



CHAMBAL FERTILISERS
AND CHEMICALS LIMITED

Sustainability Report 2013-14



Empowering youth
for a better 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 fertilizer 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 organization.

Contents

6

Chairman's Message

8

Empowering Youth For a Better Future



35

Stakeholder Engagement

39

Triple Bottom-line Performance
Economic Footprint



27

Opportunities, Threats and Risk Management

31

Accountability Framework



22

Report Parameters

23

About Chambal Fertilisers



43

Triple Bottom-line Performance
Environment

53

Triple Bottom-line Performance
Social Responsibility



72
GRI Index

76
Glossary of Terms



68
Assurance Statement

70
Index – National Voluntary
Guidelines
(Ministry of Corporate Affairs)
Government of India



79
Feedback Form



78
Application Level



Chairman's Message



Dear Stakeholder,

I have great pleasure in presenting Chambal's fifth Sustainability Report.

For Chambal, sustainability or the triple bottom-line approach is of paramount importance. We are well aware that our long-term economic sustainability is dependent on our ecosystem. We have a history of conducting our business in a socially, environmentally and financially responsible manner.

Our commitment to sustainable and inclusive growth has helped us to carry out technological and operational improvements and conserve resources. We have an integrated environmental management system for rain water harvesting, ground water recharging, energy conservation and pollution control. In this direction, we have recently replaced conventional lights with LED lamps in the campus and use solar energy and waste heat, wherever possible.

Our key stakeholder is the Indian farmer. We regularly promote responsible farming practices and help farmers in crop selection, soil nutrition and proper use of fertilizers, pesticides and other agri-inputs and thereby improve productivity.

Apart from serving the farming community in our marketing areas, we consider the people residing in the vicinity of our plants, to be important members of our family. We have a genuine concern for their well-being, happiness and all round progress. Our interventions in infrastructure, women and youth empowerment, healthcare and education domains have helped in improving the quality of life of this community.

Our efforts to create value across the economic, environmental and social dimensions of the triple bottom line are presented in our fifth Sustainability Report. The theme of this year's sustainability report is, "Empowering Youth for a Better Future". We look at our interventions across a spectrum of fronts – skill development, vocational training, technical and school education.

Under our Uttam Roshani programme, we have initiated well-targeted school education programmes to safeguard the future of the next generation. These initiatives are now operational in 24 schools in 22 villages in and around our Gadepan factory complex, benefiting about 2000 children. The work has already commenced in another 8 schools including senior secondary schools benefiting about 1600 children.

In the reporting year, Chambal produced and sold 1.94 million MT and 2.09 million MT of urea respectively. Our revenue increased by about 9% to ₹ 7,982 crore against ₹ 7,341 crore in the previous year. Profit-after-tax is almost at the same level at ₹ 303 crore against ₹ 306 crore in the last financial year.

We have three business segments; fertilizer, textile and shipping. In FY 2013-14, the revenue of our own manufactured fertilisers went up to ₹ 4,364 crore, an increase of 21% over the previous year. Textiles improved its performance in the current fiscal. While our shipping business has improved slightly, software continues to face recessionary trends.

Our continued focus on traded goods over the last few years has started to bear fruit. In FY 2013-14, more than 30% of our total revenue came from the trading segment. This is an important milestone in our journey towards transforming Chambal from a urea manufacturing company to an agri-product company.

Chambal is committed to good corporate citizenship, accountability and transparency by setting exemplary standards of ethical behavior and professional integrity, across the organisation. We have an established framework of rules and regulations to ensure that our employees uphold Company values and conduct

business within the accepted norms of propriety and responsibility.

This Report outlines our triple bottom line performance on all 49 core indicators, and conforms to A+ Application Level of GRI-G3 guidelines. The report has been assured by Ernst & Young LLP, an external agency.

In conclusion, I appreciate the commitment and tireless efforts of our people in creating enduring value for all our stakeholders. In particular, I must applaud their initiative in empowering and securing the future of children in the communities near our plants. These efforts over the last few years, have led me to believe that Chambal is now well on its way to building a truly sustainable organisation.

Thank you.

Best wishes,



Saroj K. Poddar
Chairman





Empowering Youth For a Better Future

How do you make the world a better place for the present and future generations to live in?

How do you make growth sustainable and inclusive?

How do you secure the future of children and youth, especially those living in rural India?

Chambal has been addressing these challenges through Uttam Roshani – a comprehensive CSR initiative. Uttam Roshani is an effort to create sustainable economic, environmental and social value for all Chambal stakeholders.

The spearhead of this initiative is education. Chambal believes that 'educated' persons are better placed to create sustainable futures for themselves, their families, and society at large. Consequently, Chambal has initiated a string of primary, secondary and technical education, vocational training and skill development programmes, which have benefited about 3600 children in 22 villages around Chambal's Gadepan plant complex in Kota district of Rajasthan.



“I want my children to lead happier, fulfilling, and more comfortable lives. A school education is a step in that direction.”



*Nirmala,
Kalbeliya Basti, Village Bamori*

Why parents who never went to school are now rooting for school education for their children

Convincing parents in rural areas to send their children (especially girls) to school has not been an easy task.

But thanks to Chambal's sustained initiatives and efforts in the last few years, even illiterate fathers and mothers in and around Gadepan now realize that education is a passport to a better life and better future. They are beginning to believe that schooling is the best insurance children can have. They are, more than ever before, aware that a school education helps children to build financially rewarding careers, enhance their family's standard of living and health, and enables them to lead a life of dignity and respect.



“For me, school is a place where I can learn exciting new things, play interesting games and make good friends. I just can’t think of missing even a single day of school.”



*Hemlata,
Government Primary School, Village Bamori*

Why enrolment rates have improved and drop-out rates have dropped in Government schools

Besides balwadis and technical training institutes, Chambal has adopted 24 primary and upper primary Government schools in 22 villages under the public-private partnerships scheme of the Government of Rajasthan. The focus here is on improving enrolment and attendance, and lowering drop-out rates among school children. Chambal has partnered with leading NGOs in the region to achieve the above objectives.

Special attention has been paid to enrich the learning environment by motivating and building the capacity of teachers, and improving the infrastructure in the schools. Most importantly, whether it is woollens, school bags, books and stationery, or even the need for separate toilets for girls, the critical needs of children are being addressed.

In the reporting year, over 500 new children were enrolled in Government schools in the region. And, the attendance rate shot up by 80%.

What's more, encouraged by its success in the primary education field, Chambal has adopted five secondary and senior secondary schools (plus three additional primary schools) in Kota district of Rajasthan. These initiatives, all together, are now benefiting about 3600 children in the region.



*“Children who go to school
are the real change agents
in our village.”*



*Latur Paswan,
Kalbeliya Basti, Village Bamori*

How school children are taking the lead in changing age-old attitudes and habits for the better

Under Government of India's public-private partnership scheme, Chambal has initiated a sanitation programme, which has seen the construction of close to 1000 toilets in the last three years. Children are key stakeholders in this initiative.

Children in Chambal-aided schools who have been given basic lessons in personal hygiene and sanitation, are now spearheading campaigns to change habits and mindsets in their families and villages. The campaigns are centred on using dustbins, washing vegetables and fruit, washing hands before meals, having a daily bath, using toilets, and keeping homes neat and clean.

Most significantly, with more and more children attending schools and showing good results, village elders and the parent generation are now seeing education as an invaluable stepping stone to a better future. Additionally, with the higher enrolment of girls in schools, and the presence of women teachers, they are beginning to view the fairer sex in a new, positive light.



“Our goal is to pick up job-related skills and knowledge, so that we can have a long and rewarding career in a reputed organisation.”



*Kapil Lashkar and Narendra Suman
ITI-Sangod*

How a technical skill development institute in an unknown corner of rural India is fulfilling the dreams of young men and women

In 2011, under the public-private partnership scheme of the Government of Rajasthan, Chambal adopted ITI-Sangod, an industrial training institute.

In the last few years, ITI-Sangod has emerged as a model and top rated technical skill development institute in the state. Amazingly, it is scoring even over regional engineering colleges. ITI-Sangod has a 100% placement record; and attracts admission applications 4 x the number of seats.

ITI-Sangod is fulfilling the need for technically qualified manpower – fitter, electrician, diesel mechanic, welder, computer operator and refrigerator mechanic. Furthermore, it is securing the future of young men and women (class 8 and class 10 students) by placing them on a sustainable and lucrative career path.

In the last four years, Chambal has facilitated the placement of over 250 students with blue-chip organisations like the Indian Army, Maruti Suzuki, Tata Motors, Mahindra & Mahindra, Honda Motors, Gillette, Cadbury's, LG, Ashok Leyland, Hindustan Glass, DRDO, Indian Railways, RSEB and the UNO Minda Group.

Encouraged by the success of ITI-Sangod, Chambal has adopted a second institute – ITI-Sultanpur – where development activities will commence shortly.



“My dream is to run a tailoring business so that I achieve financial independence, and my over worked mother can sit back and enjoy life.”



*Priyanka Kevat,
Village Cheensa, Gadepan*

How young women are learning to live a life of dignity and respect

The special focus of Chambal's skill development initiative is 'capacity building' of young women in specially constituted village learning centres.

In collaboration with the District Adult Education Association, Chambal has taken steps to enhance the business-related skills of young women, thereby ensuring that they are gainfully self-employed.

Two vocational training centres have been established at Kundanpur and Gadepan respectively. Till date, 168 women have been trained in tailoring and 40 women in the beautician trade.

Chambal is planning to set up a self-help group who will be tasked with the job of stitching school uniforms. This will ensure that they have a regular source of income.



“I have observed that school-going children are healthier, more energetic, and more concerned about personal hygiene.”



*Narenda Pabariya,
Government Upper Primary School, Village Dabar*

How free healthcare is enhancing the health quotient of children

Chambal is laying the foundation of a healthy society through a string of village-level initiatives that include regular medical check-ups, ambulance on call, vaccination drives, free medicines, and awareness building programmes pertaining to nutritive diets, fitness regimens and preventive healthcare.

At the school level, the initiatives include clean potable water and separate toilets for boys and girls. Furthermore, both children and their parents are being persuaded to maintain high standards of personal and community hygiene.



Report Parameters

Corporate Sustainability is an approach that creates long term shareholder value by embracing opportunities and managing risks driving from economic, environment and social responsibilities. Chambal Fertilisers and Chemicals Limited works closely with the farmers and rural communities in India towards realizing its vision of a sustainable world.

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

PURPOSE AND AUDIENCE OF REPORTING

At Chambal, we initiated reporting of our sustainability performance in FY 2009-10. Our last Sustainability Report titled 'Small Children, Big Dreams' was published for FY 2012-13 and conformed to A+ Application level of GRI.

Through this fifth edition of our Sustainability Report, we wish to communicate with our stakeholders, our sustainable development policies, practices and performance for the period April 1, 2013-March 31, 2014.

Our Sustainability Report is published annually; and is distributed to our key stakeholders as well as electronically transmitted to our shareholders.

DEFINING THE REPORT CONTENT

While there is no significant change in the reporting scope over the last reporting year, we have expanded

the report boundary to cover our SSP plant at Gadepan for FY 2013-14. The reporting principles and methodology continue 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 enunciated by 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 our organization.

BOUNDARY, SCOPE AND DATA COLLECTION

The report boundary comprehensively covers our two urea plants and SSP plant at Gadepan, district Kota, Rajasthan (India) and also covers social performance (social development and outreach, workforce break-up, employee turnover and product responsibility) of the agri-business division.

The economic performance data reported is drawn from Company's audited annual accounts for FY 2013-14 unless otherwise stated.

The performance data does not include data from the 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 2011-12, FY 2012-13 and FY 2013-14.

This report was made possible through the collaborative efforts of our various departments: production, environment, utilities, safety, technical, materials, supply & distribution, marketing, finance, legal & secretarial, human resources, CSR and corporate communications.

ASSURANCE

The contents of this report have been verified by an independent consultant, Ernst and Young LLP. 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

DISCLAIMERS

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



About Chambal Fertilisers

- Shareholding Pattern
- Market Presence
- Brands and Products
- Other Businesses



About Chambal Fertilisers

Chambal Fertilisers and Chemicals Limited is one of the largest private sector fertilizer producers in India. It was promoted by Zuari Industries Limited in 1985. Our two hi-tech nitrogenous fertilizer (urea) plants are located at Gadepan in Kota district of Rajasthan. The two plants produce about two million MT of urea per annum. The first plant was commissioned in 1993 and the second one in 1999. These plants use state-of-the-art technology from Denmark, Italy, United States and Japan. In 2013, we set-up a single super phosphate manufacturing facility at Gadepan with a capacity of 600 MT per day.



SHAREHOLDING PATTERN

The equity shares of the Company are listed at the National Stock Exchange of India Limited and the BSE Limited. Our shareholding pattern as on March 31, 2014 is given in Figure 1.

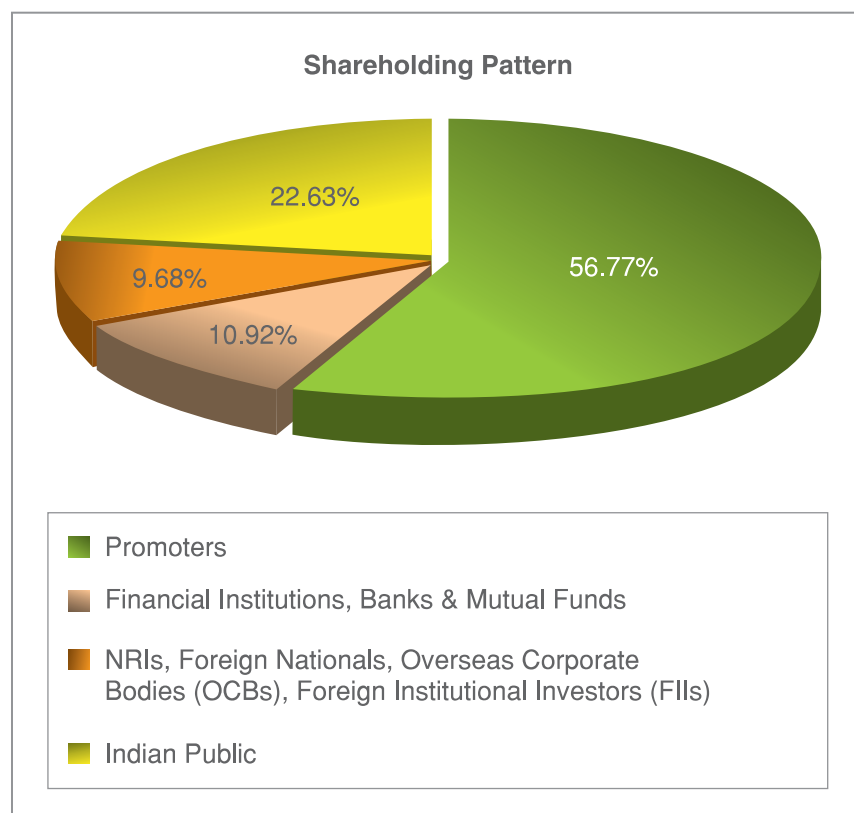
MARKET PRESENCE

Chambal caters to the needs of farmers in eleven states in northern, eastern, central and western regions of India, and is the leading fertilizer supplier in the

state of Rajasthan. The Company has a vast marketing network comprising 14 regional offices, about 2100 dealers and 21,000 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 our agri-business is a vision to provide integrated crop solutions to Indian farmers. Our flagship product-urea is marketed under the brand name Uttam Veer and is very popular among farmers in our area of operation.

Apart from fertilizers, we offer products for each stage of the crop cycle and also provide

Figure 1: Shareholding pattern

¹ Received in June 2014

Integrated Crop Solutions

Fertilisers



Specialty Products



Seeds



Insecticides



Weedicides



Fungicides





of these inputs are sourced from reputed suppliers and sold under the 'Uttam' umbrella brand. We are amongst the leaders in pesticide business in north India.

OTHER BUSINESSES

We have three business segments: agri-business, textile and shipping; with agri-business being the largest. Our shipping division under the name India Steamship operates five Aframax Tankers with a combined capacity of over 5,00,000 DWT. Our textile division, Birla Textile Mills, is located at Baddi, Himachal Pradesh. The mill has a state-of-the-art spinning unit with a capacity of over 83,000 spindles.

services to help promote sustainable agriculture. Our basket of products includes DAP (di-ammonium phosphate), MOP

(muriate of potash), SSP (single super phosphate), insecticides, herbicides, fungicides, seeds and other micro-nutrients. Most

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

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

BUSINESS DIVISIONS



AGRI-BUSINESS



TEXTILE BUSINESS
Birla Textile Mills

BUSINESS DIVISIONS

DIVERSIFIED PORTFOLIO

BUSINESS DIVISIONS



SHIPPING BUSINESS
India Steamship

Indo Maroc Phosphore S.A. (IMACID), Morocco
A joint venture between Chambal, Tata Chemicals Limited and OCP, S.A. It has set-up a phosphoric acid manufacturing facility in Jorf Lasfar, Morocco

CFCL Overseas Ltd., Cayman Islands
A special purpose vehicle for holding Chambal's investment in software business

JOINT VENTURE AND SUBSIDIARIES

L I V E R E S P O N S I B L Y



Opportunities, Threats and Risk Management

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



Opportunities, Threats and Risk Management

Chambal has been at the forefront of integrating social, economic and environmental parameters in its business pursuits. We understand that 'sustainability' will determine the level of our economic success and our nation's well-being.

I. GLOBAL SUSTAINABILITY TRENDS

At Chambal, we keep ourselves abreast of global sustainability concerns like energy consumption, eco-friendly packaging, responsible labeling and IFA (International Fertilizer Association) guidelines. We have also implemented voluntary codes like process safety management (PSM) to ensure high level of safety at our plants. We benchmark ourselves with the best in the international arena by continuously re-assessing and investing in the latest systems, processes and technologies to reduce our carbon footprint.

II. RISK MANAGEMENT FRAMEWORK

We understand that continuous assessment of our 'risk profile' will determine the level of our economic success. Our diversified



business portfolio requires us to identify, measure and manage 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 to identify our inherent key and non-key risks. The risks are reviewed on a half yearly basis and the changes along with the revised risks are informed to the Board.

III. FERTILIZER INDUSTRY STRUCTURE AND DEVELOPMENTS

a) Raw Material

Natural gas is the main input for production of urea. The requirement is met through domestic gas and imported re-gasified liquefied natural gas (RLNG). The gas prices in the last few years have shown a rising trend due to increase in crude oil prices and increased demand of LNG in Japan.

RLNG constitutes a major part of gas supplies and its cost has been rising due to increase in prices as well as weakening of the Rupee against the US Dollar. The development in the domestic market indicates an increase in the domestic gas prices. The dwindling gas supplies from KG-D6 gas fields and other domestic sources is an area of concern. The supplies of natural gas to Chambal from KG-D6 gas fields have been curtailed since second quarter of the FY 2013-14 due to reduction in production of gas. Consequently, we resorted to spot gas purchase to meet the shortfall.

b) Demand – Supply Scenario

Urea production has been almost stagnant in India for many years, whereas there has been a steady increase in the demand for urea, resulting in a significant gap between demand and supply. India imported around 7 million MT of urea during 2013-14, constituting about 23% of the total urea consumption in the country.²



We have implemented voluntary codes like process safety management (PSM) to ensure high level of safety at our plants.

² Fertiliser Association of India

Imported urea prices were volatile during the year and varied between USD 300 and USD 408 per MT.

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 has notified the modification in NPS Stage III, which should provide some relief to the existing urea units including Chambal.


In order to reduce the dependence on imports, the Government of India (GOI) announced a new investment policy 2012 (NIP) for attracting fresh investments in the urea sector. However, GOI decided to keep NIP on hold. It is expected that NIP will be notified soon.

GOI proposes to give fertilizer subsidy directly to the farmers instead of routing it through fertilizer manufacturers. The task force constituted to implement

the direct subsidy to farmers has suggested a three phase roadmap for this purpose. Under Phase-I, the data regarding supply of fertilizers up to the retailer point has to be captured in the system. Phase-II envisages payment of fertilizer subsidy to the retailers and the subsidy is proposed to be paid directly to the farmers under Phase-III. GOI already rolled out Phase-I during the year and the subsidy payment has been linked to acknowledgement of receipt of material by retailer. Pilot Project implementation of Phase-II is in progress in a few districts and the final phase roll out is likely to take some more time.

IV. OPPORTUNITIES & THREATS

We plan to expand existing capacities at Gadepan to produce an additional 1.30 million MT per annum prilled urea through a brown-field expansion project (Gadepan-III project). The Board of Directors had approved the setting up of the project at a cost



Our strong marketing network and brand provides leverage in ramping up sales of traded products.

not exceeding USD 850 million. We had issued a Letter of Intent to the lump-sum-turnkey contractors for the Gadepan-III project. The implementation of the Gadepan-III project will place us in a different league; further strengthening our position in the urea segment. Since Government of India has put the New Investment Policy 2012 on hold, further action on our expansion plans will be taken after the Government announces the revised policy.





Implementation of the nutrient-based subsidy by the Government of India has given a major impetus to the trading activity of Chambal Fertilisers. Our strong marketing network and brand provides leverage in ramping up sales of traded products.

We are running a single super phosphate (SSP) production facility at Gadepan. There is a good potential for our SSP business as there are not many big players in the field.

Urea production beyond re-assessed capacity is becoming unviable for most of the urea manufacturing units due to increased cost of RLNG, expected price rise in domestic gas and fall in the international urea prices. The urea industry needs immediate policy intervention from the Government to sustain the production beyond re-assessed capacity. If GOI does not come out with an appropriate policy urgently to support the production beyond re-assessed capacity, the urea units will be forced to cut down production, resulting in increased

imports of urea and foreign exchange outgo. The proposed increase in domestic gas prices will have a huge impact on the subsidy burden of the Government and consequent increase in the working capital requirements of the fertilizer industry.

V. RISKS AND CONCERNS

The urea segment of the fertiliser industry operates in the Government controlled regime, placing high dependence on the urea pricing policy of the

Government of India. During last few years, the Government of India has resorted to under-provisioning for fertilizer subsidy in the union budget. This has resulted in long delays in payment of subsidy to the fertilizer companies, thereby substantially increasing industry's interest burden.

High volatility in foreign exchange rates, likely reduction in demand of DAP due to high market prices, higher interest costs due to delay in payment of subsidy and the extended credit period in the market may impact the profitability of our trading activities. The likelihood of reduction in production of urea due to an un-favourable Government policy for production beyond re-assessed capacity is another area of concern.

VI. OUTLOOK

Subject to risks and concerns mentioned above, the urea industry is unlikely to face any challenge in terms of sales volumes in the near future in view of a demand-supply gap. The outlook of traded fertilisers also looks positive in view of lower inventory in the trade channel.



The urea industry is unlikely to face any challenge in terms of sales volumes in the near future in view of a demand-supply gap.

Accountability Framework

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



Accountability Framework

At Chambal, we firmly believe that for our sustained growth and success, we must maintain high standards of corporate conduct towards our shareholders, customers, employees, all other stakeholders and society in general. We have always focused on good corporate governance, which is a key driver of sustainable corporate growth and long-term value creation for our shareholders. Corporate

governance aligns the interests of individuals, corporations and society and integrates all the participants involved in a process, which is not only economic but also social. Corporate governance goes beyond the practices enshrined in the laws and encompasses the basic business ethics and values that need to be adhered to, in letter and spirit.

We also believe that we must leverage our resources to translate opportunities into reality, create awareness of our corporate vision and inculcate dynamism and entrepreneurship at all levels.

Above all, we believe corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair

Board of Directors



Mr. S S Bhartia
Co-Chairman



Mr. S K Poddar
Chairman



Mr. Anil Kapoor
Managing Director



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

play and a sense of justice. Accountability and transparency are key drivers to improve decision-making and create credibility and stakeholder confidence.

BOARD OF DIRECTORS

Our 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 organization, the Board relentlessly pursues long-term corporate values and sets the strategic framework for growth.

COMMITTEES OF THE BOARD

The Board of Directors review the performance of the Company from time to time. To ensure timely and effective working of the Board and the Company, various committees have been constituted with specific terms of reference and scope. The committees operate as empowered agents of the Board. There are eight committees of the Board, which have been delegated adequate powers to discharge urgent business of the Company.

1. Audit Committee

The terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges. Apart from this, the Audit Committee also reviews:

- The contracts entered into by the Company related to traded products, valuing more than ₹ 75 million and the contracts entered in the register maintained under section 301 of the Companies Act, 1956, if any;
- Risk assessment and minimization procedures of the Company including key and non-key risks in the business and operations of the Company; and
- Status of Inter Corporate Deposits placed by the Company.

Category of Directors	Number of Directors	Percentage to the Board
Executive (Managing Director)	1	11%
Independent, Non-Executive	5 (Including one woman director)	56%
Non-Independent, Non-Executive	3 (Including Chairman)	33%

Table 1: The Board Structure as on 31st March 2014

2. Investors Grievance Committee

The Investors Grievance Committee approves 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. In order to provide quick service to investors, the Board has delegated enough powers to few executives to deal with various matters including transfer of shares across the counter, transmission of securities, etc.

3. Remuneration Committee

The Remuneration Committee recommends appointment of managing director(s)/ whole time director(s)/ manager and reviews and approves remuneration including 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 Banking and Finance Committee approves availment of various types of finances, including working capital facilities, loans and any other specific matter delegated by the Board from time to time.

5. Project Monitoring Committee

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

6. Quarterly Results Review Committee

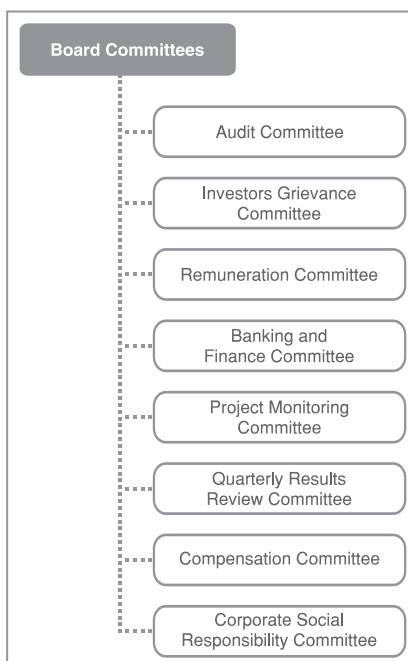
The Quarterly Results Review Committee deals with all the matters pertaining to approval of the unaudited quarterly results of the Company.

7. Compensation Committee

The Compensation Committee is responsible for formulating Employee Stock Option Scheme and its administration.

8. Corporate Social Responsibility Committee

The Committee was formed on February 3, 2014 and the terms of reference of the Committee are as prescribed under the Companies Act, 2013 and the Rules framed there under and shall discharge



such other functions as may be delegated to it by the Board of Directors from time to time.

INVESTOR SERVICES

Chambal had 1,76,263 shareholders as on 31st March 2014. M/s Zuari Investment Ltd. is the company's Share Transfer Agent. They have an online system for transfer of shares in physical form and provide other services to the shareholders. In addition, the company also has an in-house Investor Service Centre, which provides prompt service to the investors. We take various pro-active measures for investor satisfaction like timely reminders to investors about new corporate benefits, undelivered shares, unclaimed benefits, etc.


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

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has a Code of Internal Procedures and Conduct for Trading in Securities of the Company. The Code, *inter-alia*, prohibits purchase/ sale of shares of the Company by Directors, Officers, designated employees and their dependents while in

possession of unpublished price sensitive information in relation 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 is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. 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.³ The code covers issues like regulatory compliance, conflict of interest, bribery and corruption, safety, environment and health, financial and operational integrity. The code can be accessed at www.chambalfertilisers.com/images/pdf/Code_of_Conduct.pdf


Our 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.

All Board Members and senior executives of the Company affirmed their compliance with the code of conduct and ethics during 2013-14. A certificate to this effect forms a part of the Annual Report for 2013-14.

PREVENTION OF CORRUPTION

We firmly believe that we have to set exemplary standards of ethical behaviour and have zero tolerance for corruption at the workplace. In addition to the code of conduct and ethics, we have an adequate internal system in place to control corruption. This 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.

Strict internal control system mitigates any corruption related risk and these systems enable employees to take necessary steps to deal with such exigencies. Any proven cases of corruption result in immediate termination of service. During the reporting year there were no reported cases of corruption in the organization.



³ The Code of Conduct has been revised in FY 2014-15 and is applicable to Directors and all employees of the company

Stakeholder Engagement

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



Stakeholder Engagement

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

Our key stakeholders, main discussion issues and engagement methods are listed in the table below.



Stakeholders	Method/ Type of Engagement	Key Issues/ Agenda	Frequency
Government of India/ Regulators			
Ministry of Chemicals and Fertilizers, 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, analyst calls	Financial results announcement, important company developments, sustainability reports, annual reports/ reminder for unpaid dividend, shareholders' queries, etc.	As per statutory/ business requirement
Financial Institutions/ Bankers (Consortium of 10 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 programmes	Performance improvement action plan, career development plans, training needs	Periodical
	Intranet, SAP portal, in-house magazine, infoline, employee functions/ picnics/ get-togethers	Company information/ policies/ help desks/ industry news, celebrations	Regular
Industry/ Other Associations			
Industry/ Other Associations	Meetings, seminars, conferences, one-to-one interactions	Government, liaison, need based industry networking, employee trainings, safety promotion activities	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	Primary and technical education, health & hygiene activities, tree plantation, agriculture, rural infrastructure development, vocational training programs/ women empowerment through 'self help groups'		Regular
Media			
Media	Advertising, corporate Interviews/ press releases, Chambal website	Company/ product information	As per business requirement

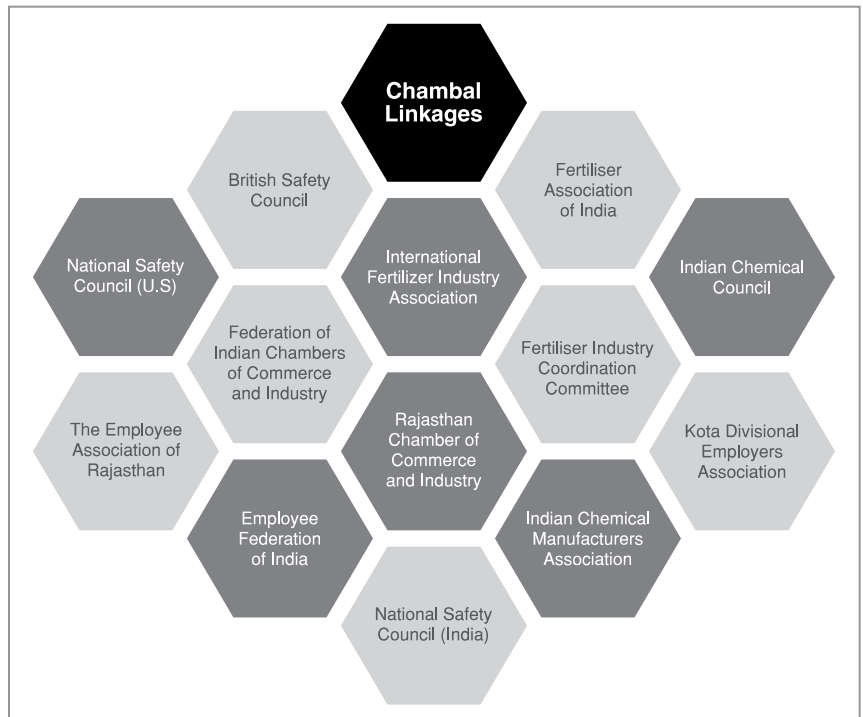
Customers			
Farmers	Plant visits, one-to-one interaction, SMS service/ phone helpline, website, newsletters, meetings, training programs, promotional campaigns	Crop/ product information	Regular
Business Partners/ Retailers/ Dealers	Training programs/ meetings		Regular

Table 2: Stakeholder groups and modes of engagement



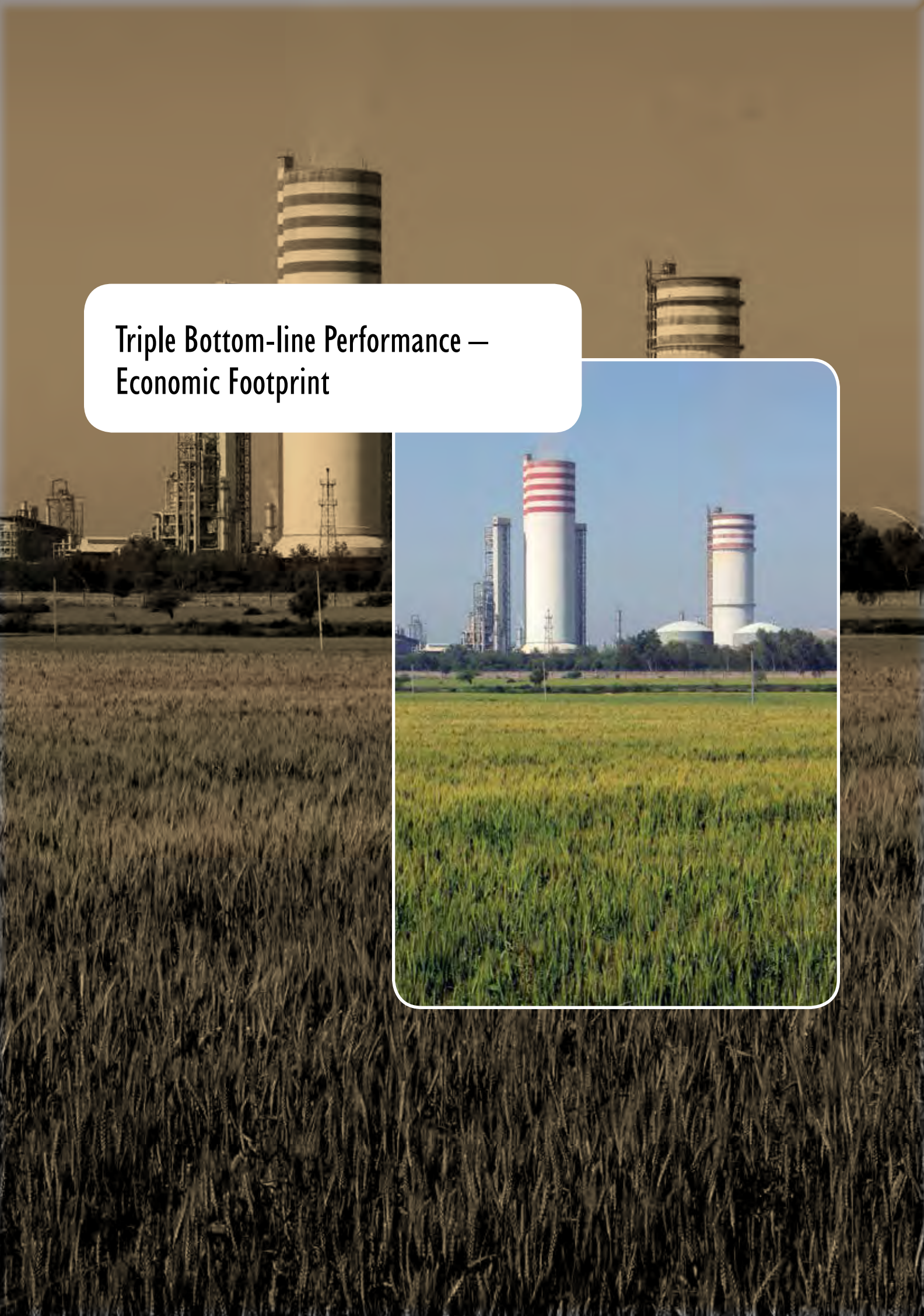
PUBLIC POLICY

We are actively involved in debates and discussions relating to public policies of the fertilizer industry. We are members of various industry associations and safety councils both in India and abroad. We regularly participate in various industry forums, share insights and present viewpoints on issues related to business, environment and society



We are actively involved in debates and discussions relating to public policies of the fertilizer industry.

**Triple Bottom-line Performance —
Economic Footprint**



Triple Bottom-line Performance – Economic Footprint

Despite a downgrade of growth prospects for some developing economies and those in transition, the global economy is expected to strengthen moderately over the next two years. The risks and uncertainties for the world economy include: international spillovers from ongoing adjustment in monetary policies by developed economies; vulnerabilities of emerging economies; remaining fragilities in the Euro region; long-term unsustainable public finance for many developed countries; and geopolitical tensions.⁴



In India, the appointment of a stable government at the centre,



We have three business segments: fertilizer, shipping and textiles, with fertilizer being the largest amongst the three.

credible central bank and broader macro stability is expected to benefit the economy's underlying growth trend, this year and beyond. After two years of sub-5% growth, the Indian economy is expected to grow by 5.5% in 2014-15.⁵

CHAMBAL FERTILISERS

We have three business segments: fertilizer, shipping and textiles, with fertilizer being the largest amongst the three. The fertilizer division comprises manufacturing of urea and single super phosphate (SSP), and trading of fertilizers and other agri-inputs.

In 2013-14, we registered an increase in the turnover of own manufactured fertilisers mainly due to an increase in prices of natural gas, depreciation in value of the Indian Rupee vis-à-vis US\$ (as the natural gas prices are denominated in US\$) and increase in the sales volume of urea. There was a decrease in turnover from the trading segment mainly due to a fall in prices of traded fertilizers and lower sales of traded SSP and pesticides.

The fertiliser business faced challenges on various fronts during the year under review.

	2011-2012 Million ₹	2012-2013 Million ₹	2013-2014 Million ₹
Economic Value Generated (EVG)	66165	74311	81434
Economic Value Distributed (EVD)	-	-	-
Operating Costs	57947	67003	74470
Employee benefits and wages	1339	1406	1487
Payment to providers of capital	1993	2090	2767
Payment to government (Indian)	3252	1646	563
Community Investments	79	36	27
Economic Value Retained (EVR)	1554	2131	2118

Table 3: Economic contribution at a glance

⁴ UN World Economic Situation and Prospects 2014 mid-year update

⁵ DBS Bank India

Performance Snapshot				
	FY 2011-12	FY 2012-13	FY 2013-14	Unit
Production				
Urea	2.15	2.09	1.94	Million MT
Single Super Phosphate	-	0.031	0.103	Million MT
Sales⁶				
Urea	2.13	2.03	2.10	Million MT
Single Super Phosphate ⁷	-	0.031	0.064	Million MT
Traded Items – Sales				
Di - ammonium Phosphate	0.525	0.599	0.604	Million MT
Muriate of Potash	0.052	0.060	0.042	Million MT
Single Super Phosphate	0.108	0.150	0.054	Million MT
Pesticides	2433	2725	2497	Million INR
Micro-nutrients and Zinc	796	874	429	Million INR
Seeds	557	425	516	Million INR
Revenue	64616	73408	79819	Million INR
Profit Before Tax (PBT)	5596	4567	3459	Million INR
Profit After Tax (PAT)	2473	3056	3031	Million INR
Employees	932	949	925	Number
Energy	4534277	4664039	4348432	Gcal
Specific Energy Consumption				
Gadepan I	5.51	5.59	5.57	Gcal/MT Urea
Gadepan II	5.37	5.39	5.42	Gcal/MT Urea
GHG Emissions	1.075	1.114	1.048	Million tCO ₂ eq
Air Emissions				
Urea Dust	759.87	741.79	704.4	MT
Ammonia	598.28	685.10	713.85	MT
NOx	424.84	405.21	361.68	MT
Specific Water Consumption	4.82	4.96	4.93	m ³ /MT Urea
Water Discharge	1454738	1643312	1674273	m ³

Table 4: Performance at a glance⁸



The higher inventories of phosphatic fertilizers in the market had a dampening effect on the sales of traded fertilizers. In the reporting year, Chambal produced 1.94 million tonnes of urea against 2.09 million tonnes in FY 2012-13. The unfavorable policy of urea pricing in respect of production beyond re-assessed capacity forced us to restrict production of urea.

In FY 2013-14, in order to focus on the Madhya Pradesh region, Chambal set-up a marketing office at Indore. This is in addition to the existing office at Bhopal.

⁶ Ammonia sales for the FY 2011-12, 2012-13 and 2013-14 was 13000 MT, 26000 MT and 32000 MT respectively

⁷ Own manufactured

⁸ Economic data pertains to the entire company



To focus on the Madhya Pradesh region, Chambal set-up a marketing office at Indore.

The shipping business continues to be under stress with freight rates and asset prices struggling at low levels. The signs of recovery were visible in January 2014, but the freight rates have again come

down. The sustainable recovery in the shipping industry is likely to take some more time. The shipping business was able to sail through the year with some better deals of in-chartered vessels.

The performance of the textiles business remained satisfactory with signs of stress during the latter part of the year. The textiles business was able to achieve slightly better sales and profitability in comparison to the previous year.

Economic value generated (EGV) by the Company in 2013-14 is ₹ 81434 million as compared to ₹ 74311 million in the previous year, an increase of 9.6%. The Company Board recommended a

dividend of ₹ 1.90 per equity share in the reporting year. The total dividend outgo for 2013-14 will be ₹ 925.2 million (including dividend distribution tax). The total subsidy income of the Company in 2013-14 increased to ₹ 40,392 million from ₹ 35,166 million in 2012-13.

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



Triple Bottom-line Performance — Environment

- Creating an Earth-Friendly Organization
- Resource Optimization
- Reducing our Energy Footprint
- Green House Gas Emissions and Climate Change
- Reducing our Water Footprint
- Responsible Effluent Management
- Spill Management System
- Other Air Emissions
- Responsible Waste Management
- Sustaining Biodiversity
- Environmental Expenditure



Triple Bottom-line Performance – Environment

CREATING AN EARTH-FRIENDLY ORGANIZATION

Chambal's objective is to promote environmental sustainability through integration of the latest technologies. We have adopted a strategy of continuous process improvements and stringent quality standards. Complementing these efforts is a comprehensive, integrated environment management system comprising ground water recharging, optimizing resource efficiency, managing waste, controlling pollution, and using green energy wherever possible. Raw materials, water, emissions and energy

consumption are material issues for the fertilizer industry. 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 and water 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 some process chemicals 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 bags, specific consumption of bags is monitored regularly. To minimize consumption of chemicals, we follow 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.



REDUCING OUR ENERGY FOOTPRINT

The fertilizer industry relies on both direct (natural gas, naphtha, coal, furnace oil, etc) and indirect (electricity from the state grid) sources of energy. Manufacturing of urea entails consumption of fossil energy such as natural gas and naphtha, not only as fuel but also as feedstock.

We have initiated various technological and operational

Material	Unit	FY 2011-12	FY 2012-13	FY 2013-14
Natural Gas	000' SM ³	851344	833844	772998
Hydrochloric Acid	MT	1544	1793	1733
Sulphuric Acid	MT	929	1045	481
Lye	MT	663	710	657
Poly Alumina Chloride	MT	134	136	146
Neem Oil	Liter	551854	572673	459468
Packaging Bags	Nos'	42986085	41806532	38818581
Production	Unit	FY 2011-12	FY 2012-13	FY 2013-14
Ammonia	Million MT	1.24	1.22	1.14
Urea	Million MT	2.15	2.09	1.94

Table 5: Material consumption for Urea and Ammonia production

Material	Unit	FY 2013-14
RSMML ROCK	MT	12636
Nauru Rock	MT	7437
Morroco Rock	MT	3823
Egypt Rock	MT	30326
Sulphuric Acid	MT	34460
Filler Phospho Gypsum	MT	10159
Packaging Bags	Nos'	2079197
Production	Unit	FY 2013-14
SSP	Million MT	0.103

Table 6: Material consumption for SSP production

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:

Installation of variable frequency drive (VFD) for Ammonia Feed pumps in Urea-I plant and in Lean Solution & BFW pumps in Ammonia-I plant

Installation of ammonia product heater in Ammonia-I plant

Up-rating of synthesis gas compressor in Ammonia-I plant

Installation of additional cooling tower cell for Ammonia-I plant and Urea-II plant

FD fan suction duct replacement with modified one to reduce cyclic variation in Combustion air pressure in Ammonia-II plant

Table 7: Energy efficiency initiatives in FY 2013-14

During the reporting year, our specific energy consumption was 5.571 Gcal/MT of urea at Gadepan-I plant and 5.423Gcal/MT of urea at Gadepan-II plant.⁹ Our direct energy consumption for Gadepan-I plant was 2.36 million Gcal (9871383 GJ) and 1.99 million Gcal (8317006 GJ) for Gadepan-II plant. We used 9370.88 Gcal

(39234 GJ) of naphtha, which is about 0.22% of our total direct energy consumption. Our direct energy and indirect energy consumption in SSP plant was 7157 Gcal (29964 GJ) and 4227 Gcal (27699 GJ) respectively.

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 4209.65 Gcal (17625 GJ), which is approximately 0.088% of our total energy consumption.¹⁰

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.

The major source of emissions in fertilizer production are use of fossil fuel (natural gas, naphtha, etc.) as feedstock and fuel. We are aware that use of cleaner fossil fuel like natural gas and promoting good nutrient management practices amongst farmers may partially offset increased emissions

We primarily use natural gas as feedstock and fuel. Naphtha is

used as fuel only on account of unavailability of natural gas. 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, our GHG emissions of SSP plant were 0.006 million tCO₂. GHG emissions from the use of natural gas, naphtha as fuel and using electricity from the grid were 1.048 million tCO₂.

In the reporting period, we estimated 539 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.

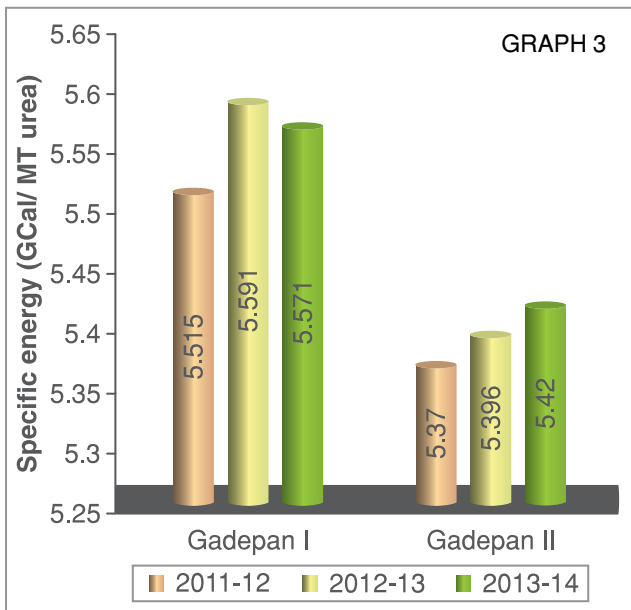
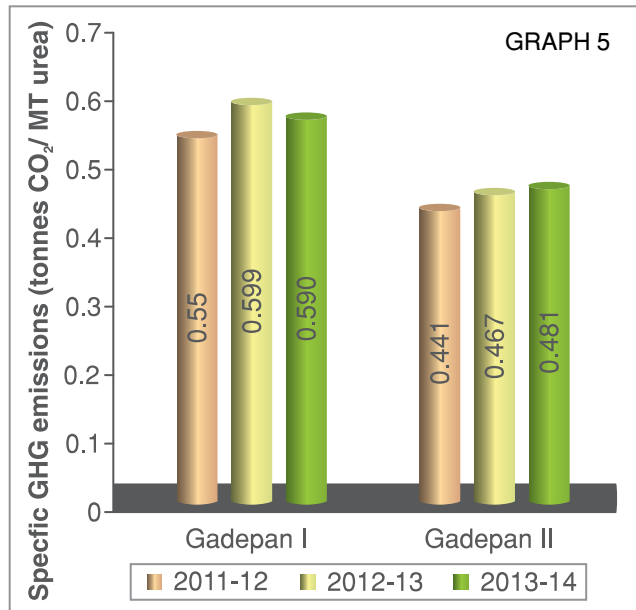
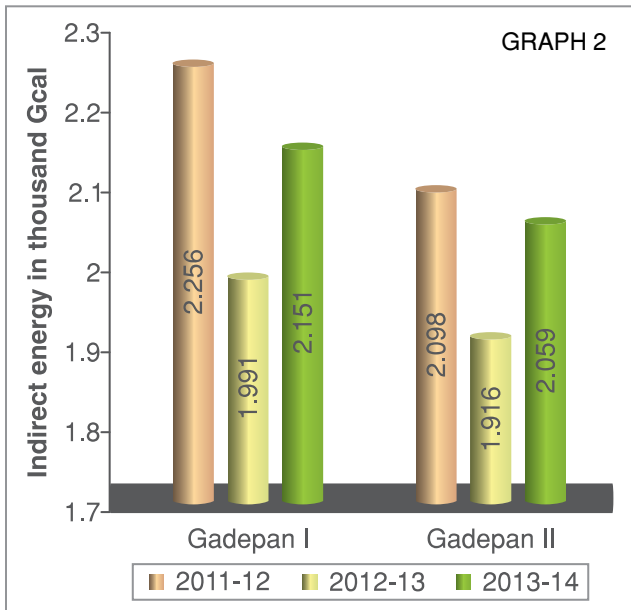
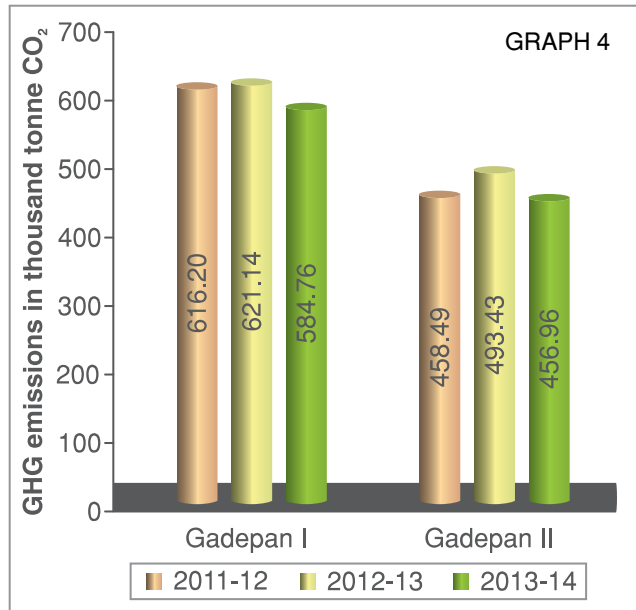
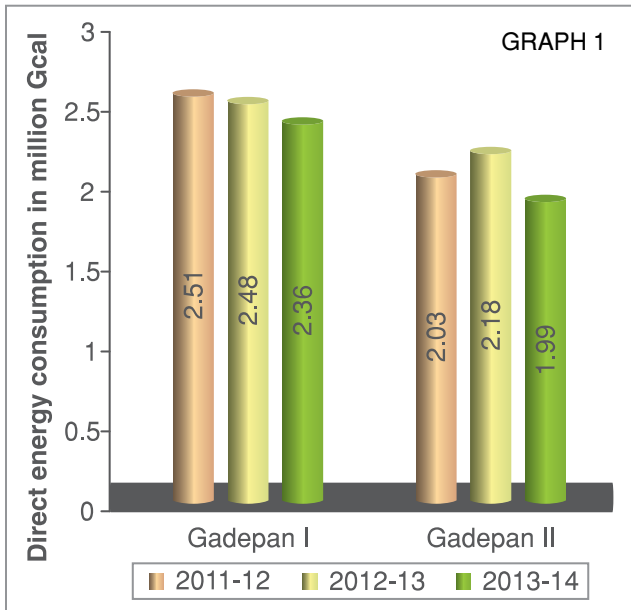
We are mitigating climate change by increasing our energy efficiency, using cleanest fossil fuel and have incorporated latest emissions-reducing technologies in our operations. We have also developed a green cover around our premises which helps in sequestering CO₂ emissions from the atmosphere. In order to understand the GHG benefit of extensive green cover at Chambal, we conducted a preliminary study to estimate the amount of CO₂ sequestered by trees. This exercise reaffirms Chambal's endeavour to mitigate climate change.

REDUCING OUR WATER FOOTPRINT

Water is a precious resource and its conservation is the need of the hour. Both our fertilizer plants are located in a water-scarce state. Over the years, we have been working tirelessly to reduce our water consumption per MT of urea as well as implement rainwater

⁹ Specific Energy Consumption is calculated considering energy consumed for feed as well as fuel

¹⁰ Total Energy Consumption = Energy used as fuel and purchased energy



Graph 1: Direct Energy Consumption (Energy as fuel)

Graph 2: Indirect Energy Consumption (Electricity purchased)

Graph 3: Specific Energy Consumption

Graph 4: Total GHG Emissions¹¹

Graph 5: Specific GHG Emissions

¹¹ Excludes GHG emissions due to venting and flaring during plant upsets/ trips and plant process.

harvesting in our region. Water audits and studies have been conducted through internal and external experts to explore more avenues of water conservation. 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. We do not use ground water for our operations. In 2003-04, we constructed a check-dam (capacity 7 million m³) on the nearby Kalisindh River. Another check-dam (capacity 3.4 million m³) built on the Parwan River for rainwater harvesting was commissioned in FY 2011-12. Kalisindh River mapping has been done for studying intake water quality. Special efforts have been made to optimize consumption of cooling water, fire water, drinking water and de-mineralized water at Gadepan.

As a result of our continuous efforts like harvesting, recycling and reusing, 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. During the reporting year, our specific water consumption was 4.93 cubic meters per MT of urea as against 4.96 cubic meters per MT of urea during 2012-13.

In the reporting year, our total water withdrawal from Kalisindh River was 10138045 m³ as against 10814215 m³ in FY 2012-13. We replaced the fire water header and closely monitored leaks and other operational controls. These measures resulted in 3.20% reduction in fire water consumption compared to the previous year.

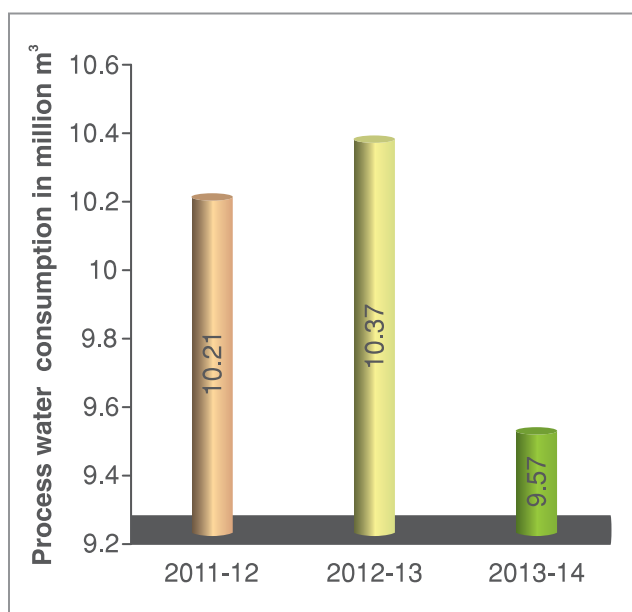
RESPONSIBLE EFFLUENT MANAGEMENT

Under the guiding policy of 'at source' treatment of effluents

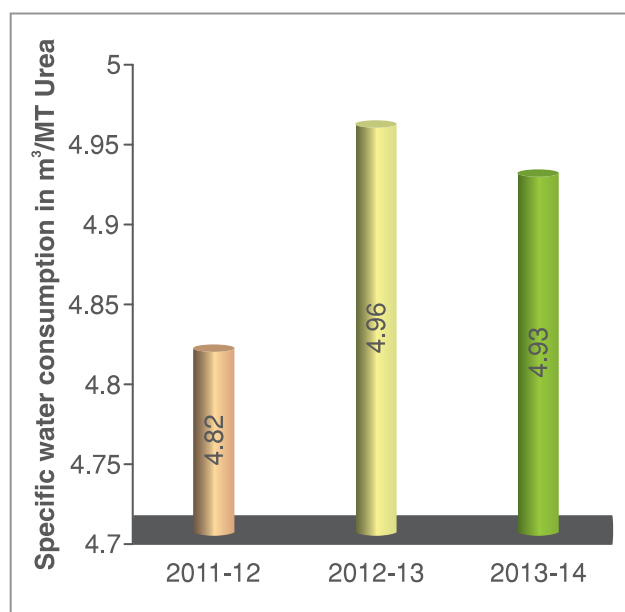
and recycling of treated effluents back into the process, we have incorporated the following recycling processes at the design stage itself:

- Ammonia and urea process condensates are treated in ammonia and urea plants respectively and recycled into the process after treating them in the demineralisation plant;
- Turbine condensate is also recycled into the process after treatment in the demineralisation plant; and
- 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



Graph 6: Water Consumption in Plant Process



Graph 7: Specific Water Consumption

treatment plant (ETP) where they are further diluted by other effluent streams. ETP also receives treated effluents from the 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 and plant.

In the reporting year, 72.5% of waste water was recycled back into the system, and the balance

amount was used in the irrigation network within the complex. We do not use freshwater for irrigation or horticultural purposes. During FY 2013-14, we used 1385901 m³ of treated effluent water for irrigation. We discharged 288372 m³ of waste water into the Kalisindh River during the rainy season in 2013-14. We ensure that the quality of the discharge is within the norms specified by the regulatory authorities.

SPILL MANAGEMENT SYSTEM

We have a well-defined environmental operation control procedures (OCP) to prevent and manage spills. We regularly conduct 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.

Parameter	Unit	FY 2011-12	FY 2012-13	FY 2013-14	Permissible Limits (mg/l)
Biological Oxygen Demand	mg/l	8.0	11.3	9.4	30
Chemical Oxygen Demand	mg/l	52.8	42.9	34.8	250
Nitrate Nitrogen	mg/l	6.2	7.2	7.0	10
Total Ammonical Nitrogen	mg/l	6.5	8.2	6.5	50
Total Dissolved Solids	mg/l	1768	1872	1617	2100
Total Kjeldahl Nitrogen	mg/l	16	28.7	23.7	100
Total Suspended Solids	mg/l	81	75.1	72.1	100

Table 8: Effluent discharge quality and their permissible limits

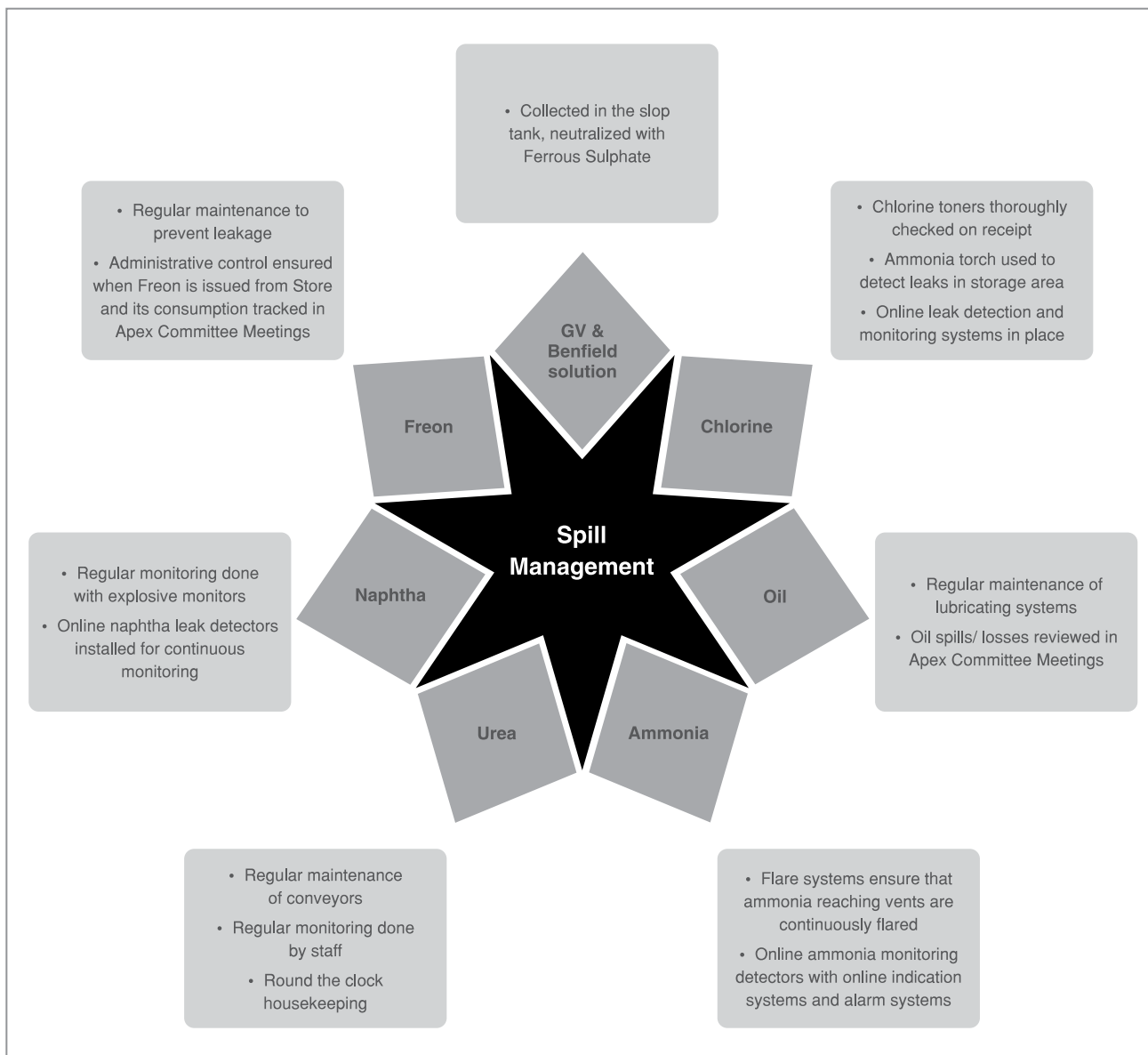
Parameter	Unit	FY 2011-12	FY 2012-13	FY 2013-14
Biological Oxygen Demand	MT	10.3	13.8	13.2
Chemical Oxygen Demand	MT	67.7	52.2	49.3
Nitrate Nitrogen	MT	8	8.8	9.8
Total Ammonical Nitrogen	MT	8.3	10	9.0
Total Dissolved Solids	MT	2268	2280	2253
Total Kjeldahl Nitrogen	MT	20.5	34.9	34.4
Total Suspended Solids	MT	103.7	91.5	101.5

Table 9: Effluent Load

Parameter	Unit	FY 2011-12	FY 2012-13	FY 2013-14
Biological Oxygen Demand	Kg / '000 MT Urea Production	4.8	6.6	6.81
Chemical Oxygen Demand	Kg / '000 MT Urea Production	31.55	24.98	25.4
Nitrate Nitrogen	Kg / '000 MT Urea Production	3.73	4.21	5.03
Total Ammonical Nitrogen	Kg / '000 MT Urea Production	3.87	4.78	4.62
Total Dissolved Solids	Kg / '000 MT Urea Production	1056.88	1090.90	1161.34
Total Kjeldahl Nitrogen	Kg / '000 MT Urea Production	9.55	16.70	17.75
Total Suspended Solids	Kg / '000 MT Urea Production	48.32	43.78	52.31

Table 10: Specific Effluent Load¹²

¹²Effluent load quantifies total weight of standard effluent parameters such as Biological Oxygen Demand (BOD), Total Suspended Solids (TSS), etc. e.g. Tonnes/ year discharged.



Save Paper, Save Trees

Keeping up with the spirit of the Save Paper, Save Trees campaign, Chambal took the following key initiatives during the reporting year:

- Reduced paper consumption at Gadepan by 12.64% against a target of 10% of average annual consumption of 3 preceding years. This was done by categorizing various departments on the basis of high, medium and low paper consumption, educating the stakeholders, setting reduction targets and closely monitoring the consumption.
- Disposed-off proprietary and confidential records through heavy duty shredding machine, and sold the shredded material (approx. 2.5 MT) to recyclers for eco-friendly packaging. Traditionally, such records were being disposed through controlled burning.

For each spillage, we carry out root cause analysis and take corrective and preventive actions to ensure that such events do not occur again. We have a well-defined spill management systems in place for GV (Geomarco Vetro Coke) and Benfield solution, chlorine, ammonia, urea, oil, freon, naphtha. During the reporting period, we did not have any significant spills.

OTHER AIR EMISSIONS

In addition to GHG emissions; ammonia, urea dust, suspended particulate matter (SPM), 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 NOx 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 emissions
Recovery of ammonia at various places
Water curtains

- Further sub-categorisation of waste and 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;
- Methodology of lifting segregated components from bins directly for final disposal; and
- Identification of recyclers/ re-users and final disposal.

To manage household waste, we have provided non-biodegradable and bio-degradable bins to each household in our township. We collect segregated household waste from each house and send bio-degradable waste for composting and non-biodegradable waste for disposal to recyclers. Similar practice of collection and disposal are followed for domestic waste from bulk sources such as canteen, guest house and shopping centre.

Composting of horticulture waste is carried out in NADEP pits and is used as manure in green belt. In addition to this, a Briquetting machine has been installed for converting horticulture waste to briquettes for eco-friendly use by selected users as alternate fuel.

We understand the severe ramifications of use of polythene bags; hence, use of polythene bags has been strictly prohibited in the Gadepan campus for many years.

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, e-waste, ferrous waste and waste HDPE bags. We dispose of hazardous waste 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 of in an environment friendly way as per the required norm. We strictly adhere to all laid down laws for storage and disposal of wastes.

RESPONSIBLE WASTE MANAGEMENT

Chambal has a comprehensive waste management manual under the health, safety, environment & quality (HSEQ) system which has the following elements:

- Categorization of wastes as hazardous and non-hazardous for differentiated management;

	FY 2011-12	FY 2012-13	FY 2013-14
kg CFC-11 equivalent (ODS emission)	15.62	30.42	30.36
kg HCFC 22 (R 22 Freon Gas)	228	553	552

Table 11: Ozone Depleting Substance (ODS) Emissions

Parameter	Unit	FY 2011-12	FY 2012-13	FY 2013-14
NOx	MT	424.84	405.21	361.68
Urea Dust	MT	759.87	741.79	704.4
Ammonia	MT	598.28	685.10	713.85

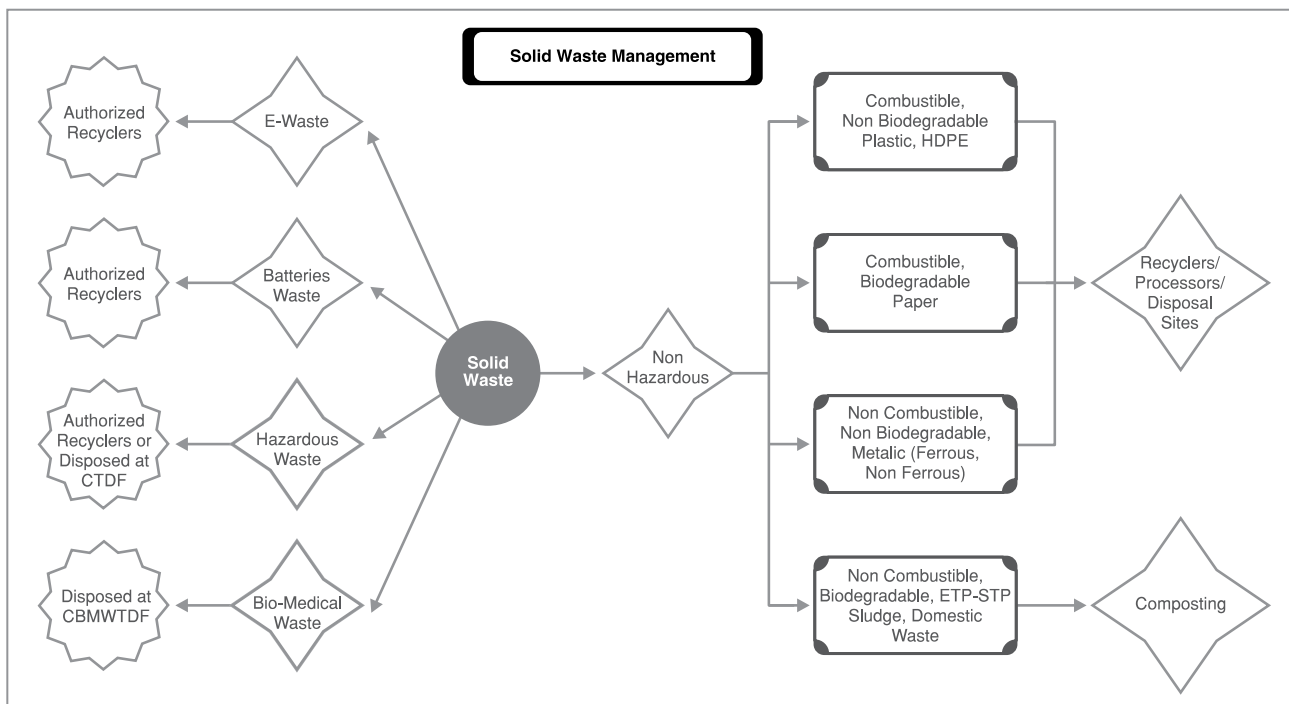
Table 12: Air Emission Load (Yearly average values)

Parameter	Unit	FY 2011-12	FY 2012-13	FY 2013-14
NOx	Kg/ MT Urea production	0.20	0.19	0.18
Urea Dust	Kg/ MT Urea production	0.35	0.35	0.36
Ammonia	Kg/ MT Urea production	0.27	0.33	0.37

Table 13: Specific Air Emission Load (Yearly average values)

SUSTAINING BIODIVERSITY

Since different species contribute directly to the well-being of the 'ecosystem', the healthy survival of future generations and to meet 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



Type of waste	Treatment and Disposal	2011-12 Quantity (Kgs)	2012-13 Quantity (Kgs)	2013-14 Quantity (Kgs)
Sharp waste	Autoclaved and given to authorized agencies for disposal	3.81	5.19	6.41
Contaminated waste	Autoclaved ,chemically treated and given to authorized agencies for disposal	5.29	6.28	7.44
Disposable waste	Treated chemically and given to authorized agencies for disposal	4.73	7.15	8.59

Table 14: Disposal of biomedical waste

Name of Waste Disposed	Type of waste	Unit	FY 2011-12	FY 2012-13	FY 2013-14
Spent Oil	Hazardous	MT	36.43	36.83	37.03
Spent Catalyst	Hazardous	MT	71.1	193.82	224.42
Ferrous Scrap MS drum	Hazardous	MT	1.28	1.25	1.23
Lead Acid Battery	Hazardous	MT	1.54	3.019	2.395
E-waste	Hazardous	MT		2.576	-
HDPE Scrap	Non-Hazardous	MT	61.38	48.1	61.93
Paper	Non-Hazardous	MT	7.66	13.63	9.68
MS Scrap	Non-Hazardous	MT	118	115.73	320.48
PVC	Non-Hazardous	MT	7.32	3.79	6.52
Resin	Non-Hazardous	Lit	21000	45700	13825

Table 15: Major categories of waste disposed off

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. 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.

To sensitize employees and their families on environment issues; we organize nature walks, slogan-poster-essay competitions, nukkad natak, tree plantations and bird watching trips. We mail-out a weekly sustainability tip to all our employees. Some of the initiatives taken by us in the reporting year are installation of LED street lights and variable frequency drives, upgradation of synthesis gas compressor and installation of ammonia product heater. We also made a provision of 2003 PT switches to avoid ammonia vapour release in our Urea-I plant and made design changes in the SSP plant to reduce dust emissions.

In FY 2013-14, we sponsored a handbook cataloguing over 500 bird species of Rajasthan. This handbook was authored by the renowned ornithologist Rakesh Vyas and published by the Bombay Natural History Society (BNHS) in collaboration with Oxford University Press. We also carry out regular interactions with BNHS on various

environmental issues. Officials of BNHS visit our campus from time to time and give suggestions and advice on improving the flora in the campus.

ENVIRONMENTAL EXPENDITURE

We regularly invest in environmentally-friendly technologies and make expenses connected with ecological fees and taxes as well as other actions related directly and indirectly to the environment. The expenditure on various initiatives towards waste disposal, emissions treatment, and environmental management incurred during the financial year 2013-14 was ₹ 44.35 million.

Our proactive approach towards conserving our environment is also reflected in our securing the Environment Management System Standard ISO 14001:2004, Quality Management System Standard ISO 9001:2008 and Occupational Health and Safety Management System Standard OHSAS 18001:2007 certifications. Our township is also ISO 14001:2004 and OHSAS 18001:2007 certified.

Type of Expenditure	Description of Expenditure	Direct and Variable cost incurred in ₹ Million		
		FY 2011-12	FY 2012-13	FY 2013-14
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	3.08	1.06	14.64
Prevention and environmental management costs	Clean-up costs including cost of remediation of spills, etc.	-	-	-
	Cost for employing external agencies for lab testing and sampling	0.25	0.22	3.38
	Annual costs of ISO 14001 and other such certifications for management systems	0.06	0.27	2.72
	Purchase of green fuel, recycled materials or any other such purchase to reduce environmental footprint	-	-	-
	Consent to operate and other environmental compliances	0.48	0.48	23.61
	Total	3.87	2.03	44.35

Table 16: Expenditure on Environment Management (Data has been rounded off)

Triple Bottom-line Performance – Social Responsibility

- Valuing Human Capital
- Our People
- Training and Development
- Employee Benefit Schemes
- Workplace Safety
- Employee Healthcare
- Health, Safety, Environment & Quality (HSEQ) Audits
- An Equal Opportunity Employer
- Protecting Human Rights
- Industrial Relations
- Partnering with Community – Uttam Roshani
- Product Responsibility
- Uttam Bandhan – Educating and Supporting the Farmer



Triple Bottom-line Performance – Social Responsibility

VALUING HUMAN CAPITAL

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. We believe that the skills and performance of our employees are vital factors in making our business viable and sustainable. To help us fulfill these objectives, we have a well-defined HR programme incorporating some of the world's best HR practices.

Chambal regularly recognizes the contribution of its highly motivated

workforce in its performance and growth. Our healthy work environment matched with adequate compensation packages enables us to attract and retain high caliber employees.

OUR PEOPLE

Chambal has a team of professionals who are energetic, motivated and a perfect blend of youth and experience. In the reporting year, the average age of our employees was 37.54 years as against 36 years in 2012-13. As on March 31, 2014, the total employee strength of our agri-

business division was 925. Further, the Company engaged (on an average) 1097 contract workers during the reporting year.

We consider local persons as those who reside within India. Positions of the general manager and above are regarded as senior management in the Company. Chambal does not have a defined policy for hiring senior officials from India or overseas. However, 100% of our senior management employees are from India.

TRAINING AND DEVELOPMENT

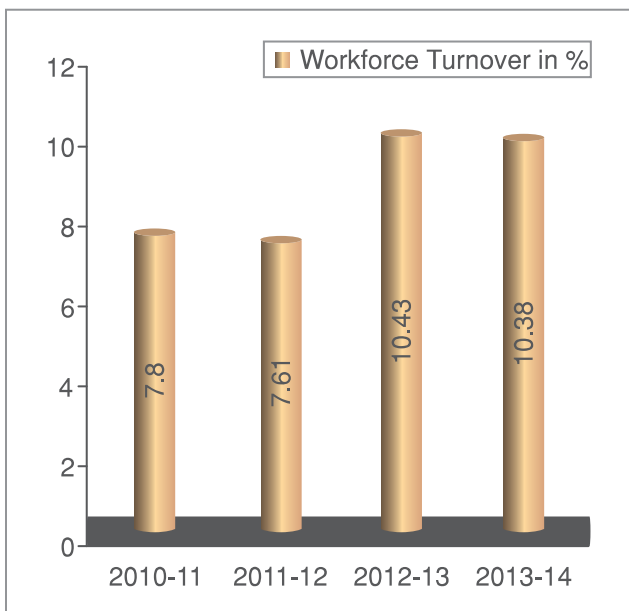
Training and development of Chambal employees is aligned with the Company's business needs, and is an on-going process. Their training needs are captured through the annual performance management system (PMS). These needs are then categorized and evaluated for organizing customized training programmes. Apart from in-house training programmes, the employees are also nominated for various external training programmes.

Chambal also has a self-development scheme for its management employees to

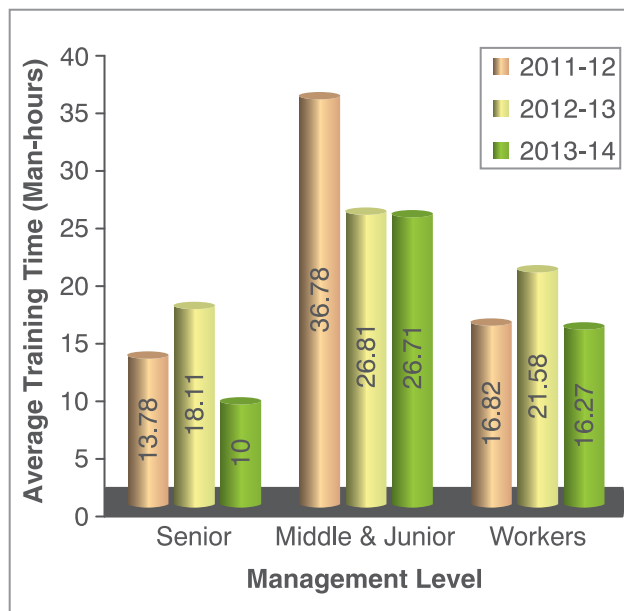


Management Level	FY 2011-12		FY 2012-13		FY 2013-14				
	Male	Female	Male	Female	Male	Female	Less than 30 years	Between 30 to 50 years	More than 50 years
Senior Management	17	1	18	1	19	1	0	6	14
Middle & Junior Management	492	5	507	6	495	4	96	346	57
Workmen/ Non Management	359	10	377	10	373	10	165	169	49
GETs/ TMOs/ MTs	21	0	25	0	20	0	20	0	0
Trainees	27	0	5	0	3	0	3	0	0
Total	916	16	932	17	910	15	284	521	120

Table 17: Composition of workforce (excluding contract workers) by category, gender and age



Graph 8: Workforce turnover in percentage



Graph 9: Average training time by employee category

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 the reporting year, 459 HSE (health, safety and environment) training programmes were conducted, in which 10,076 man-hours of training was provided to contract workforce at our Gadepan plants.

EMPLOYEE BENEFIT SCHEMES

We have various benefit schemes to secure the financial

future of our employees. The Chambal employee senior staff superannuation fund and Chambal non-management employees' superannuation fund provides for pension benefits. In FY 2012-13, we facilitated the new pension system (NPS) launched by the Pension Fund Regulatory and Development Authority, for all management grade employees who were interested in the scheme.

The provident fund scheme is managed by Chambal through a trust. Employees who have completed five 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, group health insurance and group term solution schemes. 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. The term solution scheme insures the life of each employee. All retired employees and their spouses are covered under a group health insurance policy, up to the age of 85 years.

Furthermore, all management grade employees are supported for membership of one professional

Employee Turnover ¹³ in 2013-14						
Management Level	Age Group			Gender		Region
	Less than 30 years	Between 30 to 50 years	More than 50 years	Male	Female	India
Senior Management	0	0	0	0	0	0
Middle & Junior Management	26	22	9	55	2	57
Workmen	22	5	0	27	0	27
GETs / TMOs / MTs	11	0	0	11	0	11
Trainees	1	0	0	1	0	1
TOTAL	60	27	9	94	2	96

Table 18: Employee turnover

¹³Number of employees who left the organization voluntarily or due to dismissal, retirement, or death in service.

Some Training Programmes Conducted in FY 2013-14

Behavioral Training

Managing Productivity
Secrets for Success
Result Driven Thought Leadership
Build Strength of Togetherness
Good to Great
Weaving Passion & Energy at Work
Campus to Corporate
Achieve your Targets (Apne Lakshya Ki Prapti)
Branding oneself through Impactful Business Communication
Leading with Passion
Manage Time – Manage Results
Getting things done your way – The Art of Negotiation
Welcome to Life
Left, Right or Centre – Skill of Taking Right Decision
Power of One
Fight or Flight
Reaching Out
Execution Driven Performance Leadership – Engineering Your Future

Health, Safety and Environment Training

Occupational Health & First Aid
First Aid Certification
Road Safety and Defensive Driving
Behaviour Based Safety
Fire Fighting and Emergency Handling
Safe Preparation of Scaffolding & Work at Height
Rescue Operations and Work inside Confined Space
Safety Induction
Electrical Safety
Safety in Material Handling
EHS Compliance
HSSEQ Refresher
ISO Internal Auditor Course
ISO clauses

Technical Training

SAP Training for SD MM Module
SAP Training for S&D
SAP – HR Module
MS Project 2010
Advance MS Excel
API-570
CSPTFE pipes, Fittings Valves
Cooling Water & Boiler Feed Water Treatment
Centrifugal Compressor & Steam Turbine
Furnace & Burner Management
Havells Cables

body, wherein the annual membership fee is borne by the Company.

WORKPLACE SAFETY

Fertilizer manufacturing units, particularly ammonia producing ones, are among the most complex in the chemical industry as they involve handling of hazardous substances and face operational hazards such as explosions and spillage.

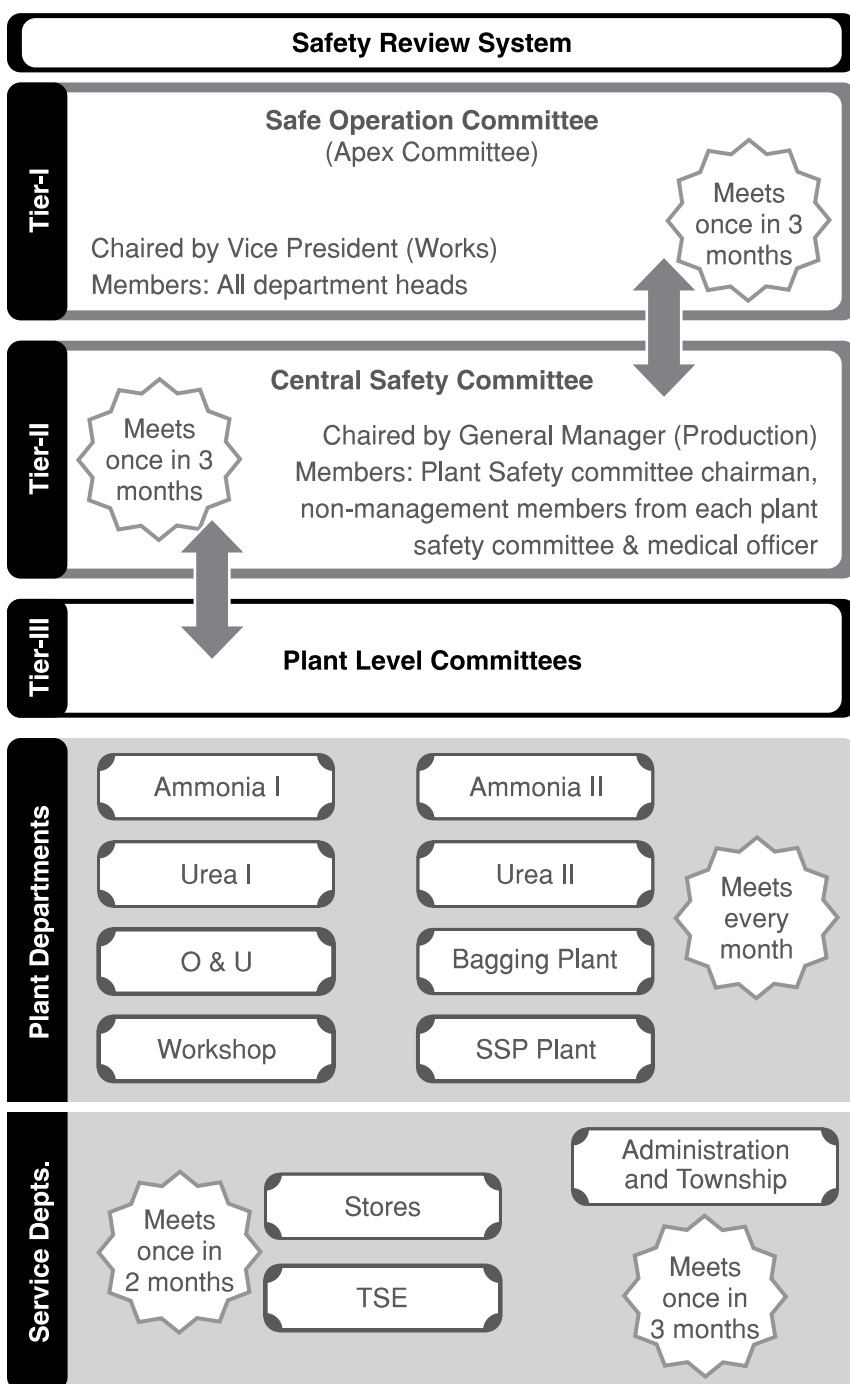
SAFETY MANAGEMENT SYSTEMS

Chambal gives high priority to health, safety, and environment protection and operates with the motto of 'Safety First'. This aspect is reflected in our day to day operations. The senior management continuously monitors the progress and performance of the Company on the parameters of health, safety and environment protection. We strive for continuous improvement through benchmarking studies and other industry delineated methodologies. We have made rigorous efforts to deeply engrain a safety culture in our people, especially those who are involved in plant operations.

At Chambal, 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 and ISO-14001 certified. We have implemented the process safety management system (PSM) developed by Occupational Safety & Health Administration, USA in our operations; which is helping us proactively identify, assess and control hazards. Though PSM is not mandatory, we adopted it to fulfill our quest for highest safety standards in our operations. Process incidents are continuously reviewed as per PSM guidelines and trainings' and

Parameters	2011-12	2012-13	2013-14
No. of Injuries	0	1	7
No. of Fatalities	0	0	0
Lost Days	0	19	486
Injury Rate ¹⁴	0	0.046	0.28
Lost Day Rate ¹⁵	0	0.872	19.49
Near-misses reported	454	518	439
Make to good	472	329	362

Table 19: Safety Statistics



audits are regularly conducted for overall improvement of safety management systems.

The spike in our safety statistics in the reporting year is a major area of concern for us. We are committed to strengthen our safety systems by providing all necessary resources to avoid such recurrences in the future.

EMERGENCY HANDLING

Chambal has a well-defined onsite disaster management plan which also involves the local government and other industries in the area. Mock drills and fire drills are regularly conducted to test emergency preparedness. Services of emergency equipment are provided to district authorities on various occasions as per their demand. Prompt services for firefighting are also provided to surrounding villages. The on-site emergency plan and Mutual Aid & Response Group (MARG) document has been revised this year. We are in regular touch with nearby industries so that there is mutual learning and sharing of resources.

SAFETY TRAININGS

To maintain and improve upon the well-established safety systems, extensive trainings were conducted by internal and external experts on rescue, firefighting and emergency handling, electrical safety, material handling, and road safety. In the reporting year, we initiated an e-learning programme on safety for employees at Gadepan. Furthermore, the workers of associated contractors are involved in safety promotional activities and training programmes.



¹⁴Injury Rate = (Total No. of reportable injuries X 200000)/ Total No. of hours worked (permanent + contractual)

¹⁵Lost Day Rate = (Total No. of lost days X 200000)/ Total No. of hours worked (permanent + contractual)

SAFETY REVIEW SYSTEM

Chambal has a 3-tier safety review system comprising plant, management and safe operations committees. We have set up 11 committees (having representation from all concerned departments) at the plant level. These committees meet on a monthly or bi-monthly basis to review the safety systems. Central safety committee headed by general manager-production and having a medical officer and management and non-management employees as members meets once every three months. The safe operation committee is the apex safety committee that comprises all department heads, headed by vice president-works, 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-MISS AND MAKE-TO-GOOD

To encourage safety awareness among employees and the contractor workforce, a scheme of near-miss and make-to-good reporting is in place. All near misses, minor injuries and incidents are reviewed, analyzed, and corrective actions taken.

SAFETY OF CONTRACT WORKERS

For Chambal, the well-being and safety of its contract workforce is a priority. The Company's agreements with contractors include provisions on various safety related issues. For example, we reserve the right to levy penalties for any unsafe act or violation of safety norms on the contractors.

The Company also has a system of nominating senior employees as safety stewards for each of its contractors with the aim to promote safety awareness amongst workers. To identify lapses and areas of improvement, review meetings with contractors are conducted every quarter. In FY 2013-14, a contractors' safety committee has been formed under the chairmanship of the maintenance head for improving safety compliance and ownership.

At the plant entrance, risks and precautions are explained to each worker. During operations, 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 proactively observed and recorded under 3 categories – unsafe act, unsafe condition and unsafe practice. In FY 2013-14, 536 safety observations were made during annual plant shutdown and 1327 during the rest of the year. Out of these, 1149 were classified as unsafe acts and 683 as unsafe conditions.

ENCOURAGING PROACTIVE SAFETY BEHAVIOR

The concept of behavior based safety (BBS), which was introduced in FY 2011-12 for safety improvement in the bagging plant



is working satisfactorily through selected BBS champions, which include representatives from employees and contractors' staff.

In the reporting year, various safety projects have been undertaken to improve the safety system of the SSP plant at Gadepan. A unique initiative of providing automated machine guards in moving machineries was undertaken to ensure safe operations. In our loading operations in bagging plant, we implemented a double bag protection device on the wagon loader for the safety of the person who is stacking bags.

Chambal has a well-established safety reward system for encouraging employees and contractors' staff for achieving safety excellence. Rewards are given for safe million man-hours, safe shutdown, and reduction of injuries in bagging, best near-miss reporting, and best safety performance by a department.

OTHER SAFETY INITIATIVES

Chambal is associated with international and national safety institutions of repute such as National Safety Council of US, British Safety Council, International Fertiliser Industry Association, National Safety Council of India and other Government organisations. Campaigns celebrating Safety Month, National Safety Day, Road Safety Week, Fire Service Day and World Environment Day were organized at Gadepan plant.

During the reporting year, school children and staff were introduced to firefighting and emergency handling equipment and procedure at the fire station. As a special drive towards improvement in road safety, film shows and discussion by experts were organised for township residents. Environment safety workshop and firefighting demo were also organised for students at ITI Sangod.



EMPLOYEE HEALTHCARE

Chambal accords the highest priority to the health of its employees and contract workers. Their health is assessed and monitored through periodic medical examinations.

A well-equipped medical centre at Gadepan works round the clock to provide health services to employees, their families, associated contractor workforce and people residing in the vicinity of the plants. New medical equipment and services are continuously added to upgrade the facilities at the health centre.

Health assessments of employees working in hazardous environments are done once every six months. The production and process departments prepare a list of personnel who are exposed to occupational hazards such as noise, urea dust and ammonia vapours. The identified personnel undergo relevant medical screening, depending on the nature of the exposure. If health assessment results persistently demonstrate deviations, the employee is relocated to some other area, devoid of the hazard.

Chambal also carries out a physical medical examination of all its employees working in non-hazardous areas once a year. For all other employees (other than those working at the plant) the

frequency of health assessments is once in two years for those below 45 years of age, and once a year, for those above 45 years of age.

During the reporting year, necessary training was imparted to the employees, their families and contract work-force to enhance their awareness towards health-related matters. Some of our employees are certified first-aiders.

In FY 2013-14, there were no reported cases of chronic obstructive pulmonary disease (COPD) and noise induced hearing loss (NIHL). In the reporting year, 692 employees and 6090 contract workers underwent health checkups. All food handlers (in the staff canteens and kitchens of guest facilities) are examined once every six months, and are dewormed and vaccinated against typhoid.

HEALTH, SAFETY, ENVIRONMENT & QUALITY (HSEQ) AUDITS

At Chambal, the HSEQ system is continually improved by conducting hazards and risk assessments, periodic audits by teams of trained internal auditors and external agencies of repute. Internal audits are conducted on systems such as ammonia storage, fire water pump house, safety showers, first-aid boxes and pull chords. Learning visits to peer organizations (who

have good track-record in this respect) are a regular feature; the idea being to study and adopt their best practices.

AN EQUAL OPPORTUNITY EMPLOYER

Meritocracy and equal opportunity are the cornerstones of Chambal's selection and career advancement programme. As a caste, colour, gender and religion neutral organization, 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, and Maternity Benefit Act are complied with, in letter and spirit. In the reporting year, no case of discrimination was reported.

Chambal has a well-established mechanism to prevent sexual harassment at work place. An Internal Complaint Committee has been formed as per the requirements under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder. Awareness campaigns were conducted in the reporting year to familiarize the employees about

Doctor-on-Call

In FY 2011-12, we tied-up with two leading doctors to visit our Corporate Office once a week. The doctors, one of whom is a gynecologist, provide free medical consultation to all employees at New Delhi.



their rights and obligations under the aforesaid statutes including redressal mechanism. In 2013-14, no case of sexual harassment was reported.

PROTECTING HUMAN RIGHTS

We are committed to prevent human rights abuses like child labour and forced / compulsory labour in all our operations. An elaborate process of background verification, medical fitness, address and age verification is followed along with compliance of other statutory requirements by the industrial relations (IR) department for contract workers. The 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 against human rights abuses by our suppliers, we currently do not have a defined formal policy for the same. The Company has not entered into any significant investment agreement in the reporting year.

INDUSTRIAL RELATIONS

Chambal has cordial relations with workers, staff and officers in the organization. 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 voice their views and concerns. The required welfare measures are implemented on continual basis to ensure a healthy work environment. We fully subscribe 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 and informal channels of interaction.

The Company follows the Factory's Act 1948, to specify minimum notice period(s) regarding significant operational changes. As on March 31, 2014, we have 15 reinstatement claim cases pending

for adjudication before the Labour Court, Kota. Of these, 14 cases are related to contract workers and 1 case pertains to an ex-employee.

PARTNERING WITH COMMUNITY

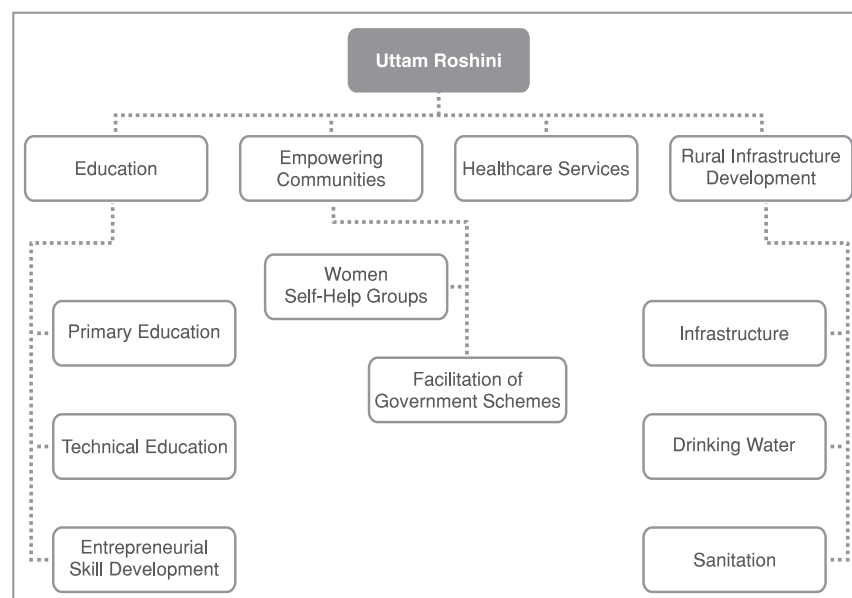
We are playing a catalytic role in creating sustainable development in rural India through our multi-pronged programmes:

- Uttam Roshani – The objective of this programme is to improve the quality of life for the communities residing in the 22 villages abutting our fertilizer plants at Gadepan.
- Uttam Bandhan – The goal of this programme is to promote sustainable farming practices and boost crop productivity 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.

To address the diverse needs of the community, four Uttam Roshani interventions have been designed after conducting a 'need assessment survey'.





These interventions are being implemented with the active participation of the local community, and in consultation with the local administration at the village, block and district levels.

To initiate and sustain meaningful CSR actions, Chambal has formed the K K Birla Memorial Society (KKBMS). This Society is responsible for the implementation of our key CSR initiatives.

1. EDUCATION

We recognize that education is the basic building block of every society. It is the most important investment countries and companies can make to build prosperous, healthy and empowered communities.

PRIMARY EDUCATION

a. Government Schools: To inspire under privileged children to get quality education, Chambal adopted 24 primary and upper primary government schools in 22 villages under the Public-Private Partnership scheme of the Government of Rajasthan in 2011-12. We are committed to work towards the overall development of these schools by improving infrastructure, constructing girls' toilets, providing electricity and water, uniforms, stationary and woollens.

In the last three years, we undertook the following initiatives to improve the quality of education and reduce dropout rates.

- 24 schools renovated.
- Girl's toilets constructed/renovated in 24 schools.
- Electrification completed in 24 schools with the support of JVVNL, Kota.
- Facilitated construction of boundary walls in 21 schools with the support of Sarva Shiksha Abhiyan.
- Provision of drinking and running water facilitated with the help of Government departments.

Key Changes in FY 2013-14

- Enrollment increased by 7.6%
- Study material (bags, notebooks) distributed to 3632 students in 24 schools.
- Special focus on learning English language and improving reading and writing skills
- Established library in each school
- Extra-curricular activities like sports, drawing and cultural competitions, science fairs and parent meetings are regularly organized to improve participation of children and community
- Science fair organized to make students aware about scientific concepts. Around 500 students from Government schools participated in the programme
- Around 130 students from our adopted schools participated in the national level drawing competition organized by Bureau of Energy Efficiency (BEE), Ministry of Power, and received participation certificates

- Regular community sensitization and mobilization done through puppet shows, door-to-door campaigns, community meetings, enrolment drives, and nukkad natak.

b. Block Excellence Programme: In the reporting year, a leading NGO, Pratham conducted a baseline survey in 24 schools, whose findings revealed that:

- 70% of Class 5 students cannot read text books meant for Class 2 students.
- Around 30% of Class 5 students cannot solve simple math problems like dividing a 3 digit number by a one digit number.

Seeing these alarming results, Chambal has introduced a Block Excellence Programme in collaboration with Pratham. Under this programme, we have established 23 learning centers in nearby villages, to bridge learning gaps of students who are under-performing in academics. Running during school hours, these centres are facilitating children from classes 3, 4 and 5 directly. We

have deployed local educated youth who teach children for four hours and also work towards sensitizing the community about education related issues. We are also providing study materials to children from time to time. Over 800 students of classes 1 to 8 are regularly benefitting from this initiative. In the reporting year, we have been able to successfully improve learning abilities of about 80% students enrolled in this programme. We organized a 10-day training programme to familiarize our team with the latest teaching methodologies.

c. Smart Learning Classes: It has been observed that children learn faster with visual teaching aids. In the reporting year, we introduced smart learning classes for under-performing and average-performing students. We delivered place value, addition, subtraction, multiplication and division concepts through smart classes to over 450 children in upper primary schools.

d. Balwadi Centers School Readiness Programme: Anganwadi centres have been established by

the Government to provide pre-school education to children in the 3-5 years age group. However, due to lack of quality inputs, children in these centres are not fully prepared for formal education. To ensure readiness of pre-school children for formal schooling, Chambal has initiated a school readiness programme for balwadi centres in collaboration with Pratham. We have trained local youth in motor and cognitive learning concepts and deployed them in these centres. We are currently facilitating 522 children through 21 anganwadi centres across 21 villages in the region.

e. Chambal Fertiliser DAV School: To promote quality education, we encourage children from nearby villages to study in the CF DAV School located at Gadepan. Affiliated with the Central Board of Secondary Education, this school provides education up to class 10. During the last 5 years, the percentage of students from nearby villages has gone up considerably. Free mid-day meals are provided to all students of this school.

f. Technical Education: In 2010-11, Chambal adopted Industrial Training Institute (ITI) at Sangod (Rajasthan) under the public-private partnership scheme of the government. During the last two years, the building of this ITI was renovated and new equipment and computers were installed. We also introduced four new trades, thus increasing the total trades to seven. A new block of building is under construction. The student strength has increased from 100 to about 300.

In the reporting year, we facilitated placement of about 100 students with blue-chip companies like Maruti Suzuki, Mahindra & Mahindra, Honda Motors, Gillette India, DRDO, Ashok Leyland, Hindustan Glass, Indian Railways, RSEB Kota and Uno Minda Group. As a result of our efforts, ITI-Sangod is now considered one of the best ITIs in Rajasthan.

Encouraged by the success of ITI-Sangod, Chambal has adopted ITI-Sultanpur and will commence development activities there soon.

“
Chambal is playing a catalytic role in creating sustainable development in rural India through its two multi-pronged programmes – Uttam Roshani and Uttam Bandhan.

g. Entrepreneurial Skill Development: To help unemployed youth residing in our plant’s vicinity, we have established two vocational training centres at Gadepan and Kundanpur in collaboration with the District Adult Education Association. Based on a need assessment survey, we have started tailoring and beautician courses. Currently, 155 women have enrolled in the tailoring course and 40 women in the beautician course.

	2010-11	2011-12	2012-13	2013-14
Students from nearby villages in CF DAV School	37%	45%	51%	53%

Table 20: Percentage of students from nearby villages in CF DAV School

“
To promote education among underprivileged children, Chambal adopted 24 primary and upper primary government schools in 22 villages under the public-private partnership scheme of the Government of Rajasthan



2. HEALTHCARE

Chambal is committed to provide basic healthcare facilities to the people residing in 20 villages in the vicinity of our plants.

To fulfill this commitment:

- Our mobile healthcare unit with a doctor and a nursing assistant 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 Government hospital at Kota.
- The medical centre at Gadepan campus provides free healthcare services to sick people from surrounding areas.
- Specialists in pediatrics, gynecology, skin, dental and ENT provide free consultation to the villagers.
- Emergency ambulance services are provided to the community on 24 x 7 basis.



- Periodic health camps for various diseases are organized.

During the reporting year, we also organized a blood donation camp in association with the Kota Blood Bank Society, where our employees and their family members donated blood.

We also contributed ₹ 30 lac to Manorama Devi Birla Charitable

Trust to support their community healthcare initiatives in Uttarakhand.

3. EMPOWERING COMMUNITIES

Women Self-help Groups: Our self-help groups (SHGs) initiative is focused on women in the villages near our plants at Gadepan. These SHGs have been formed with the objective of micro financing, and inter-lending. SHG members are regularly trained in accounts and record keeping, management of SHGs, and bank linkage processes. In addition, the members are also trained for making dona-pattal and pickles.

Facilitation of Government Schemes: Central and State governments in India have many schemes for the benefit of underprivileged people. But at times, target groups are unable to avail these benefits due to lack of information and limited means. To fill this gap, Chambal initiated

Healthcare Programmes	2011-12 (Nos.)	2012-13 (Nos.)	2013-14 (Nos.)
Patients treated by Gramin Arogya Sewa Mobile Health Care Unit	34741	31266	15451
Patients from nearby villages treated at Health Centre	2862	3053	3152
No of times ambulance was provided to villagers in emergency situations	222	238	303
Children covered under the Pulse Polio immunization programme	51	182	111

Table 21: Healthcare related activities

Healthcare Camps	2011-12 No. of patients	2012-13 No. of patients	2013-14 No. of patients
Camp for skin related diseases	217	306	314
Eye check-up camp	647	752	-
Family planning camp (Tubectomy & Vasectomy)	15	35	-
Blood donation camp (units)	196	159	193
Gynecological camp			123

Table 22: Healthcare related activities



FY	2012-13	2013-14
Numbers of SHGs	27 in 9 villages	25 in 9 villages
Numbers of women members	319	273
Micro finance/ inter loaning corpus	₹ 10 Lakh (Approx.)	₹ 8.48 Lakh

Table 23: Self-help groups

a programme to help people of nearby villages avail Government facilities like pension schemes and domestic gas connections. Till date, we have directly or indirectly helped about 1000 people avail benefits of various Government schemes.

4. RURAL INFRASTRUCTURE DEVELOPMENT

To meet our commitment to improve the quality of life in the villages near our fertilizer plants, we have constructed classrooms and boundary walls in schools, toilets and crematoriums, kharanja roads (stone pavement) and gravel link roads, drains and culverts.

We have constructed 12 major streets in Gadepan village and cement concrete roads in Ruggi,

Motikuan, Cheensa, Gadepan ki Jhopadiyan, Sarola and Bamori villages, under Government of India's MNREGA scheme. Under this scheme, manpower is provided through MNREGA, and we provide the material for construction. We have also constructed pavement roads in Kundanpur, Khan Ki Jhopadiyan and Palaitha villages.

PRODUCT RESPONSIBILITY

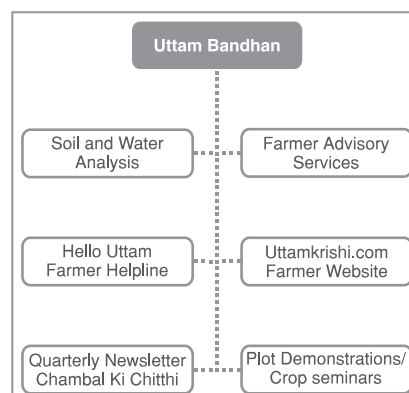
Agriculture is the backbone of Indian economy, and fertile soil is the most important resource for agricultural production. Soil provides water, nutrients and anchorage to crop plants. But to increase fertility, soil needs inputs like organic manure and fertilizer.

We are committed to maintain the quality of our products and minimize any potential negative impacts it may have on 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.

UTTAM BANDHAN – Educating and Supporting the Farmer

Chambal's Uttam Bandhan initiative – a trend-setting agriculture and community outreach programme provides customized information and services to farmers. It is playing a key role in protecting and renewing arable land by promoting sustainable agriculture. Currently, Uttam Bandhan has a membership base of about 50,000 farmers in 10 Indian states. The farmer is charged a nominal membership fee of ₹ 20 per annum.

We use both new-age as well as conventional methods to disseminate information regarding sustainable farming practices, high quality agri-inputs, location of authorized dealers, prevailing market prices, and weather forecasts. The interface between our Company and the farmers is the Uttam Krishi Salhakar (UKS). He is responsible for collecting soil and water samples for analysis, distribution of quarterly farmer magazine and organizing farmer meetings, crop seminars and product demonstrations. In addition, we also reach out to the farming community through television and radio advertisements.



FARMER MEETS / TRAINING PROGRAMS / CROP DEMONSTRATIONS

Crop and product demonstrations, field trials, training programmes and farmer meets are our delivery touch points for the Indian farming community. Through these activities, we promote balanced use of fertilizers and advise farmers on suitable combination of nutrients for different kinds of soils. Plot demonstrations are used to showcase efficacy of Chambal products, facilitate adoption of new products and techniques and give a preview of efficient agri-practices. These sessions also act as a forum for the farmers to interact with agriculture experts.

CHAMBAL KI CHITTHI

Chambal ki Chitthi, our quarterly magazine containing farm-related information is published in three vernacular languages – Hindi, Punjabi and Gujarati – and is hand-delivered to every Uttam Bandhan farmer. In the reporting year, we distributed 3,60,000 Chambal ki Chitthi in 10 Indian states.

FARMERS' WEBSITE – UTTAMKRISHI.COM

Uttamkrishi.com is our interactive website in Hindi, for the Indian farming community. Useful and latest information on crops and agronomy are posted on the



Crop and product demonstrations, field trials, training programmes and farmer meets are our delivery touch points for the Indian farming community.

Rebuilding Uttarakhand

The Himalayan state of Uttarakhand in north India was hit by torrential rains and cloudbursts in June 2013, recording the highest rainfall in twenty years in a 3-day period. This triggered glacial lake outbursts, landslides and flash floods in multiple locations in the state. With no warning and time to evacuate, this resulted in thousands of fatalities, and a large number people missing.

In certain villages, almost the entire settlement was wiped out. Cultivable land, crops and vital infrastructure such as roads, bridges, administrative buildings, schools and healthcare centres were extensively damaged. Thereby basic amenities and services like education, healthcare, communication, water supply and power were severely compromised. Among the local communities, the distress and loss was manifold, for they lost family members, homes and livelihoods. The area most affected comprised the 4 districts of Chamoli, Pithoragarh, Rudrapur and Uttarkashi, in the altitude range of 7,000 – 11,000 ft, with a population of about 12,00,000.

As news of the tragedy spread, people from all walks of life tried to reach out to the affected communities. At Chambal we truly believe in having compassion for all fellow human beings. It is this empathy that guided Chambalites across locations to wholeheartedly contribute to the noble cause. The Company also contributed an equal amount to the employee-generated corpus.

When the initial rescue and relief operations were over, the need of a sustained initiative for rehabilitation of these communities was imperative. To contribute to the rehabilitation and development efforts in Uttarakhand, Chambal partnered with a leading NGO, Pragya India. Based on a need-assessment survey carried out by Pragya and the district administration after the floods, we chalked out a comprehensive plan for post-disaster rehabilitation and rebuilding lives in the calamity-hit regions of Kameda, Lambagarh, Pargasi, Arurhi, Banakuli, Talla and Malla Khiro villages under the Lambagarh panchayat of Chamoli district in Joshimath block.

With the help of Pragya India, we have set-up the following basic facilities to meet the needs of the affected community:

- Drinking Water – Providing safe drinking water was our top priority as there was no potable water in these villages. We provided 10 stand-alone water tanks and filtration systems for displaced families.
- Sanitation – 8 Pre-fabricated toilets blocks were built for male and female residents.
- Livelihood – 32 Poly greenhouses with farm implements, vegetable seeds and saplings were built to ensure continual revenue generation even in winters.

website. Farmers can access the information for free and can post queries, which are answered by our agriculture experts.

HELLO UTTAM

Farmers are encouraged to dial Hello Uttam, our toll-free helpline -1800 180 5550. We have stationed agriculture experts at six Hello Uttam centres to address the concerns of farmers. The helpline number is printed on all our packaging and promotional materials. In the reporting year, we received 50,740 calls on this helpline.

MAINTAINING SOIL HEALTH

To maintain soil health and promote sustainable agriculture, it is critical to regularly replenish macro and micronutrients of the soil. Chambal's soil management initiative is a pioneering move in this regard. We have two agriculture development laboratories (ADLs) at Kota (Rajasthan) and Agra (Uttar Pradesh). In addition, we operate two mobile soil testing vans in Sriganganagar and Kota regions of Rajasthan. The soil tests are done free of charge for Uttam Bandhan members.

These results are electronically stored and have enabled us to have a soil quality map of the regions where we have our presence. After analyzing soil and water samples,

Neem Coated Urea, an Eco-friendly Alternative:

Urea coated with neem extract especially triterpene have nitrification inhibiting properties, thereby ensuring availability of Nitrogen for prolonged periods. In FY 2013-14, 35% of Chambal's total urea production was neem coated urea.



we educate the farmers about the optimum quantity and right mix of fertilizers to be applied, thereby limiting indiscriminate use of fertilizers and pesticides. Till date, Chambal has tested over 800,000 soil and other samples in 10 states of India.

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 analyzed for identifying the opportunities for improvement in our products

and service delivery mechanism. In 2012-13, we initiated collection of farmer feedback through the Hello Uttam helpline.

RESPONSIBLE COMMUNICATIONS

We label our products as per the guidelines of The Fertiliser (Control) Order 1985 and Legal Metrology Act, 2009. Our product labels inform customers about the following:

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

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 2012-13	FY 2013-14
Soil & other samples tested by ADLs/ Mobile Vans	64045	58021
Soil Sample Days	192	116
Farmer Meetings & Crop Seminars	2286	895
Farmer Training Programmes	196	43
Jeep Campaign Days	4859	3887
Fairs / Exhibitions	53	47
Dealer & Sub-dealer Meetings	50	88
Demonstrations	725	221
Hello Uttam Queries	45695	50740

Table 24: Uttam Bandhan activities

Other Statements

- Assurance Statement
- Index – National Voluntary Guidelines (Ministry of Corporate Affairs, Government of India)
- GRI Index
- Glossary of Terms
- Application Level
- Feedback Form



Assurance Statement



Ernst & Young LLP
22, Camac Street
5th Floor, Block 'B'
Kolkata-700 016, India

Tel: +91 33 6615 3400
Fax: +91 33 2281 7750
ey.com

**The Management and Board of Directors
Chambal Fertilisers and Chemicals Limited
Corporate One, First Floor,
5 Commercial Centre, Jasola
New Delhi – 110 025, India**

Independent Assurance Statement

Ernst & Young LLP (EY) was engaged by Chambal Fertilisers and Chemicals Limited (the 'Company') to provide independent assurance of its Sustainability Report 2013-14 (the 'Report').

The development of the Report based on the Global Reporting Initiative 2006 (GRI-G3) Guidelines, 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 as described below in the scope of assurance. 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 dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

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.

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 2013 to 31st March 2014. 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 consistency of data/information within the report as well as between the report and source;
- 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 the Company's plans, policies and practices, pertaining to their social, environment and sustainable development

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2013 to 31st March 2014);
- The 'economic performance indicators' included in the Report;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, was drawn from our Climate Change and Sustainability network, 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.

Observations and opportunities for improvement

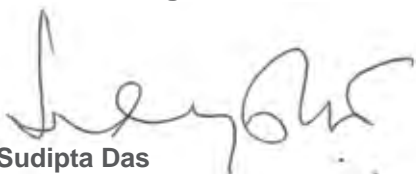
During our review process, we observed that:

1. The Company has compiled the Report on the basis of GRI-G3 Guidelines of the Global Reporting Initiative;
2. The Company has instituted systems and procedures for collection, collation and interpretation of non-financial historical data on EHS and social performance indicators under GRI-G3, for inclusion in the Report.

Conclusion

Based on our scope of review and approach, nothing has come to our attention that causes us not to believe that the Report has covered significant aspects in a fairly balanced manner, with regard to the Company's sustainability performance.

Ernst & Young LLP



Sudipta Das
Partner

Dated: 28 August 2014

Place: Kolkata

Index – National Voluntary Guidelines (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 2013-14 -->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 2013-14 -->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 2013-14 -->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 2013-14 -->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 2013-14 -->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
	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	27
2. Organizational Profile		
Profile Disclosure	Description	Reference
2.1	Name of the organization.	Cover page
2.2	Primary brands, products, and/ or services.	24 - 26
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	24 - 26
2.4	Location of organization's headquarters.	24 - 26
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.	22
2.6	Nature of ownership and legal form.	24
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).	24 - 26
2.8	Scale of the reporting organization.	40 - 42
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	No significant change
2.10	Awards received in the reporting period.	24
3. Report Parameters		
Profile Disclosure	Description	Reference
3.1	Reporting period (e.g., fiscal/ calendar year) for information provided.	22
3.2	Date of most recent previous report (if any).	22
3.3	Contact point for questions regarding the report or its contents.	22
3.4	Process for defining report content.	22
3.5	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	22
3.6	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	22
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.	22
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 in the 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.	22
3.11	Table identifying the location of the Standard Disclosures in the report.	72
3.12	Policy and current practice with regard to seeking external assurance for the report.	22

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.	32 - 34
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	32 - 34
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.	32 - 34 & Annual Report
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	28 - 30
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.	36 - 38
4.14	List of stakeholder groups engaged by the organization.	36 - 38
4.15	Basis for identification and selection of stakeholders with whom to engage.	36 - 38
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	36 - 38
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.	36 - 38
Standard Disclosures Part II: Disclosures on Management Approach (DMAs)		
G3 DMA	Description	Reference
DMA EC	Disclosure on Management Approach EC	40 - 42
DMA EN	Disclosure on Management Approach EN	44 - 52
DMA LA	Disclosure on Management Approach LA	54 - 60
DMA SO	Disclosure on Management Approach SO	60 - 65
DMA HR	Disclosure on Management Approach HR	59 - 60
DMA PR	Disclosure on Management Approach PR	64 - 66
Standard Disclosures Part III: 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.	40 - 42
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	45
EC3	Coverage of the organization's defined benefit plan obligations.	55 - 56
EC4	Significant financial assistance received from government.	40 - 42
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	42
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	54
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	60 - 66

Environment		
Performance Indicator	Description	Reference
EN1	Materials used by weight or volume.	44 - 45
EN2	Percentage of materials used that are recycled input materials.	44 - 45
EN3	Direct energy consumption by primary energy source.	45 - 46
EN4	Indirect energy consumption by primary source.	45 - 46
EN5	Energy saved due to conservation and efficiency improvements.	45 - 46
EN8	Total water withdrawal by source.	45 - 47
EN10	Percentage and total volume of water recycled and reused.	45 - 47
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	50 - 52
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	50 - 52
EN13	Habitats protected or restored.	50 - 52
EN16	Total direct and indirect greenhouse gas emissions by weight.	45 - 46
EN17	Other relevant indirect greenhouse gas emissions by weight.	45 - 46
EN19	Emissions of ozone-depleting substances by weight.	50
EN20	NOx, SOx, and other significant air emissions by type and weight.	50
EN21	Total water discharge by quality and destination.	48
EN22	Total weight of waste by type and disposal method.	51
EN23	Total number and volume of significant spills.	49
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.	52
Social: Labour Practice and Decent Work		
Performance Indicator	Description	Reference
LA1	Total workforce by employment type, employment contract, and region.	54
LA2	Total number and rate of employee turnover by age group, gender, and region.	55
LA4	Percentage of employees covered by collective bargaining agreements.	60
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	60
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	57
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	59
LA10	Average hours of training per year per employee by employee category.	54 - 56
LA12	Percentage of employees receiving regular performance and career development reviews.	54


LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	54
LA14	Ratio of basic salary of men to women by employee category.	59
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.	60 - 65
SO2	Percentage and total number of business units analyzed for risks related to corruption.	34
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	All employees were informed through e-mail/ in-house newsletter
SO4	Actions taken in response to incidents of corruption.	34
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.	59 - 60
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	59 - 60
HR4	Total number of incidents of discrimination and actions taken.	59 - 60
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.	59 - 60
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	59 - 60
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.	59 - 60
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.	64 - 66
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	64 - 66
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	64 - 66
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	64 - 66
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.	64 - 66
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	64 - 66

Glossary of Terms

ADL	Agriculture Development Laboratory
ASCI	Advertising Standards Council of India
ASSOCHAM	Associated Chambers of Commerce and Industry of India
BBS	Behavior Based Safety
BEE	Bureau of Energy Efficiency
BFW	Boiler Feed Water
BNHS	Bombay Natural History Society
BOD	Biological Oxygen Demand
BSE	Bombay Stock Exchange
CBSE	Central Board of Secondary Education
CF DAV	Chambal Fertilisers DAV School
CFC	Chlorofluorocarbon
CFCL	Chambal Fertilisers and Chemicals Limited
CO ₂	Carbon Di Oxide
COPD	Chronic Obstructive Pulmonary Disease
CREP	Corporate Responsibility for Environment Protection
CSR	Corporate Social Responsibility
CTDF	Common Treatment and Disposal Facility
CBMWTFD	Common Bin-Medical Waste Treatment and Disposal Facility
DAP	Di Ammonium Phosphate
DMA	Disclosure on Management Approach
DRDO	Defence Research and Development Organisation
DWT	Dead Weight Tonnage
EC	Economic Performance Indicators
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
EVR	Economic Value Retained
FAI	Fertilizer Association of India
FCO	Fertiliser (Control) Order
FD	Forced Draft
FICC	Fertilizer Industry Coordination Committee
FICCI	Federation of Indian Chamber of Commerce and Industry
FII	Foreign Institutional Investors
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
HDPE	High Density Polyethylene
HR	Human Rights Performance Indicators
HR	Human Resource
HSE	Healthy, Safety and Environment
HSEQ	Health, Safety, Environment & Quality System
ICC	Indian Chemical Council
IFA	International Fertilizer Industry Association
IMACID	Indo Maroc Phosphore S.A.
INR	Indian Rupee
IR	Industrial Relations
ISO	International Organization for Standardization

ITI	Industrial Training Institute
JVVNL	Jaipur Vidyut Vitran Nigam Limited
KBBS	Kota Blood Bank Society
KG	Kilogram
KG-D6	Krishna Godavari Basin
KKBMS	KK Birla Memorial Society
KRES	KBR Reformer Exchange System
LA	Labour Performance Indicators
LLP	Limited Liability Partnership
LNG	Liquefied Natural Gas
MARG	Mutual Aid & Response Group
MNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
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
NG	Natural Gas
NGO	Non Government Organization
NIHL	Noise Induced Hearing Loss
NIP	New Investment Policy
NOx	Oxides of Nitrogen
NPS	New Pension Scheme
NPS	New Pricing Scheme
NSE	National Stock Exchange
OCBs	Overseas Corporate Bodies
OCP	Operation Control Procedures
ODS	Ozone Depleting Substances
OEM	Other Equipment Manufacturer
OHSAS	Occupational Health & Safety Advisory Services
OSHA	Occupational Safety and Health Administration
PAR	Performance Analysis Review
PAT	Profit After Tax
PBT	Profit Before Tax
PMS	Performance Management System
PPP	Public Private Partnership
PR	Product Responsibility Performance Indicators
PSM	Process Safety Management
PVC	Polyvinyl Chloride
RLNG	Re-gasified Liquefied Natural Gas
RSEB	Rajasthan State Electricity Board
S & D	Supply and Distribution
SEBI	Securities and Exchange Board of India
SHGs	Self Help Groups
SM3	Standard Cubic Meter
SMS	Short Messaging Service
SO	Social Performance Indicators
SPM	Suspended Particulate Matter
SSP	Single Super Phosphate
STP	Sewage Treatment Plant
tCO ₂	Total Carbon Di Oxide
TMOs	Trainee Marketing Officers
TSS	Total Suspended Solids
UK	Uttam Kranti
UKS	Uttam Krishi Salahakars
UN	United Nations
USD	US Dollar
VFD	Variable Frequency Drive

Application Level

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



Feedback Form

Please tick (✓) the most appropriate box.

	Poor	Average	Good	Very Good	Excellent
1. Coverage of issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Quality of the information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Clarity of the content	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Completeness of the information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Relevance of the information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Kindly suggest areas where more detailed information may be reported

.....

.....

.....

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

.....

.....

.....

Name:

Designation:

Organisation:

Contact Address:

.....

.....

Phone No.:

E-mail:

Chambal Fertilisers sincerely thanks you for your time and comments.

Kindly mail your feedback to:

Corporate Communications
 Chambal Fertilisers and Chemicals Limited
 Corporate One, First Floor, 5 Commercial Centre,
 Jasola, New Delhi – 110 025
 Phone: +91 11 46581300/ 41697900
 Fax: + 91 11 40638679
 E-mail: live.responsibly@chambal.in





**CHAMBAL FERTILISERS
AND CHEMICALS LIMITED**

Registered Office : Gadepan, Distt. Kota, Rajasthan – 325 208

Corporate Office : Corporate One, First Floor, 5 Commercial Centre, Jasola, New Delhi – 110 025

www.chambalfertilisers.com