performance for the period 1st April 2011 to 31st March 2012. We conducted review and verification of data collection/ measurement methodology and general review of the logic of inclusion/ omission of necessary relevant information / data and this was limited to:

- Review of major anomaly within the report as well as between the report and source data/information;
- Verification of the sample data and information reported at the manufacturing unit at Gadepan and Corporate office in New Delhi;
- Execution of audit trail of selected data streams and information to determine the level of accuracy in collection, transcription and aggregation processes followed; and
- Review of Company's plans, policies and practices, so as to be able to make comments on the completeness of the reporting and degree to which EY believes the report provides a fair and honest representation of the Company's activities.

The review and verification was performed by our multidisciplinary team of professionals in the field of environment, health, safety and social matters, who visited the manufacturing unit in Gadepan, District Kota, Rajasthan and Corporate office in New Delhi.

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2011 to 31st March 2012);
- Data and information on the economic and financial performance of the Company included in the Report;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention.

Observations

During our review process, we observed that:

1. The Company has applied GRI-G3 Guidelines and protocols for preparation of the Report;
2. The Company has demonstrated continued commitment to social initiatives through its consistent contribution to community development activities; and
3. The systems and procedures applied by the Company for collection, collation and interpretation of non-financial historical data on EHS and social performance parameters for inclusion in the Report are reliable.

Conclusion

On the basis of our assurance methodology, nothing has come to our attention that would cause us not to believe that:

- The Report presents the Company's sustainability performance covering the indicators as mentioned in the Report;
- The Report contents are presented fairly keeping in view the GRI G3 Sustainability reporting principles and criteria.

Our Assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our Climate Change and Sustainability Services, and undertakes similar engagements with various Indian and international companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

Ernst & Young Private Limited

Sudipta Das,
Partner

Dated: 21st September 2012
Place: Kolkata, India

¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This Code establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.

Index - National Voluntary Guidelines on social, environmental and economic responsibilities of business

(Ministry of Corporate Affairs, Government of India)

Compliance of Voluntary Guidelines by Ministry of Corporate Affairs		
Principles	Core Elements	Comparative GRI G3 Standard disclosures and Indicators
Principle 1 – Ethics, Transparency and Accountability	Governance structure of the business, including committees under the Board responsible for organizational oversight.	GRI Standard disclosure 4.1 / Annual Report 2011-12 -->Corporate Governance Report
	Mandate and composition (including number of independent members and/or non-executive members) of such committee with the number of oversight review meetings held	GRI Standard disclosure 4.2, 4.3 / Annual Report 2011-12 -->Corporate Governance Report
	State whether the person/committee head responsible for oversight review is independent from the executive authority or not. If yes, how.	GRI Standard disclosure 4.2, 4.9 / Annual Report 2011-12 -->Corporate Governance Report
	Mechanisms for shareholders and employees to provide recommendations or direction to the Board/ Chief Executive.	GRI Standard disclosure 4.4
	Processes in place for the Board/ Chief Executive to ensure conflicts of interest are avoided.	GRI Standard disclosure 4.6 / Annual Report 2011-12 -->Corporate Governance Report
	Internally developed statement on Ethics, Codes of Conduct and details of the process followed to ensure that the same are followed	GRI Standard disclosure 48 / Annual Report 2011-12 -->Corporate Governance Report
	Frequency with which the Board/ Chief Executive assess BR performance.	HSEQ and Safety performance is regularly reviewed by the Managing Director and is reported in all the Board Meetings
Principle 2 - Products life cycle sustainability	Statement on the use of recyclable raw materials used	GRI Core indicator EN2
	Statement on use of energy-efficient technologies, designs and manufacturing/service-delivery processes	GRI Additional indicator EN5
	Statement on copyrights issues in case of the products that involve use of traditional knowledge and geographical indicators	Manufacturing of our core product Urea is a highly technical by nature and therefore does not have any copyrights regarding traditional knowledge and geographical indicators
	Statement on use of sustainable practices used in the value chain	GRI Core indicator HR 1, 2, Environmental sustainability of suppliers will be done in due course
Principle 3 - Employee's well-being	Total number of employees with percentage of employees that are engaged through contractors	GRI Core indicator LA1
	Statement on non-discriminatory employment policy of the business entity	GRI Core indicator HR4
	Percentage of employees who are women	GRI Core indicator LA13
	Number of persons with disabilities hired	While we do not have any policy in this regard, we hire & promote people as per merit and do not discriminate between able and disable persons 13
	Amount of the least monthly wage paid to any skilled and unskilled employee	We pay wages as per Government's Minimum Wage act
	Number of training and skill up-gradation programmes organized during the reporting period for skilled and unskilled employees	GRI Core indicator LA10
	Number of incidents of delay in payment of wages during the reporting period	There has been no delay in payment of wages during the reporting period
	Number of grievances submitted by the employees	Covered under Industrial Relations

Principle 4 - Stakeholder engagement	Statement on the process of identification of stakeholders and engaging with them	GRI Standard disclosures 4.14, 4.15, 4.16, 4.17
	Statement on significant issues on which formal dialogue has been undertaken with any of the stakeholder groups	GRI Standard disclosures 4.14, 4.15, 4.16, 4.18
Principle 5 - Human rights	Statement on the policy of the business entity on observance of human rights in their operation	GRI Core indicators HR 1, 2, 5, 6 & 7
	Statement on complaints of human rights violations filed during the reporting period	GRI Core indicators HR 2 & 4 - There were no reported cases of Human Right violations during the reported period
Principle 6 - Environment	Percentage of materials used that are recycled input materials	GRI Core indicator EN 2
	Total energy consumed by the business entity for its operations	GRI Core indicator EN 3 & 4
	Statement on use of energy saving processes and the total energy saved due to use of such processes	GRI Additional indicator EN 5
	Use of renewable energy as percentage of total energy consumption	GRI Core indicators EN 3 & 4
	Total water consumed and the percentage of water that is recycled and reused	GRI Core indicator EN 8 & Additional Indicator 10
	Statement on quantum of emissions of greenhouse gases and efforts made to reduce the same	GRI Core indicator EN 16
	Statement on discharge of water and effluents indicating the treatment done before discharge and the destination of disposal	GRI Core indicator EN 21
	Details of efforts made for reconstruction of bio-diversity	GRI Core indicators EN 11, 12 & Additional Indicator 13
Principle 7 - Policy advocacy	Statement on significant policy advocacy efforts undertaken with details of the platforms used	GRI Standard disclosure 4.13, GRI Core indicator SO5
Principle 8 - Inclusive growth	Details of community investment and development work undertaken indicating the financial resources deployed and the impact of this work with a longer term perspective	GRI Core indicators SO1 & EC 4
	Details of innovative practices, products and services that particularly enhance access and allocation of resources to the poor and the marginalized groups of the society	Covered in CSR / product responsibility section. Our products are largely consumed by farmers and helps in enhancing their product yield and thereby income
Principle 9 - Customer value	Statement on whether the labeling of their products has adequate information regarding product-related customer health and safety, method of use and disposal, product and process standards observed	GRI Core indicator PR3
	Details of the customer complaints on safety, labeling and safe disposal of the products received during the reporting period	There were no complains in the reporting year

GRI Index

GRI G3 Content Index		
Standard Disclosures Part I: Profile Disclosures		
1. Strategy and Analysis		
Profile Disclosure	Description	Reference
1.1	Statement from the most senior decision-maker of the organization	6
1.2	Description of key impacts, risks, and opportunities	32-34
2. Organisational Profile		
Profile Disclosure	Description	Reference
2.1	Name of the organization.	Cover page
2.2	Primary brands, products, and/or services.	28-30
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	28-30
2.4	Location of organization's headquarters.	28-30
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	26
2.6	Nature of ownership and legal form.	28
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).	28-30
2.8	Scale of the reporting organization.	44-45
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2.10	Awards received in the reporting period.	29
3. Report Parameters		
Profile Disclosure	Description	Reference
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3.2	Date of most recent previous report (if any).	26
3.3	Contact point for questions regarding the report or its contents.	26
3.4	Process for defining report content.	26
3.5	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	26
3.6	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	26
3.7	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	26
3.8	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Mentioned at relevant sections
3.9	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers /acquisitions, change of base years/periods, nature of business, measurement methods).	No significant change
3.10	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	26
3.11	Table identifying the location of the Standard Disclosures in the report.	74
3.12	Policy and current practice with regard to seeking external assurance for the report.	26

4. Governance, Commitments, and Engagement		
Profile Disclosure	Description	Reference
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	36-38
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	36-38
4.3-4.11	Board Structure, Shareholder Recommendation, Avoidance of conflict of Interest, selection of Board Members, Vision and Mission, Code of Conduct, Discussions about Sustainability Issues in the Board, Evaluation of Performance of Governance body with respect to sustainability issues, Precautionary Approach.	36-38 Plus Annual Report
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	32-34
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	40
4.14	List of stakeholder groups engaged by the organization.	40-42
4.15	Basis for identification and selection of stakeholders with whom to engage.	40-42
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	40-42
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	40-42

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

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DMA LA	Disclosure on Management Approach LA	60-63
DMA SO	Disclosure on Management Approach SO	64-67
DMA HR	Disclosure on Management Approach HR	57
DMA PR	Disclosure on Management Approach PR	67-68

Economic

Performance Indicator	Description	Reference
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	44-46
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	49
EC3	Coverage of the organization's defined benefit plan obligations.	60
EC4	Significant financial assistance received from government.	44-45
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	44-46
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	60-63
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	64-67

Environment		
Performance Indicator	Description	Reference
EN1	Materials used by weight or volume.	48
EN2	Percentage of materials used that are recycled input materials.	48-49
EN3	Direct energy consumption by primary energy source.	48-49
EN4	Indirect energy consumption by primary source.	48-49
EN5	Energy saved due to conservation and efficiency improvements.	48-49
EN8	Total water withdrawal by source.	51
EN10	Percentage and total volume of water recycled and reused.	51-52
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	55
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	55
EN13	Habitats protected or restored.	55
EN16	Total direct and indirect greenhouse gas emissions by weight.	49-50
EN17	Other relevant indirect greenhouse gas emissions by weight.	49-50
EN19	Emissions of ozone-depleting substances by weight.	54
EN20	NOx, SOx, and other significant air emissions by type and weight.	54
EN21	Total water discharge by quality and destination.	52-53
EN22	Total weight of waste by type and disposal method.	55
EN23	Total number and volume of significant spills.	53
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	67-68
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Packaging material not reclaimed
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No non-compliance
EN30	Total environmental protection expenditures and investments by type.	56
Social: Labour Practice and Decent Work		
Performance Indicator	Description	Reference
LA1	Total workforce by employment type, employment contract, and region.	58
LA2	Total number and rate of employee turnover by age group, gender, and region.	58-59
LA4	Percentage of employees covered by collective bargaining agreements.	63
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	63
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	60
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	62
LA10	Average hours of training per year per employee by employee category.	59

LA12	Percentage of employees receiving regular performance and career development reviews.	59
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	58
LA14	Ratio of basic salary of men to women by employee category.	63
Social: Society		
Performance Indicator	Description	Reference
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	64-67
SO2	Percentage and total number of business units analyzed for risks related to corruption.	38
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	38
SO4	Actions taken in response to incidents of corruption.	38
SO5	Public policy positions and participation in public policy development and lobbying.	38
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No non-compliance
Social: Human Rights		
Performance Indicator	Description	Reference
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	63
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	63
HR4	Total number of incidents of discrimination and actions taken.	63
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	63
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	63
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	63
Social: Product Responsibility		
Performance Indicator	Description	Reference
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	67-68
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	68
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	67-68
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	67-68
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	67-68
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	67-68

Glossary of Terms

ADL	Agriculture Development Laboratory
ASCI	Advertising Standards Council of India
BNHS	Bombay Natural History Society
BPL	Below Poverty Line
BSE	Bombay Stock Exchange
CBSE	Central Board of Secondary Education
CF DAV	Chambal Fertilisers DAV School
CFC	Chlorofluorocarbon
CFCL	Chambal Fertilisers and Chemicals Limited
CII	Confederation of Indian Industry
CO ₂	Carbon di oxide
COPD	Chronic Obstructive Pulmonary Disease
CSR	Corporate Social Responsibility
DAP	Di Ammonium Phosphate
DM Plant	Plant Dimineralisation Plant
DM	Disclosure on Management Approach
DWT	Dead Weight Tonnage
EC	Economic Performance Indicators
ECG	Electrocardiogram
EHS	Environment Health and Safety
EN	Environment Performance Indicators
ENT	Ear, Nose and Throat Specialist
ETP	Effluent Treatment Plant
EVD	Economic Value Distributed
EVG	Economic Value Generated
FAI	Fertiliser Association of India
FCO	Fertiliser (Control) Order
FICC	Fertilizer Industry Coordination Committee
FY	Financial Year
Gcal	Giga Calories
GET	Graduate Engineer Trainee
GHG	Greenhouse Gases
GJ	Giga Joule
GRI	Global Reporting Initiative
GRI G3	Global Reporting Initiative, Generation Three
GV	Geomarco Vetro Coke
GVT	Gramin Vikas Trust
HDPE	High Density Polyethylene
HR	Human Rights Performance Indicators
HR	Human Resource
HSE	Healthy, Safety and Environment
HSEQ	Health, Safety, Environment & Quality System
IEC	Information, Education and Communication
IFA	International Fertilizer Association
IIM	Indian Institute of Management
IMACID	Indo Maroc Phosphore S.A.
IMC	Institute Management Committee
IMF	International Monetary Fund
INR	Indian Rupee
IR	Industrial Relations
ISO	International Organization for Standardization

ITI	Industrial Training Institute
KBBS	Kota Blood Bank Society
KG-D6	Krishna Godavari Basin
KKBMS	KK Birla Memorial Society
KRES	KBR Reformer Exchange System
KVK	Krishi Vigyan Kendra
LA	Labour Performance Indicators
MD	Managing Director
MOP	Muriate of Potash
MS Scrap	Mild Steel Scrap
MT	Management Trainee
MT	Metric Tonne
N ₂ O	Nitrous Oxide
NADEP	A compost method developed by Naryan Devrao Pandri Pandey
NBS	Nutrient Based Subsidy
NGO	Non Government Organization
NIHL	Noise Induced Hearing Loss
NIP	New Investment Policy
NO _x	Oxides of Nitrogen
NPS	New Pricing Scheme
NSE	National Stock Exchange
OCBs	Overseas Corporate Bodies
OCP	Operation Control Procedures
ODS	Ozone Depleting Substances
OHSAS	Occupational Health & Safety Advisory Services
OSHA	Occupational Safety and Health Administration
PAR	Performance Analysis Report
PAT	Profit After Tax
PBT	Profit Before Tax
PMS	Performance Management System
PPCP	Public Private Community Partnership
PPE	Personal Protective Equipment
PPP	Public Private Partnership
PR	Product Responsibility Performance Indicators
PSM	Process Safety Management
PVC	Polyvinyl Chloride
RLNG	Re-gasified Liquefied Natural Gas
SHGs	Self Help Groups
SMS	Short Messaging Service
SO	Social Performance Indicators
SPM	Suspended Particulate Matter
SSP	Single Super Phosphate
STP	Sewage Treatment Plant
Tcf	Trillion Cubic Feet
TMOs	Trainee Marketing Officers
TSE	Total Sanitation Campaign
UK	Uttam Kranti
UKCs	Uttam Krishi Clinics
UKS	Uttam Krishi Salahakars
UN	United Nations
USD	US Dollar

Application Level

		C	C+	B	B+	A	A+
Optional	Self Declared						
	Third Party Checked		Report		Report		Report
	GRI Checked		Report		Report		Report
Mandatory	Self Declared		Assured		Assured		Assured
	Third Party Checked		Externally		Externally		Externally
	GRI Checked		Report		Report		Report

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Please tick (✓) the most appropriate box.

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1. Coverage of issues	<input type="checkbox"/>				
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6. Kindly suggest areas where more detailed information may be reported

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7. Kindly suggest what other issues/areas could be covered in the report

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Chambal Fertilisers sincerely thanks you for your time and comments.

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Disclaimer:

Forward looking statements mentioned in this report are provided to bring forth our sustainability plans and activities. These statements are based on our current understanding of macro-economic and sustainable development issues as widely debated in the world.

Undue reliance on these forward looking statements is not advised because these statements reflect management's current analysis of future events, which might not prove to be exact in this rapidly changing world.



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