




CHAMBAL FERTILISERS
AND CHEMICALS LIMITED

Building a sustainable enterprise

First Corporate Sustainability Report 2009-10



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Chairman's Message



Dear Stakeholder,

Corporate Sustainability is an approach that creates long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments.

Sustainability is not an alien concept in India. It has been an integral part of our heritage. Our ancient forefathers were votaries of sustainable living. In the 20th century, Mahatma Gandhi enunciated the principles of sustainable development, beautifully summed up in his timeless message: "Our world has enough for each person's need, but not for his greed."

Economic development has to take into consideration the preservation of Mother Earth and protection of the social fabric. Unfortunately, lack of a long-term sustainability vision has led to unhindered

exploitation of natural resources and unbridled materialism. This has put a huge strain on our planet. As trustees of future generations, we need to ensure the well-being of all life forms and conservation of nature.

The need of the hour, undeniably, is to promote 'sustainability' – equitable development, social justice, peace and harmony, conservation, judicious use of natural resources; and inculcate an abiding reverence for all forms of life. The responsibility to usher in a sustainable world rests on the shoulders of all nations, corporations and individuals alike.

At Chambal, we have introduced sustainable practices across the manufacturing value chain and product life-cycle – from technology selection, manufacturing processes, vendor sourcing and quality control to packaging systems and delivery mechanisms. Most significantly, strong emphasis is laid on building a pool of sustainable human resources through equal opportunity, empowerment, capacity building and career planning.

The Indian farmer is our most important stakeholder. We are committed to empower the farmers to face challenges like limited land resources, vagaries of weather and crop failure due to natural calamities. We have two state-of-the-art Agriculture Development Laboratories

at Sriganganagar (Rajasthan) and Agra (Uttar Pradesh). The laboratories carry out about 65,000 soil and water tests per annum for major and micro-nutrients composition. Based on the sample analysis, we provide them with high quality products and innovative solutions to meet their needs. Besides soil and water tests, the laboratories also provide training on various issues relating to agriculture and soil health. As a part of our agri-extension services, the Company has initiated the Uttam Bandhan programme. Under the programme, we interact with farmers on a regular basis through meetings, Krishi Sewaks, jeep campaigns, etc. Uttam Bandhan programme has been a pioneering attempt in improving agricultural productivity, increasing employability and securing livelihoods for farmers.

We have a very structured 'Corporate Social Responsibility' programme to improve the quality of life of the communities in the vicinity of our plants at Gadepan, in Kota district of Rajasthan. Over the years, we have addressed issues like education, healthcare, rural infrastructure, environment, agriculture and livestock development and entrepreneurial skills development. In our entrepreneurial development programme, we provide vocational training to unemployed youth and women in the area.

The area around our campus has gone through positive transformation as a result of the check dam built by us on Kalisindh river for rainwater harvesting. The water level in the vicinity has improved, thereby increasing availability of water for drinking as well as agriculture purposes and has helped in the rapid growth of flora and fauna. The Company is envisaging another Check Dam upstream on Parwan river.

For the last 25 years, Chambal has been conforming to the highest standards of corporate governance while reporting

its financial data. To this index, we have added another metric this year: Triple Bottom Line (Economic, Environment and Social) reporting, for assessing the Company's baseline sustainability performance.

Our maiden Corporate Sustainability Report which has been duly assured by Ernst and Young takes the Company to the next level of transparency and shows the seriousness with which we approach the subject.

The sustainability challenges in the future will be large and complex, and our task is not likely to be easy. But I

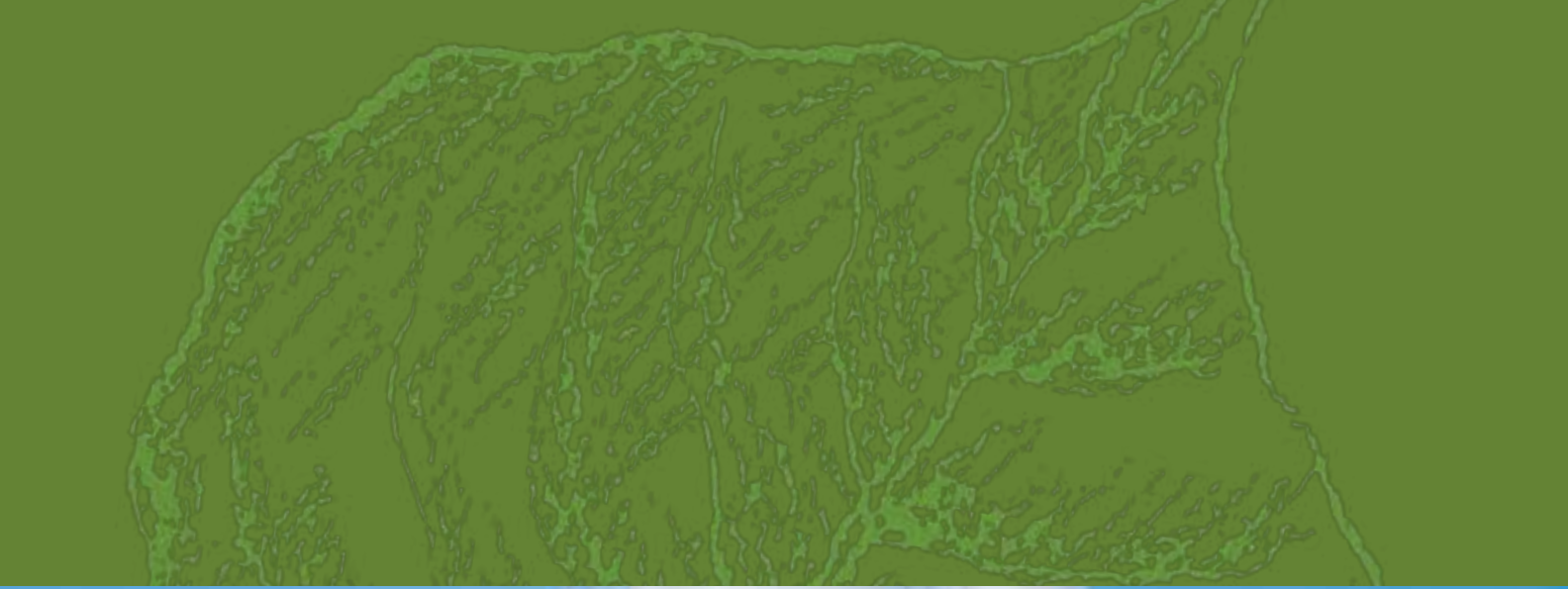
am confident that given the resolve and commitment of our employees and the support of other stakeholders, we will successfully accomplish our mission.

With best wishes,



Saroj K. Poddar
Chairman





Building a sustainable enterprise

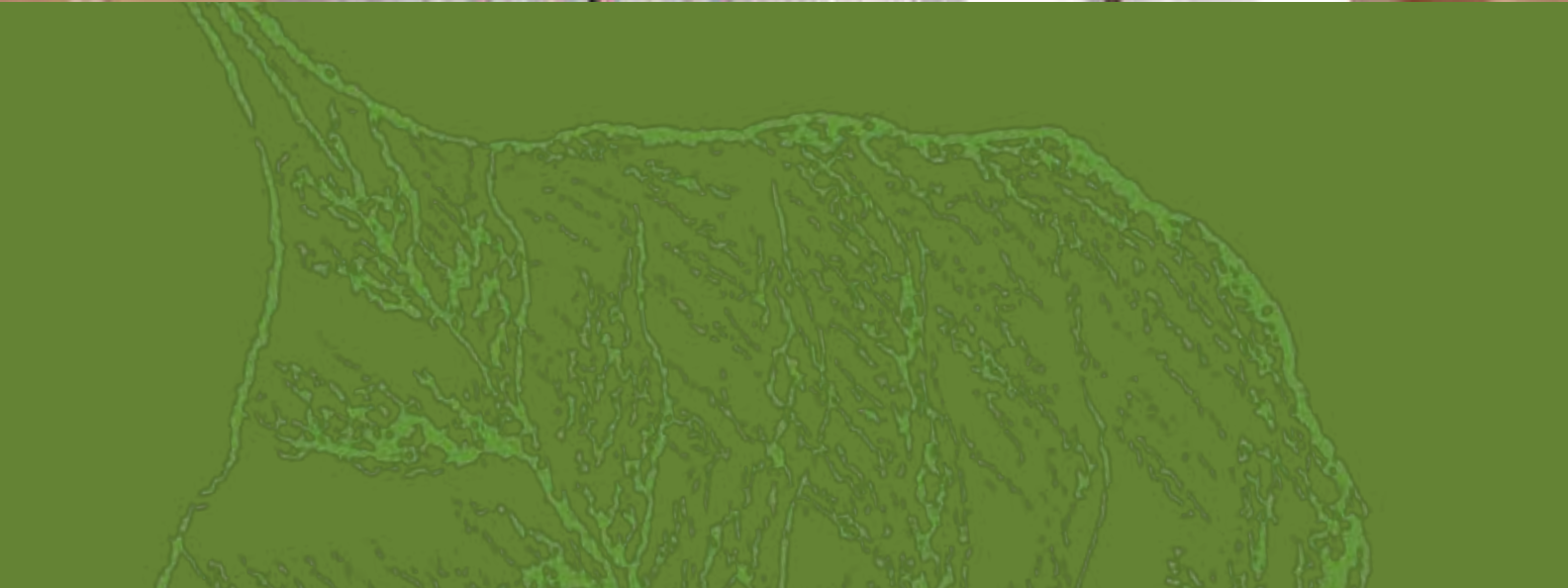
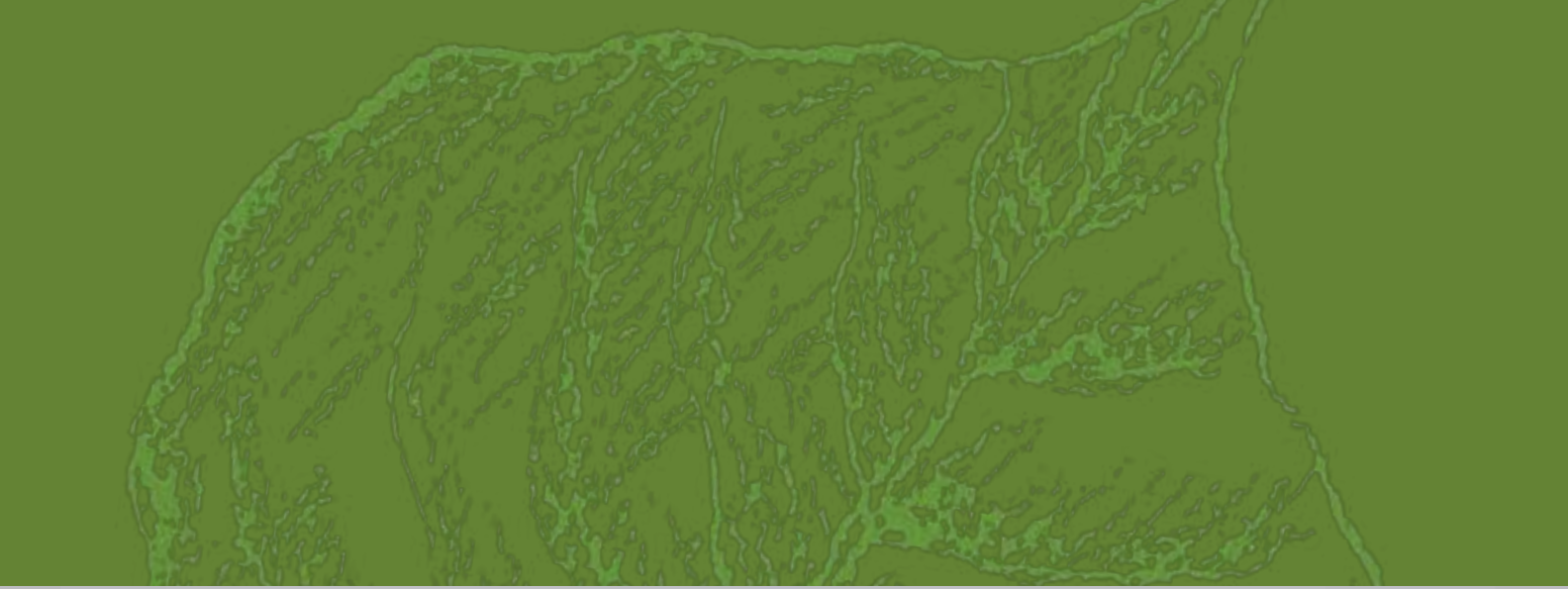
Sustainability is about celebrating diversity; having compassion for all sentient beings; accepting that all life forms are inter-connected and inter-dependent on each other as strands in a web and believing that, the welfare of one is fundamentally dependent on the welfare of all.

Equally, sustainability is about preserving and enriching Mother Nature; sharing resources; being concerned about the well-being of future generations; and believing that, there's enough on this planet for one's need rather than for one's greed.

At Chambal, we are committed to building a sustainable enterprise for the benefit of our present and future generation of stakeholders. We have integrated sustainable practices into our business strategies and operations.

Our first Corporate Sustainability Report looks at the progress made by us in tackling the three biggest challenges on our sustainable journey – economic prosperity, social development and justice, and environmental integrity.



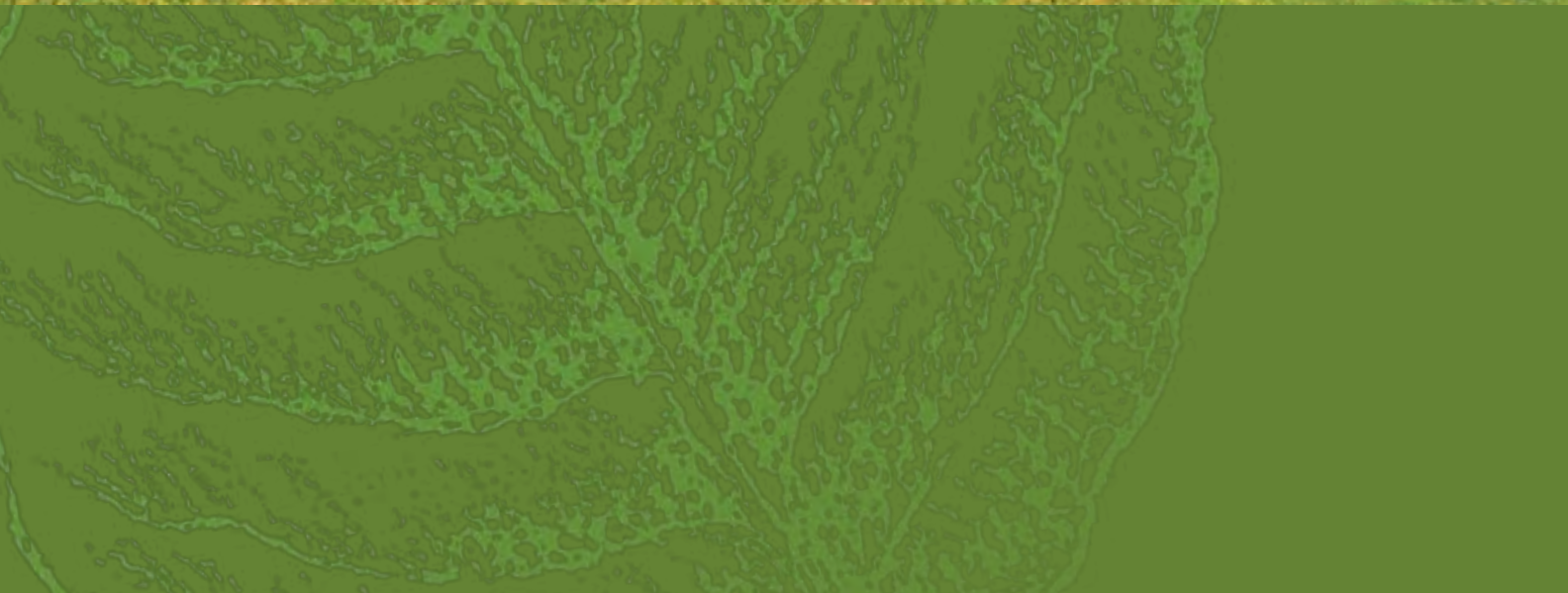
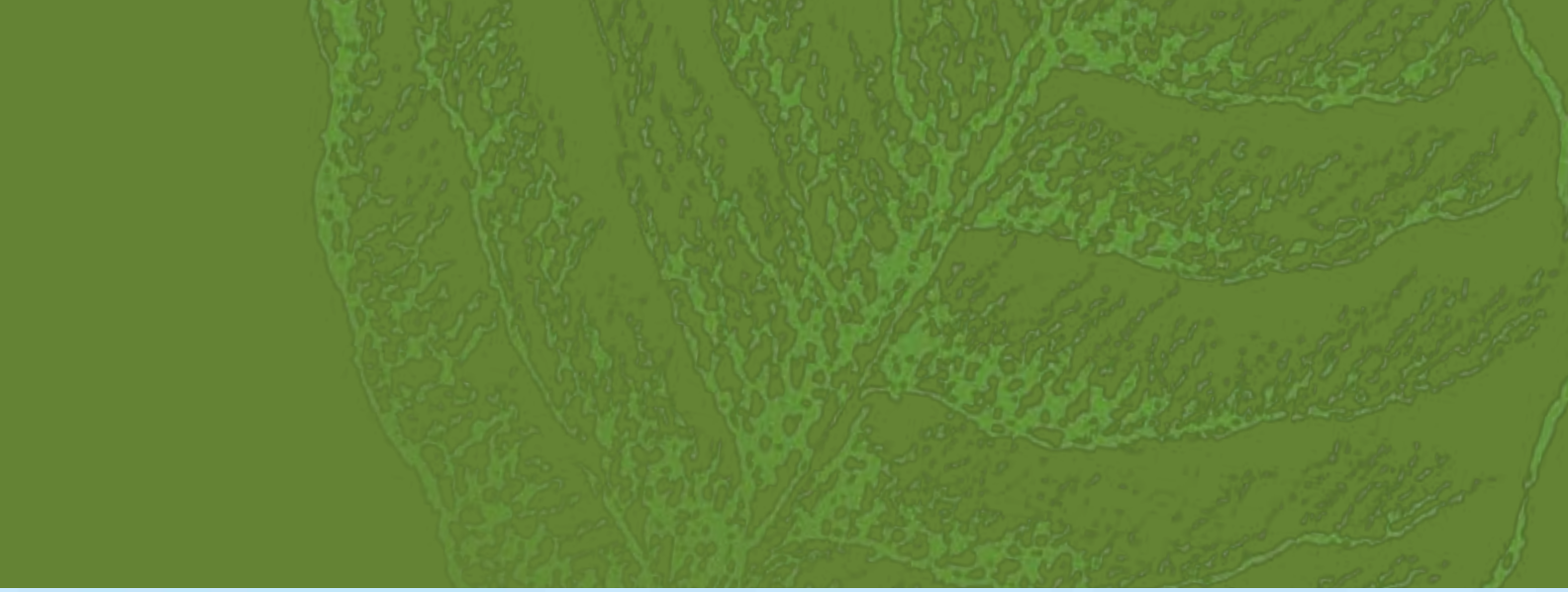


Our objective is to build a sustainable enterprise that effectively balances financial strengths with social and environmental responsibilities.



“Treat the Earth well.
We do not inherit the Earth from our ancestors;
we borrow it from our children.”

Native American saying

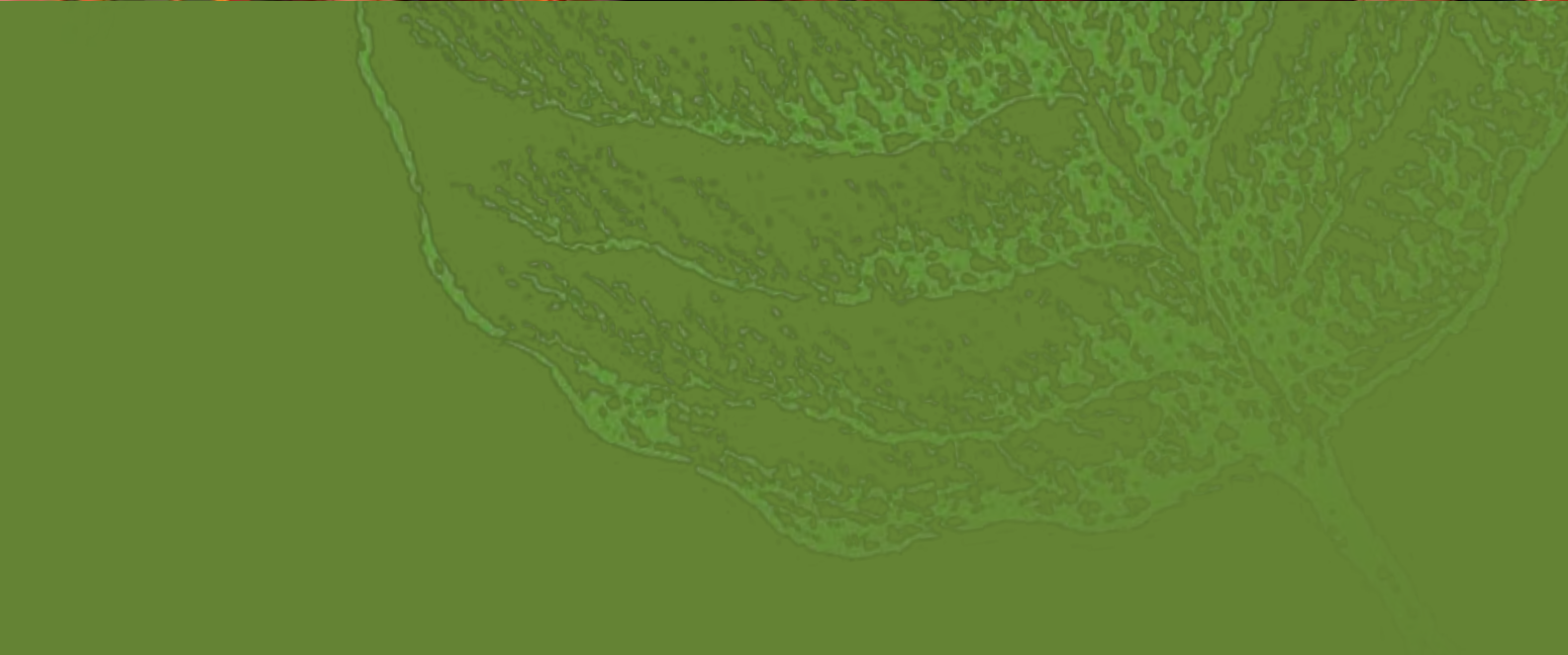


We are committed
to enhancing the
environmental profile
of Chambal by investing in
eco-friendly technologies
and practices across the
business value chain.



“The world is one large, integrated family
with a common fate, where every one impacts
everyone else.”

Source unknown

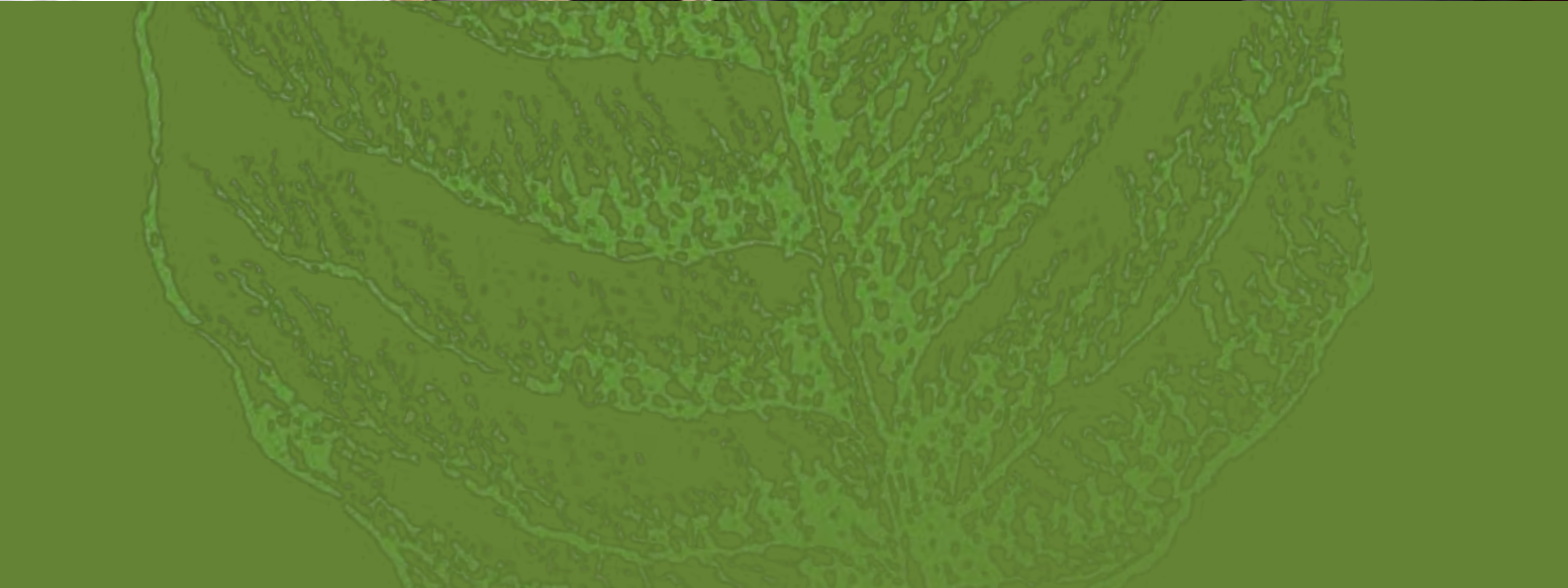
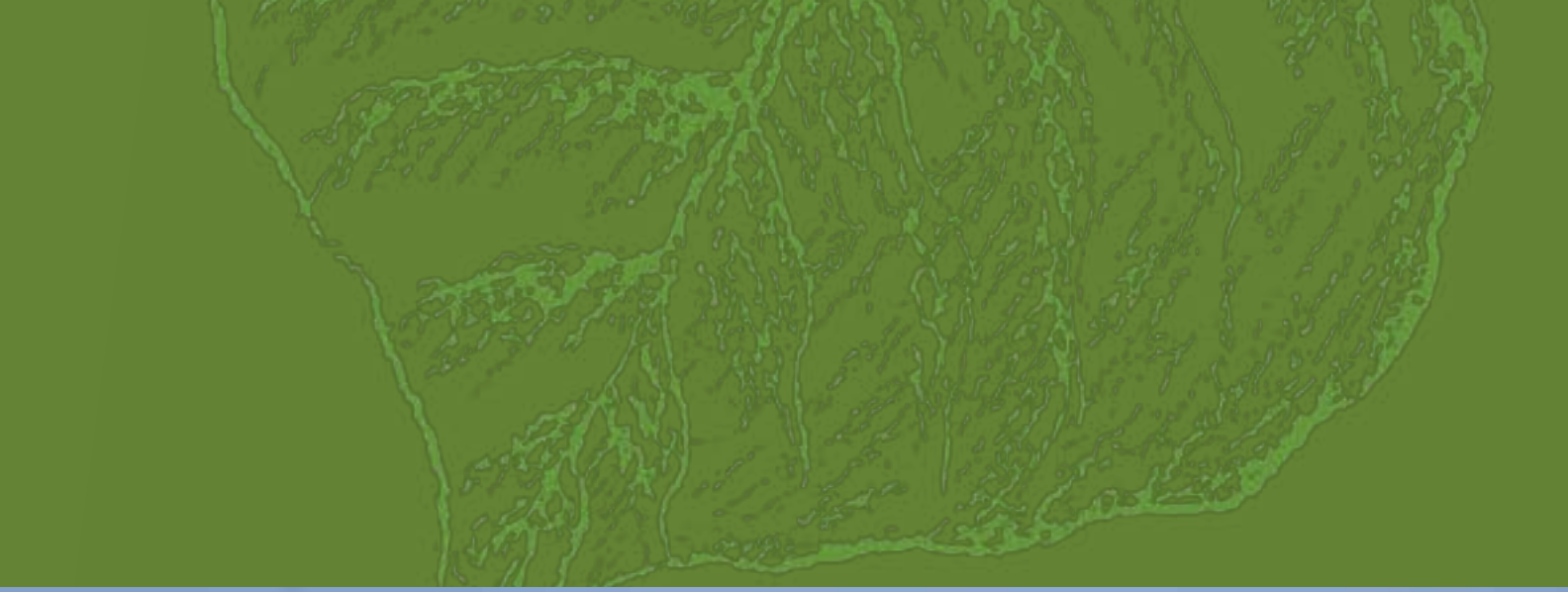


We are empowering employees and developing their knowledge and skill sets, so that they realise their true potential and drive Chambal's growth.

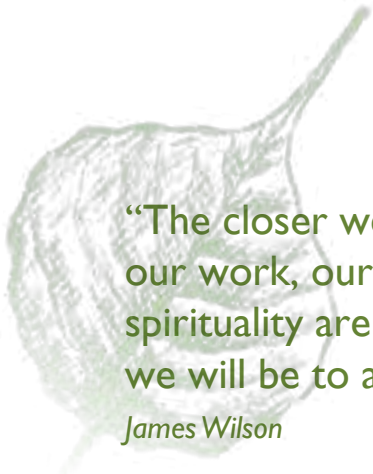


“Sustainable development is a dynamic process which enables all people to realize their potential, and to improve their quality of life, in ways which simultaneously protect and enhance Earth's life support systems.”

Source unknown

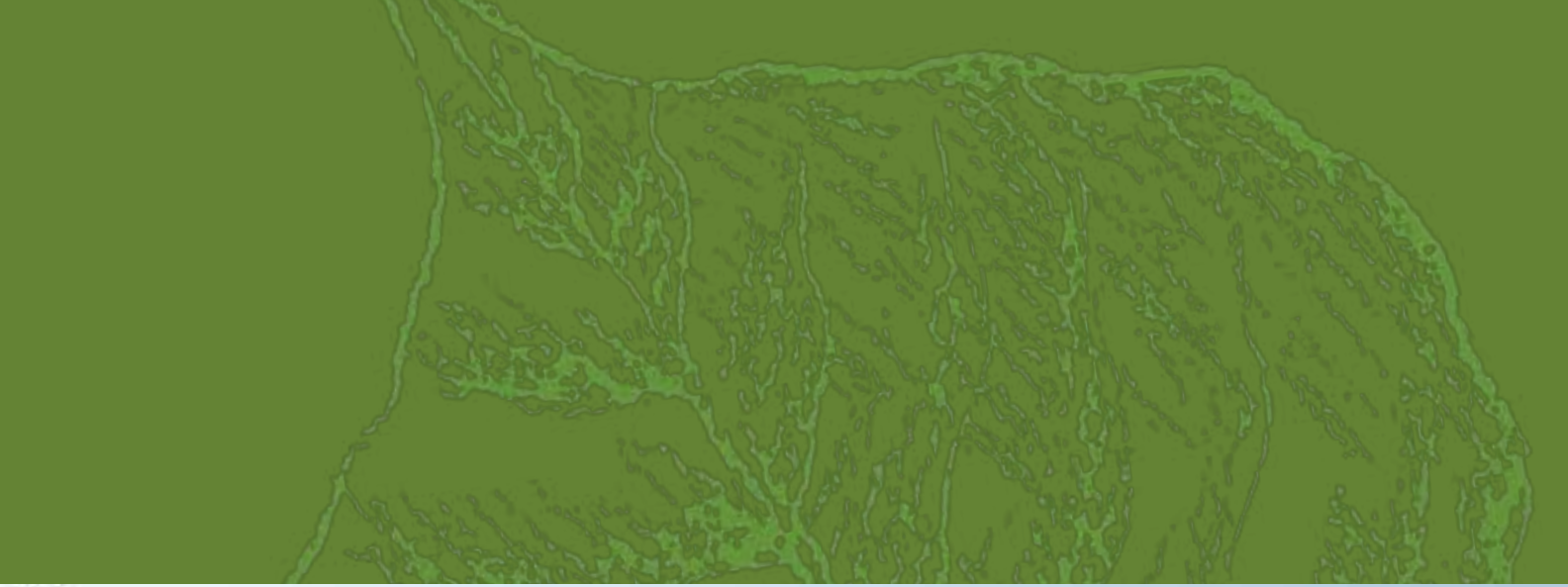


Chambal is a caste,
gender and religion
neutral organisation,
committed to creating
inclusive growth and
equal opportunity.

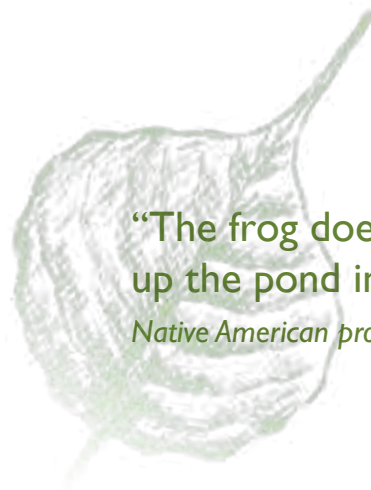


“The closer we get to a virtuous circle, in which our work, our home life, our ethics and our spirituality are mutually reinforcing, the closer we will be to achieving genuine sustainability.”

James Wilson

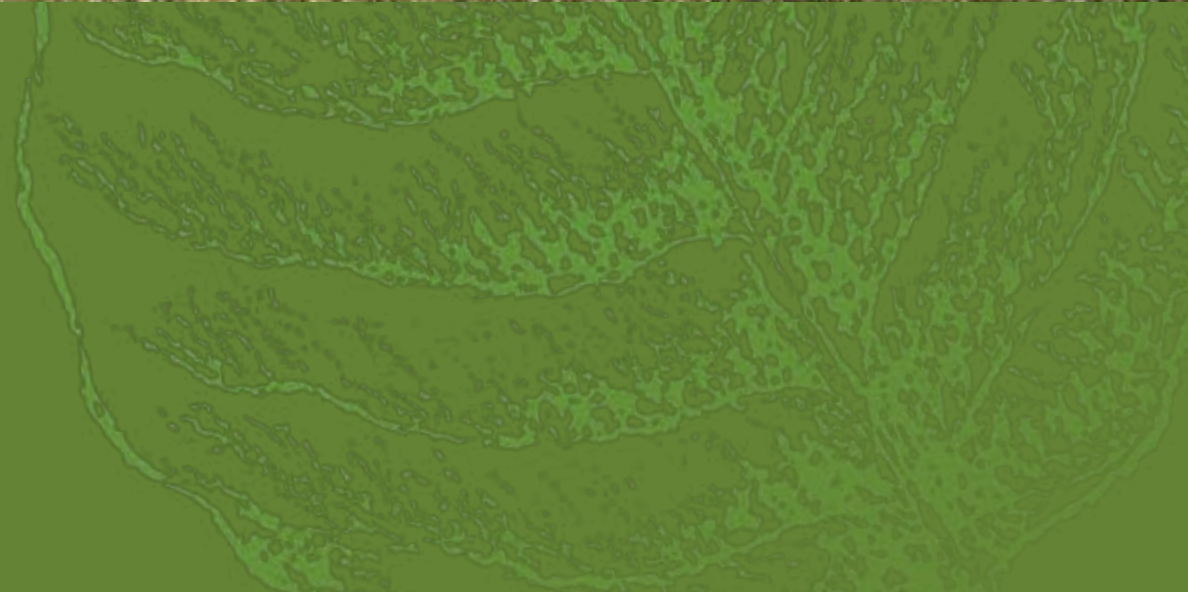
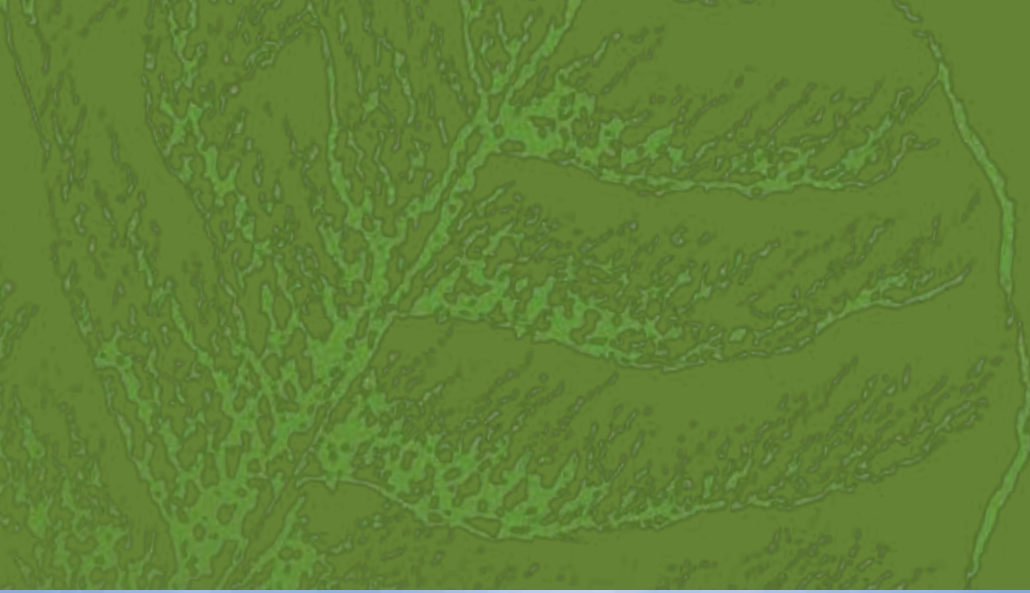


We are building lasting social capital through interventions in the infrastructure, health care and education domains.



“The frog does not drink up the pond in which he lives.”

Native American proverb



Chambal is committed to deliver sustainable top-line and bottom-line growth while maintaining the highest corporate governance standards.



“Someone is sitting in the shade today because someone planted a tree a long time ago.”

Source unknown

About the Report

Chambal Fertilisers and Chemicals Limited (“Chambal”) works closely with the farmers and rural communities towards realising its vision of a sustainable world. This communication is part of a broader disclosure process, which includes Chambal’s Annual Report and other publications.

Purpose and Audience of Reporting

This report is our maiden attempt at reviewing our performance across the triple bottom-line i.e. Economic, Environment and Social parameters. Through this report, we wish to communicate with our stakeholders about our sustainable development policies, practices and performance.

Defining the Report Content

This report covers topics and indicators that have significant Economic, Environmental and Social impacts. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting (2006) – GRI G3 Guidelines.



Indicator Selection and Application level

As per GRI G3 guidelines, there are 79 performance indicators from which we have selected key indicators pertaining to our industry to prepare this report. The report has been prepared as per the B Application level.

Boundary, Scope and Data Collection

The report boundary covers our two Urea plants at Gadepan, District Kota, Rajasthan (India) unless otherwise stated. The financial data reported is for Chambal Fertilisers and Chemicals Limited for the period April 1, 2009 to March 31, 2010. The environmental and social data pertains to Agri Business only. Being the first year of reporting, most of the performance indicators have been presented for three years - FY 2007-08, FY 2008-09 and FY 2009-10 in order to show trends, wherever possible. In a few instances, information has been included for the year in which a policy or action plan was implemented. Since this is our first report, we have included significant awards and recognitions that we received in the last five years. The performance data does not include data from residential township at Gadepan (Kota) and information related to traded products, unless otherwise explicitly stated. However, township case studies have been included at a few places. All financial figures in the report are in Indian Rupees, unless otherwise indicated. This report was made possible through the collaborative efforts of our various departments: Finance, Legal & Secretarial, Environment, Utilities, Technical, Stores, Human

Resources, CSR and Corporate Communications.

Disclaimer

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

Assurance

To make our initiative credible, we have sought the services of independent consultant, Ernst and Young Pvt. Limited to give an assurance on the contents of the report. Their findings and observations are noted in the assurance letter attached later in the report.

Any query with respect to this report may be addressed to:

Corporate Communications

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Corporate One, First Floor
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New Delhi - 110 025
Phone: +91 11 46581300 / 41697900
Fax: + 91 11 40638679
E-mail: corpcomm@chambal.in

Triple Bottom-line Strategy

Sustainability has been and remains a key watchword of our times. Chambal Fertilisers and Chemicals Limited has been at the forefront of integrating social, economic and environmental parameters, in the way it conducts its business. The Company understands that 'sustainability' will determine the level of its economic success and the nation's well-being.

Global Sustainability Trends

Chambal keeps itself abreast with global sustainability concerns like energy consumption, eco-friendly packaging, responsible labeling and voluntary programmes like Responsible Care, IFA guidelines, etc. The Company has also implemented voluntarily codes like Process Safety Management (PSM) to ensure high level of safety at its

plants. The Company endeavours to benchmark itself with the best at the international level through initiatives of International Fertilizer Association and other international bodies.

FERTILISER INDUSTRY

I. Industry Structure

Urea production capacity in India has been stagnant for the last 11 years. The present production of Urea in our country is 21.1 million MT against the demand of 26.4 million MT. This gap is met through imports. India imported over 5.2 million MT of Urea during financial year 2009 -10. The dependence on imports of this vital nutrient is increasing and reaching the levels where future food security could be jeopardized. Therefore, there is an urgent need to increase domestic production of Urea.

II. Developments in Government Policies

The new Fertiliser Investment Policy for Urea was notified last year. The main feature of this policy is the shift from 'cost plus' approach to 'Import Parity Price' basis for the new investments i.e. Revamp, Brownfield, Greenfield or Revival Projects. The policy is predicated upon the continued availability of gas supplies at a fair price. The Government is currently working on a suitable amendment to the policy according to which cost of energy above a level would be borne by the government. The Government has also notified the operation of the Nutrient Based Subsidy (NBS) Scheme for Potassic and Phosphatic fertilisers although Nitrogenous fertilisers have been currently kept out of the purview of the policy.



Under NBS, the Government fixes subsidies based on nutrient content in a product rather than a formula based subsidy linked to a product. The new policy seeks to emphasize the balanced nutrition of the soil consistent with rational economic principles.

RISKS AND OPPORTUNITIES

I. Opportunities

In view of the supply-demand outlook for Urea, there is an opportunity for us to expand our fertiliser business.

Our focus has been to supply to the Indian farmer a bigger basket of products by adding more varieties of seeds, newer molecules for crop protection and other micronutrients.

II. Challenges

The largely agrarian Indian society is facing innumerable challenges like vagaries of weather, food security, and crop failure due to natural calamities. Chambal is committed to hand-hold the farmers through difficult times. To maintain high output from limited land resources, Chambal demonstrates better ways of doing agriculture through multiple interventions at the field level. Ripple effects of these activities are discernable as more and more farmers are adopting these practices.

Chambal's soil management initiative is a pioneering move in this regard. Till date, Chambal had conducted over 450,000 soil and water sample tests at its Agriculture Development Laboratories at Sriganaganagar and Agra. Based on the condition and nature of the soil, the agro-climatic zone, available irrigation methods and infrastructure, we advise the farmers on the correct use of macro and micro nutrient inputs; crop rotation and good agricultural practices. The Company also set-ups



model farms for demonstration on latest agri-practices and crop diversification.

SUSTAINABILITY PARAMETERS

I. Economic Performance

2008-09 saw the world in the grip of one of the worst economic crises in the last 50 years. In India, the Government cushions the farmer from international price fluctuations by subsidizing fertiliser; therefore, the economic downturn did not significantly impact the sector. Chambal Fertilisers has done well during 2009-10 despite delayed and sub-normal monsoon during Kharif 2009. The Company's Profit Before Tax increased by 13% over that of 2008-09. The Company sold over 2 million MT of Urea during the year, marginally higher than previous year. Chambal notched up record pesticide and micronutrient sales amounting to Rs. 227 crore, a growth of 28.60% over the previous year. There has been a strong focus on the supply of quality traded products over last 2-3 years which is reflected in the increased sales of pesticides, seeds and micronutrients.

II. Environmental Protection, Health and Safety

The Company believes in sustainable development of society in which it operates. Accordingly, it has taken

various initiatives and implemented environment protection programmes such as ground water recharging through rainwater harvesting, energy conservation measures, use of solar energy, etc.

(a) Environment Management

Chambal has established and maintained an Integrated Management System based on OHSAS-18001:2007, ISO-14001:2004 and ISO-9001:2000 for Environmental, Occupational Health & Safety and Quality. Details of our efforts in improving environment are briefly given below:

(i) Green belt – The area surrounding our Gadepan complex is experiencing a positive change in ecology due to development of a dense green belt/forest inclusive of about 2.3 lac trees in an area of about 213 hectares under the "Operation Green" programme. Planting of new trees is a continuous process at Gadepan complex. The Green belt provides habitat to more than 100 species of birds.

(ii) Natural Resources – Water and gas are the two key natural resources we use for production of Urea. From the beginning, water has been invaluable for us by virtue of our location in a water-scarce state where its source is non-perennial.

To overcome this challenge we have been working tirelessly for the last ten years to reduce our water consumption per Urea tonne as well as implementing rainwater harvesting. We are also committed not to use ground water for our operations. Waste water is being used in maintaining the green belt through a 65 kilometer long irrigation network spread all over the Gadepan complex, which, in turn, helps in saving fresh water. We constructed a check dam in 2003-04 and plan to construct another one in 2010-11 for rainwater harvesting. As a result of our continuous efforts, our 2 units at Gadepan are amongst the lowest water consuming plants in the industry. The trend of consumption shows a continual improvement. During the year, the specific consumption of water was 5.05 cubic meter per MT of Urea.

The Company strives to make its plants as energy efficient as possible and continually reviews various schemes to conserve energy. The international oil prices have a direct bearing on the gas prices due to a close correlation between the oil and the gas prices. We have a basket of sources from which natural gas is supplied to our plants at Gadepan.

(iii) Waste Management – The Company is managing and operating well-designed programmes/ treatment facilities to control pollution. The Company continues to follow the 3R concept – Reduce, Re-use and Re-cycle the effluents being generated.

The Company has adopted best methods to manage Solid/Hazardous Waste disposal after proper categorization. Separate bins are provided for collection of various categories of waste. Horticulture waste is converted into manure.

(b) Safety Management

Chambal believes in building and maintaining excellent safety culture among its employees and contractor workforce. The aim is to prevent/ minimize all incidents and injuries, investigate all incidents including first aid injuries and near misses followed by implementation of ‘Corrective and Preventive actions’. We ensure that all jobs are adequately supervised, using necessary ‘Personnel Protective Equipment’ and strictly following safety precautions. We regularly conduct safety reviews and audits to create a proactive and learning organisation.

Fertiliser plants in India are classified as hazardous by the Government of India since they carry the risk of spillage/leakages of chemicals like Naphtha, Chlorine and Ammonia. Our commitment to ‘Zero accidents’ on account of spills of any hazardous material confirms that Safety is an area of paramount importance to us. Over the years, we have been able to practically eliminate usage of naphtha except in emergency situations. We continuously review and upgrade our technologies and other safety measures to control accidental spills and Ammonia leakages.

The Company implemented the Process Safety Management (PSM) system developed by American Institute of Chemical Engineers (AIChE), USA in its operations. Unlike USA, PSM system is not mandatory in India but the Company has adopted it to focus on excellence through continual improvement of existing systems and employee involvement in safe operation of plants.

(c) Health & Hygiene

The Company accords high priority to hygiene monitoring at the workplace. It carries out employees’ health assessment through periodical medical examinations. The plant and processes are continuously upgraded to improve workplace hygiene and health standards. We impart necessary training to the employees and other workers to enhance their awareness towards health related matters. Comprehensive Work Environment Monitoring is carried out in-house as well as through external agencies on a regular basis to prevent any occupational disease.

(d) Quality Management

Adequate attention is accorded to maintain quality of end product and processes. Stringent monitoring of defined parameters is done and



improvement opportunities are availed for continual improvement. Apart from periodic internal audits, external audits are carried out by reputed agencies like DNV and National Safety Council of India. The gaps identified in the audits are rectified through an action plan.

III. Corporate Social Responsibility (CSR)

Chambal is committed towards the development of areas in the vicinity of the plants at Gadepan. The Company's CSR programme "Uttam Roshani" has been designed to achieve sustainable economic, social and environmental development. The programme covers infrastructure development, health and hygiene, education, livelihood generation, women empowerment, agriculture and animal husbandry, etc. The Company also plans to build toilets for Below Poverty Line (BPL) households and supply drinking water under the Public Private Partnership (PPP) model after necessary approvals from the local administration.

The Company operates a mobile Health Care Unit in 14 surrounding villages. A team of doctors and volunteers provide free medical check-up and medicines to people at their doorstep. In addition, the Medical Centre in Gadepan



campus provides free service to sick people from surrounding areas. Ambulance facilities are also provided to them round the clock for taking serious patients to Kota in time of emergency. The patients can also avail the services of visiting specialists for treatment. Camps for various ailments related to eye, gynecology, respiratory and skin diseases, family planning, blood donation, immunization and free health check ups are regularly organized.

To provide quality education to children of our employees as well as from nearby villages, we have established a school inside our campus at Gadepan which is being

upgraded from 8th standard to 10th standard. Currently, there are 285 students in the school, out of which 109 are from nearby villages. The Company provides free mid-day meal to all children.

IV. Human Resources

Experienced manpower is a key asset and Chambal firmly believe in nurturing this all important resource. The Company is an equal opportunity employer, committed to include human resources from diverse social, economic, cultural, educational and regional backgrounds, thus embracing inclusivity and diversity.

The opportunities and challenges that sustainability presents are not going to diminish and it is critical that the Company has a 'Comprehensive Sustainability Strategy' in place. We believe that our maiden sustainability report would help us assess the sustainability metrics and establish the baseline sustainability performance for our agribusiness. It will help us in flagging-up any issues or barriers of our Sustainability Management Systems. This report will also put us firmly on the road where we will be able to articulate long-term sustainability targets.



Business Footprint



- **Overview**
- **Performance at a Glance**
- **Business Bandwidth**
- **Market Presence**
- **Brands and Products**
- **Awards and Recognitions**
- **Economic Footprint**

Business Footprint

“I believe that industry must always act in public interest. We, in business and industry, owe a commitment to the people to protect, preserve and improve the environment in which we operate.”

*Late Dr. K. K. Birla, Founder-Chairman,
Chambal Fertilisers and Chemicals Limited*

Overview

Chambal Fertilisers and Chemicals Limited was promoted by Zuari Industries Limited (a part of the K. K. Birla Group) in 1985. Today, we are one of the largest private sector fertiliser producers in India. Our two hi-tech nitrogenous fertiliser (Urea) plants are located at Gadepan in Kota district of Rajasthan (India). Built at a price of over INR 25 billion, the two plants produce more than 2 million tonnes of Urea per annum. The first plant was commissioned in 1993 and second in 1999. These plants use state-of-the-art technology from Denmark, Italy, United States and Japan.

Chambal is a diversified conglomerate and operates in the following segments:

- Fertilisers & other Agri-inputs
- Shipping
- Textiles

The equity shares of the Company are listed at the National Stock Exchange of India Ltd. and the Bombay Stock Exchange Ltd. Our shareholding pattern as on 31st March 2010 is given in Table I.

Shareholder Category	% Holding
Promoters	53.23
Financial Institutions, Banks & Mutual Funds	11.18
NRIs, Foreign Nationals, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs)	12.32
Indian Public	23.27
Total	100.00

Table I: Shareholder Category



Record sales of Urea, Ammonia, Pesticides and Micro-nutrients in Financial Year 2009-10

Performance at a Glance

We have achieved many milestones and set performance benchmarks for ourselves in FY 2009-10.

Performance Snapshot				
	FY 2007-08	FY 2008-09	FY 2009-10	Unit
Production				
Urea	2.00	1.92	2.031	Million MT
Sales¹				
Urea	2.01	1.98	2.014	Million MT
Traded Items				
Di - ammonium Phosphate	22361	220973	141647	MT
Muriate of Potash	33249	45356	86498	MT
Single Super Phosphate	51293	26875	697	MT
Pesticides	944	1269	1625	Million INR
Micro-nutrients	202	406	423	Million INR
Seeds	284	403	298	Million INR
Profit Before Tax (PBT)	2681	3181	3588	Million INR
Profit After Tax (PAT)	2038	2306	2491	Million INR
Employees	832	860	853	Number
Energy	4536524	4398353	4407733	Gcal
Specific Energy Consumption				
Gadepan I	5.621	5.676	5.640	Gcal/MT Urea
Gadepan II	5.551	5.565	5.432	Gcal/MT Urea
GHG Emissions	1094314.14	1096975.795	1032994.534	MT CO ₂
Water Discharge	1382868	1334005	1307807	m ³
Air Emissions				
Urea Dust	725.02	757.73	751.33	MT
Ammonia	460.66	438.46	502.38	MT
NO _x	377.41	383.05	399.47	MT

Table 2: Performance at a glance

¹ Ammonia Sales for the FY 2007-08, 2008-09 and 2009-10 was 0.0014 Million MT, 0.005 Million MT and 0.014 Million MT respectively

Market presence in about 20,000 village outlets, in 10 states

Businesses Bandwidth

Our Agri Business comprises manufactured Urea and trading of other fertilisers and agri-inputs such as micro-nutrients, seeds, pesticides, etc. Over the years, we have consolidated our position in agri-business and diversified into other sectors. India Steamship - our shipping division owns and operates six Aframax tankers with a combined capacity of over 600,000 DWT. Birla Textile Mills – our textiles division, is located at Baddi in Solan district of Himachal Pradesh, India. The Textile Mill has a state-of-the-art cotton and synthetic yarn-spinning unit, with a capacity of over 83,000 spindles.

In addition, we have other business interests through our subsidiaries. We also have a joint venture in Morocco for manufacturing phosphoric acid.

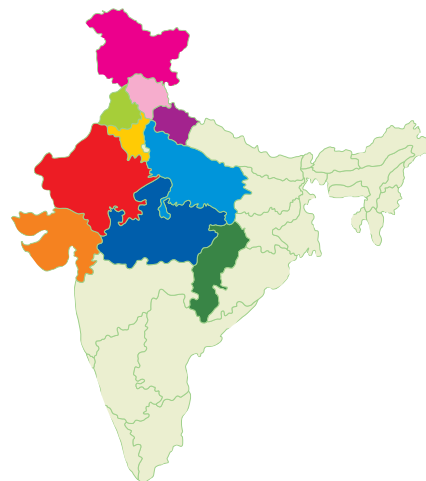
Market Presence

Chambal caters to the needs of farmers in ten states in north, central and western India through a vast marketing network comprising 11 regional offices, about 1300 dealers and 20,000 village level outlets.

The Company operates in the following states:

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

Considering the likely growth in Urea consumption in India in the years to come and existing demand-supply gap, increasing the installed capacity is an urgent business imperative for Chambal. We will decide on our expansion plans once there is clarity on the policy framework and commitment of gas supply.



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

BUSINESS DIVISIONS



JOINT VENTURE

Indo Maroc Phosphore S.A.,
Morocco (IMACID)

IMACID is a joint venture of CFCL, Tata Chemicals Limited and Office Cherifien Des Phosphates (OCP), Morocco.

It has set up a Phosphoric Acid manufacturing facility in Jorf Lasfar, Morocco.



SUBSIDIARIES

India Steamship Pte. Ltd., Singapore

A wholly owned subsidiary of CFCL engaged in the Shipping Business in Singapore.



CFCL Overseas Limited, Cayman Islands

A Special Purpose Vehicle for holding CFCL's investments in Software Business.

Software Business operates through CFCL Technologies and its various subsidiaries in 3 segments: Origination, Servicing and Technology Services.



Chambal Infrastructure Ventures Ltd.

Set-up to foray into Power Business.

Exploring business opportunities in the power sector in the states of Orissa and Chhattisgarh.

CREATING VALUE, TRANSFORMING LIVES

28

Promoting transformative change in Indian agriculture through multi-disciplinary solutions

Brands and Products

The key driver of Chambal's agri-business is a vision to provide integrated crop solutions to Indian farmers. At the forefront of this vision is our flagship Uttam Bandhan programme, which is one of the largest technology-based interventions by a private sector fertiliser company, which

is ensuring revitalisation and reclamation of cultivable land in rural India. Chambal supplies products for each stage of the crop cycle and provides services which help promote sustainable agriculture. The Company provides, through its dealers, Urea and other agri-inputs like DAP (Di-Ammonium Phosphate), MOP

(Muriate of Potash), SSP (Single Super Phosphate), pesticides, seeds and other micro nutrients. Most of these products are sourced from reputed suppliers and sold under the 'Uttam' umbrella brand. Today, the Company has attained a leadership position in the pesticide business in North India.



Awards and Recognitions

We believe in continued self-assessment and thus regularly participate in different national and international benchmarking initiatives and award programmes. Our contribution to the industry, the environment and the society has been recognised over the years. Some of the awards and recognitions received by the Company in the last five years are as follows:

EXCELLENCE		RECOGNISED	
HSEQ Certifications			
ISO 9001		ISO 14001	
		OHSAS 18001	
Awards & Recognitions	Golden Peacock Award for CSR (2009-2010)	Srishti Good Green Governance (G3) Award (2006-2007)	
	International Fertilizer Association Green Leaf Trophy Award Laureate - 4th rank for excellence in safety, health and environment in fertilizer production (2009)	West Central Railway, Platinum Card Customer Award, Railway Freight Payment over INR 100 Cr. (2008-09)	
	British Safety Council 'Sword of Honor' for excellence in OHS Management System (2006, 2007 and 2008)	Greentech Foundation, Safety Gold Award (2005-06, 2008)	
	British Safety Council, Five Star Safety Rating (2006, 2007 and 2008)	Greentech Foundation, Environment Gold Award (2007)	
	National Safety Awards, Runner-up, Accident Free Year, Manufacture of Chemicals & chemical products category (2006)	World Environment Foundation, Golden Peacock Environment Management Award (2005)	
	National Safety Council (India), Prashansa Patra, for Good performance in OHS (2004-06)	Fertiliser Association of India, Environment Protection Award (2003-04, 2004-05)	
	World Environment Foundation 'Golden Peacock Environment Management Award' (2005)	West Central Railway, Best Managed Siding Award (2008-09)	
	Rajasthan Chamber of Commerce and Industry, RCCI Excellence Award, Good Corporate Governance Practices (2002-03, 2005-06)	National Safety Awards (NSA) runner up in the category of Accident Free Year (2006).	

Economic Footprint

The global economy recovered partially in financial year 2009-10 after the economic slowdown witnessed in the previous years. India and other emerging economies led the revival in growth momentum. Against a 7.5% GDP growth rate² recorded in the second quarter of 2008-09, India registered a 7.9% GDP growth in the corresponding quarter in 2009-10. The recovery of the markets saw the international prices of oil increase to the range of 75-85 USD per barrel, after a steep drop in the first quarter of the fiscal year 2009-10. Since natural gas prices are strongly correlated to oil prices, our cost of production also fluctuates. Increasing oil prices have led to an increase in the price of re-gasified LNG, which constitutes a considerable proportion of our natural gas sources. To cushion us from such extreme fluctuations, we have requested the Government of India to replace a part of our RLNG quantum with gas from the KG-D6 basin.

The highly regulated policy environment for the fertiliser



sector has resulted in stagnation of Urea production in the country, with only a marginal increase in capacity since 1999. Increasing imports and rising prices of input materials led to higher subsidy outgo for the Government and zero incentives for manufactures to develop new products and expand capacity. Recognising the long term detrimental impacts of such a trend on the food security of the nation, the Government promulgated new fertiliser policies, which are being introduced in a phased manner. The latest on the policy front is the Nutrient Based Subsidy (NBS) for phosphatic and potassic fertilizers, where the prices will be fixed on the basis of specific nutrients rather than the final

product. Though nitrogenous fertilisers are currently outside the purview of this policy, we are closely tracking developments on the policy front.

We are committed to creating long-term incremental value for all our stakeholders. The Company performed satisfactorily in FY 2009-10, which saw higher Urea production at 2.031 million MT as against 1.918 million MT in 2008-09. FY 2009-10 also saw sales jump to 2.014 million MT as against 1.976 million MT in the previous year. The satisfactory performance was a direct consequence of better capacity utilization and de-bottlenecking / restructuring undertaken in Gadepan I and II plants.

	2007-2008 Million INR	2008-2009 Million INR	2009-2010 Million INR
Economic Value Generated (EVG)	28264.70	47245.86	36457.08
Economic Value Distributed (EVD)			
Operating Costs	23900.00	41829.45	30954.28
Employee benefits and wages	724.59	906.00	986.07
Payment to providers of capital	1699.64	2072.42	1701.21
Payment to government (Indian)	770.11	1002.70	1228.95
Community Investments	8.84	6.18	18.20
Economic Value Retained	1161.51	1429.13	1568.37

Table 3: Economic contribution at a glance

² Economic Survey of India 2009-10

We achieved record pesticide and micro-nutrient sales amounting to INR 1797.7 million and INR 471.6 million respectively during 2009-10. Our Profit Before Tax (PBT) and Profit After Tax (PAT) increased by 12.8% and 8.02% respectively as compared to 2008-09. EBITDA increased to INR 5451.7 million in 2009-10 from INR 4667.9 million in 2008-09.

The decrease in Economic Value Generated in 2009-10 as compared to the previous year was mainly due to decrease in turnover of DAP and MOP.

The Company provided a dividend of INR 1.90 per equity share in the reporting year as against INR 1.80 per equity share in 2008-09. The total dividend outgo increased from INR 876.5 million (including dividend tax)



in 2008-09 to INR 922.1 million (including dividend tax) in 2009-10. However, the aggregate payment to providers of capital decreased mainly due to decrease in financial expenses. The decrease

in our total subsidy income to INR 16323.96 million in 2009-10 from INR 25393.48 million in 2008-09 can be attributed mainly to decline in the subsidy on DAP and MOP.



Accountability Framework

- **Governance Committees**
- **Investor Services**
- **Code of Conduct and Ethics**
- **Associations**

Accountability Framework

Chambal is guided by the belief that businesses play an important role in nation building. In order to gain stakeholders' trust and confidence for long-term business success, values and principles need to be embedded in the DNA of the organisation. Our core strength of producing and marketing plant nutrients makes us a key contributor for achieving the goal of national food security. This entrusts greater responsibility on our shoulders to conduct our business as per high standards of ethics and governance. The recent failures in corporate governance, the economic slowdown and spotlight on excessive CEO payments have reinforced the belief that corporate governance is not only about checks and balances; but also about imbuing a culture of excellence and duty towards customers, shareholders, society

and unwavering commitment to sustainable development. The Board of Directors strives to create an environment, which is conscience driven, accountable and ensures that the management and employees act with integrity and responsibility. As the highest decision making body of the organisation, the Board

relentlessly pursues long-term corporate values and sets the strategic framework for growth.

As on 31 March 2010, the Board comprised 10 Directors, including one Managing Director and nine Non- Executive Directors, of which five were Independent Directors.

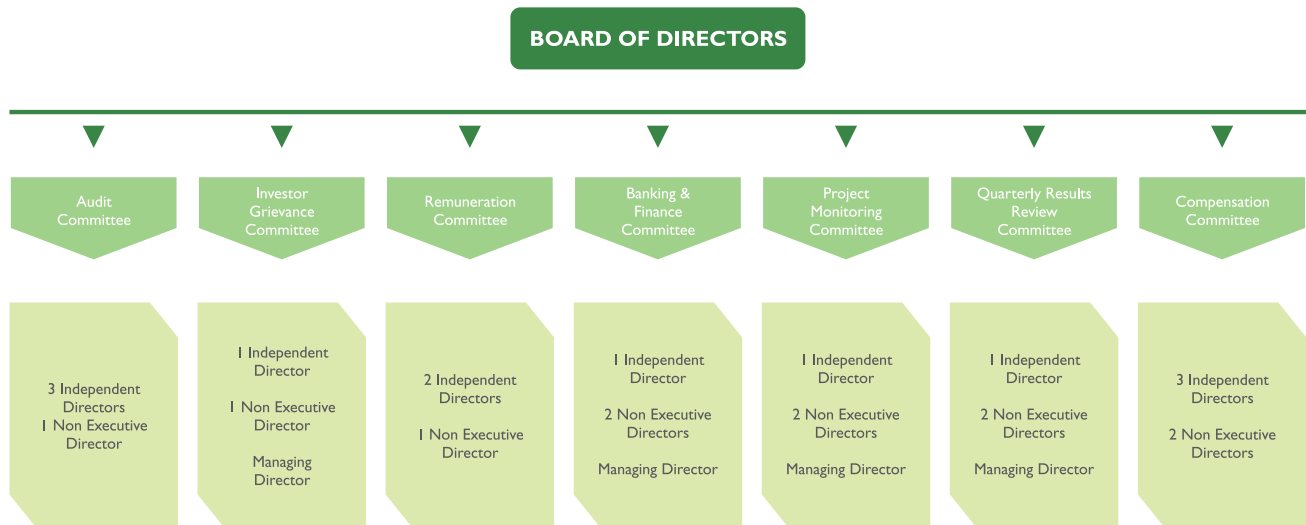
Board of Directors		
Non-Executive	Chairman	Mr. S K Poddar
	Co-Chairman	Mr. S S Bhartia
	Vice-Chairman	Mr. H S Bawa
		Mr. C S Nopany
	Independent Directors	Mr. R N Bansal
	Mr. D Basu	
		Mr. K N Memani
		Ms. Radha Singh
		Mr. Marco Ph.A. Wadia
Executive	Managing Director	Mr. Anil Kapoor

Table 4: Constitution of Board of Directors



Governance Committees

The Board of Directors reviews the performance of the Company from time to time. There are seven committees of the Board of Directors, which have been delegated specific powers and responsibilities. Senior officials of the Company help the Directors in the discharge and implementation of their duties. The Company pays only sitting fees to the Non-Executive Directors for attending the meetings of the Board and its committees.



1. Audit Committee: The Committee deals with all matters provided in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956. Additionally, the Committee's terms of reference includes:

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

2. Investor Grievance Committee: The Committee has the responsibility to approve matters relating to allotment of securities; issue of duplicate certificates; review and redress investor grievances; decide on dates of book closure/record dates, etc.

3. Remuneration Committee: The Committee recommends appointment of Managing Director(s)/Whole Time Director(s). It also reviews and approves remuneration including the compensation package, annual increment, incentives, additional perquisites, etc. of the Managing Director(s)/Whole Time Director(s) and Senior Executives of the Company.

4. Banking and Finance Committee: Approves various types of borrowings including working capital facilities, loans, etc., and other matters specifically delegated by the Board from time to time.

5. Project Monitoring Committee: The Committee was formed to review progress of revamp projects and to approve contracts of a certain value.

6. Quarterly Results Review Committee: The Committee was formed to deal with all the matters pertaining to approval of the unaudited quarterly results of the Company.

7. Compensation Committee: The Committee was formed to formulate Employees Stock Option Scheme and its administration.

Investor Services

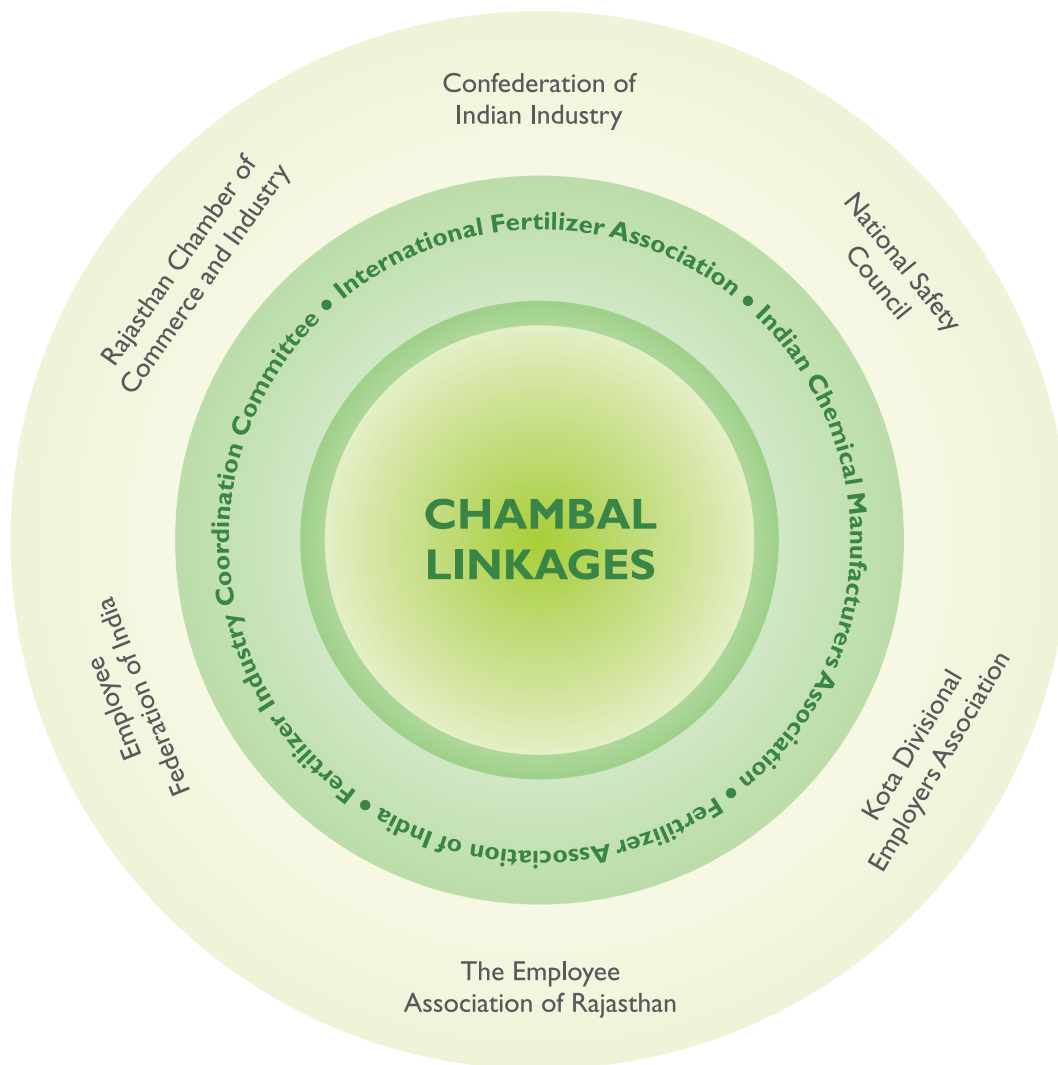
As on 31 March 2010, we had a base of 207,308 shareholders. To provide prompt service to the investors through quick redress of investor grievances, we have an in-house investor service centre. The motto of 'high investor satisfaction' is being pursued through proactive actions like reaching out to investors regularly,

timely reminder to investors about unclaimed corporate benefits, etc. We also have a Code of Internal Procedures and Conduct for Trading in Securities of the Company. This code, inter alia, prohibits purchase and sale of shares of the Company by its Directors, Officers, designated

acts as a guidance document for suggestive behavior in dealing with the Company, fellow directors, employees and the external operating environment. The purpose of this code of conduct is to promote conduct of business in an efficient and transparent manner and to meet

compliance, conflict of interest, bribery and corruption, safety, environment and health, financial and operational integrity etc.

The code³ is available at www.chambalfertilisers.in/Code_of_Conduct.pdf



employees and their dependents while in possession of unpublished price sensitive information relating to the Company.

Code of Conduct and Ethics

In order to maintain the highest standards of ethics and governance while conducting of our business and dealings, we have adopted a 'Code of Conduct and Ethics'. The Code

its obligations to shareholders and all other stakeholders. This code of conduct is also a tool in carrying out the Company's social responsibility in a more effective manner. It is applicable to Board of Directors and members of core management team including members of management one level below executive directors and all functional heads. The Code covers issues like regulatory

Associations

We are actively involved in debates and discussions relating to public policies. 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, society, etc.

³ For additional information regarding the governance of the Company, please refer to our Annual Report and website - www.chambalfertilisers.in/Investors.asp

Encouraging Inclusive Decision-making

- **Engaging with Stakeholders**



Encouraging Inclusive Decision-making

Engaging with Stakeholders

We believe that stakeholder engagement is central to sustainability. It enables us to think broadly about issues and their impacts and also helps us in formulating mutually beneficial 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. We encourage our stakeholders to continuously engage in dialogue with us so that we can maximize the value we create for them.

The stakeholders important to us are regulators / government,

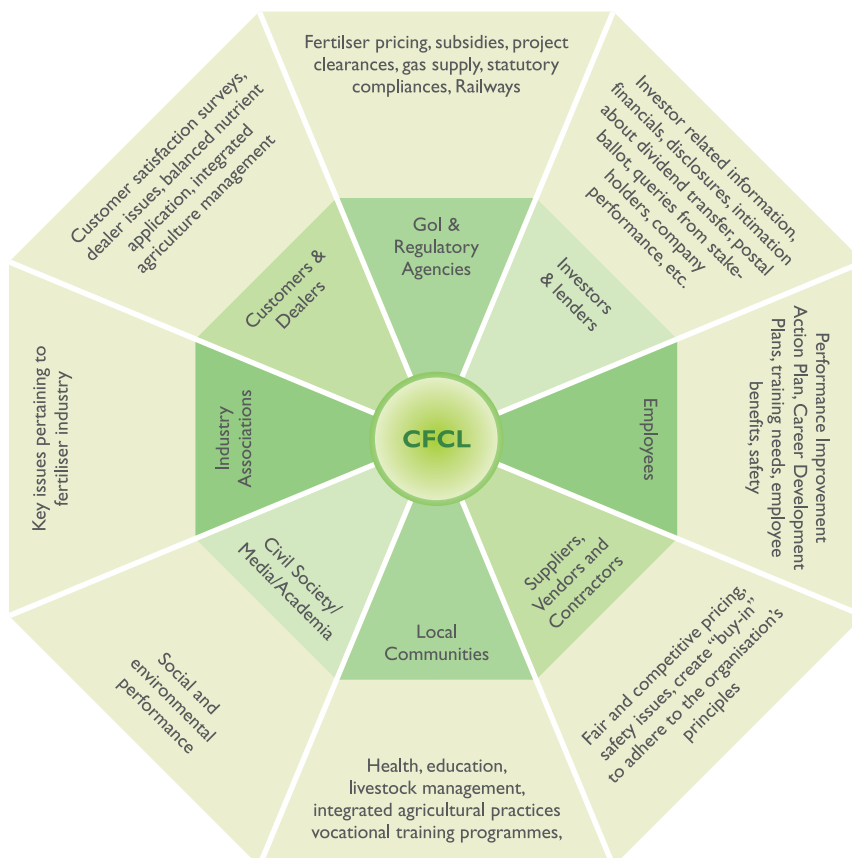
employees, investors, customers, auditors, suppliers / vendors, local communities, industry associations, civil society, media and academia. We engage with them regularly and keep them informed about our activities. The way we engage with each of these stakeholder groups, depends on the nature of our relationship with them. The key stakeholders and main discussion issues are listed in the diagram below and engagement methods with various stakeholders are covered in relevant sections of this report.

Government of India and Regulators: Due to the nature of our business, we regularly interact with three ministries of the Government of India - Ministry of Chemicals and Fertilisers, Ministry of Environment and

Forests and the Ministry of Petroleum. Our interactions with these ministries though need based are very regular. We interact as and when required with the Ministry of Environment and Forests regarding issues pertaining to project clearances, etc. The Ministry of Petroleum is a key stakeholder since it is responsible for ensuring uninterrupted supply of our most important raw material, i.e. natural gas. The State Pollution Control Board, the Factories Inspectorate and the Railway Board are the key government agencies with whom we interact via formal correspondences such as circulars and responses, one-to-one formal dialogue, submission of reports, etc. Statutory and business requirements primarily govern the mode and frequency of our interactions with these stakeholders.

Employees: Our employees are our most important resource. We conduct monthly Performance Analysis meetings with our senior management to review performance of the Company. Performance Management Systems enables us to interact with our employees on a half-yearly and annual basis. Such interactions help us in defining their performance improvement plans, career development plans and identify their training needs. Their feedback is also useful for improving our environmental and social performance.

Other regular modes of interaction with our employees include intranet, SAP portal, employee functions like – cultural



programmes, festival celebrations, quiz shows, sports activities, etc. Our quarterly in-house magazine 'At Chambal' disseminates company news, publishes information on achievements of employees and their families and is a perfect medium to promote creativity amongst our employees. Chambal Infoline, our weekly email newsletter provides an overview of the recent happenings of our industry. We encourage departments to organise annual picnics for employees and their families to promote camaraderie and a sense of belonging. Our interaction with contractual employees is focused on trainings on safety issues.

Investors and Lenders: We recognise that investors and lenders are one of the most important stakeholder groups for business sustainability. Communicating to them about our uncompromising integrity, performance and our future strategies helps us to gain their continued trust and support. Their feedback also facilitates in refining our business approach and strategies. We engage with them via traditional and new communication methods. For instance, we mail our annual reports and half yearly results to them; and regularly appraise BSE and NSE about important corporate developments. We receive queries, grievances, feedback from our shareholders through e-mails, letters and phone. We have a dedicated Investor Service Centre, which acts as a direct interface between us and our investors for addressing their grievances. The Investors Grievance Committee of the Board monitors the status of investors' requests, queries, grievances, etc.

Suppliers/Vendors: Effective engagement with members of our supply chain is crucial to our business. We conduct annual vendor appraisals and weekly meetings of our contract committee for vendor development. We engage with our contractors to create a "buy-in" from them on the values and principles of the Company. Many of our contractors and suppliers are associated with us since beginning.

Customers: We make constant efforts to garner feedback from our customers. It helps us in providing them with high quality products and innovative

solutions to meet their needs. Our primary and most significant customer base is the Indian farming community. We interact with them on a regular basis through meetings, jeep campaigns, farmer factory visits, SMS service, Hello Uttam phone helpline and a dedicated farmer website. We circulate a quarterly newsletter - "Chambal Ki Chitthi" in three vernacular languages, which contains information on farming related issues. We conduct customer satisfaction surveys periodically with our dealers to gauge their satisfaction with our product and service delivery. We regularly organise dealer meets and training programmes



for farmers, retailers and other channel partners including plant visits at Gadepan.

Local Communities: We are aware that we derive our license to operate from the communities in which we function. They are the key partners in our growth. We believe that establishing participatory communication processes with them would enable us to give increased return on investments to our shareholders and help us contribute to development at the grassroots level. To develop a robust corporate social programme management strategy, we conducted community need assessment exercises based on a participatory rural appraisal approach under Uttam Roshani programme. We are in constant dialogue with reputed NGOs to help us strengthen our community development plans. For a long span of time, we have been conducting periodic healthcare camps, animal husbandry / livestock camps, vocational training and education programmes, in association with our ladies club named 'Uttam Mahila Samiti'. Our weekly radio programme, 'Uttam Bandhan Teen



Sawal' which disseminates crop related information is aired on All India Radio (AIR), Kota.

Industry Associations: We are members of various industry forums like Confederation of Indian Industry (CII), Fertiliser Association of India (FAI), Rajasthan Chamber of Commerce and Industry and International Fertiliser Industry Association (IFA). Our Managing Director was the Chairman of the Northern Region Committee of FAI in the

reporting year and continues to be a director on the FAI Board. Our Company is represented in the quarterly board meetings of FAI and engages in discussions on issues of importance to the fertiliser industry. We regularly interact with FICC (Fertilizer Industry Coordination Committee) primarily on subsidy related issues. We also participate in various forums / events conducted by CII, FAI, etc.

Civil Society, Media and Academia:

Engaging with these groups is a regular process at Chambal. We try to address the concerns of civil society in our business strategies and practices. We undertake advertising campaigns, conduct corporate interviews and circulate press releases as and when required. We disseminate information on a continuous basis through our dynamic company website. We facilitate interaction of farmers with research institutions, particularly agriculture institutes to enable them to access information.



Conserving Natural Capital

- **Reducing our Carbon Footprint**
- **Climate Change and Global Food Security**
- **Efficient Management of Resources**
- **Other Air Emissions**
- **Spill Management System**
- **Reducing our Water Footprint**
- **Responsible Effluent Management**
- **Responsible Waste Management**
- **Contributing to Biodiversity Conservation**
- **Enduring Efforts Towards Environmental Conservation**

Conserving Natural Capital

Our long-term economic sustainability is dependent upon our ecosystem and we are determined to reduce our environmental footprint. We also realise that environmental excellence is a long journey of incessant efforts and incremental improvements; and that, many-a-times decisions taken to reduce our carbon footprint might not result in direct, tangible financial benefits. The Company has adopted a broad and progressive attitude towards environment protection that looks beyond the financial bottom-line. The focus on triple-bottom-line strengthens our resolve to protect the environment. We take a holistic approach to identify all significant impacts of our operations on the environment and wherever possible, implement mitigation measures after prioritising them.

The environmental control measures have been embedded in the design of the plants and in the manufacturing process. Raw material, water and energy consumption and emissions are material issues for our organisation. We have established systems to monitor, analyse, set targets and develop action plans to reduce the same. Additionally, we have successfully maintained our standards as per ISO 14001:2004 certification.

Reducing our Carbon Footprint

Energy is central to development due to its widespread utility in all spheres of life. The energy usage also has serious ramifications on climate change. The fertiliser industry is one of the energy intensive sectors. Manufacturing

of Urea involves substantial usage of energy. Our commitment to sustainable development makes us carry out technological and operational advancements to reduce our energy consumption, utilise waste heat, strive for renewable energy options and use energy efficient products, wherever possible. At Chambal, we use approximately 5.4 to 5.7 MKCal of energy for producing one tonne of Urea. Reduction of energy consumption is of utmost importance to us. We have undertaken a major revamp of our Gadepan-II plant. As a result, we have reduced the energy consumption from 5.57 MKCal/MT Urea in FY 2008-09 to 5.43 MKCal/MT Urea in FY 2009-10. We have implemented many energy saving initiatives over the last three years, as detailed in Table 6.



Gadepan-II was designed to use Natural Gas /Naphtha as a feedstock. Due to non-availability of Natural Gas, we had to use Naphtha as feed-stock and fuel since its commissioning in 1999. Naphtha produces substantial amount of surplus Carbon dioxide, which is vented into the atmosphere. With the commissioning of the LNG terminal at Dahej and KG-D6 gas, we have successfully changed the feedstock usage at Gadepan-II – from Naphtha to Natural Gas. We are now operating both our plants with Natural Gas.

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 Guidelines of “Corporate Responsibility for Environment Protection” (CREP). Chambal has made substantial progress over the years in reducing water consumption, from 5.59 cubic meters/MT of Urea in FY 2000-01 to 5.05 cubic meters/ MT Urea in FY 2009-10.

We participate in various benchmarking surveys conducted for ammonia-Urea manufacturing facilities at the national and international levels. In 2006-07, we participated



in International Fertilizer Association benchmarking survey relating to energy efficiency and CO₂ emissions. 93 ammonia manufacturing units located in 33 countries participated

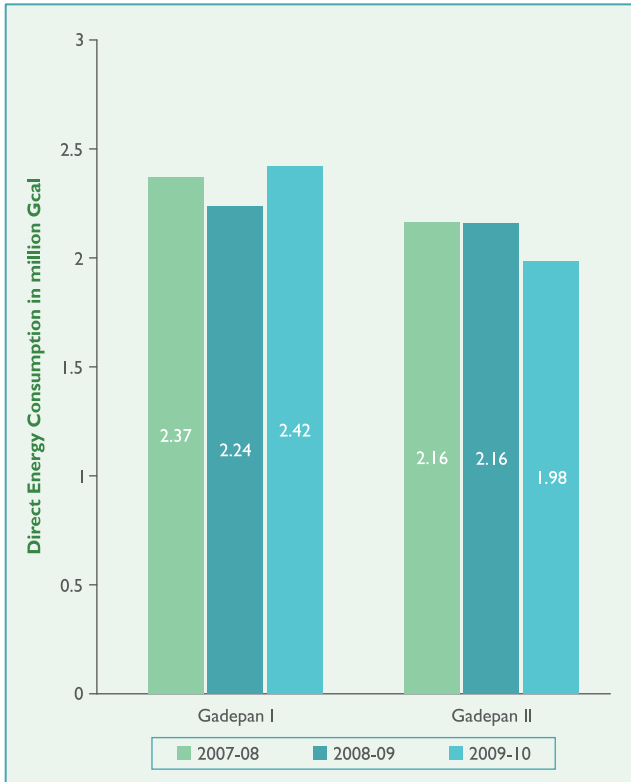
in the survey (it also included 36 ammonia units from the Europe Fertilizer Manufacturers Association). The results of this survey are given in Table 5.

Bench Marking Parameter	Status Gadepan-1	Status Gadepan-2
Net Energy efficiency, GJ/MT NH ₃ (LHV)	1st Quartile, Ranked 19th among 93	2nd Quartile, Ranked 25th among 93
CO ₂ Generation, Recovery and Direct Emissions by Plant; Mass Basis, yearly average MT/yr	1st Quartile, Ranked 15th among 93	2nd Quartile, Ranked 27th among 93
Generation, Recovery and Direct Emissions by Plant Specific Basis, yearly average, MT CO ₂ /MT NH ₃	1st Quartile, Ranked 5th among 93	2nd Quartile, Ranked 9th among 93
CO ₂ Direct, Indirect, and Net Emissions by Plant; Mass Basis, yearly average, MT/yr	1st Quartile, Ranked 18th among 93	2nd Quartile, Ranked 34th among 93
CO ₂ Direct, Indirect, and Net Emissions by Plant; Specific Basis, yearly average, MT CO ₂ /MT NH ₃	1st Quartile, Ranked 5th among 93	2nd Quartile, Ranked 12th among 93

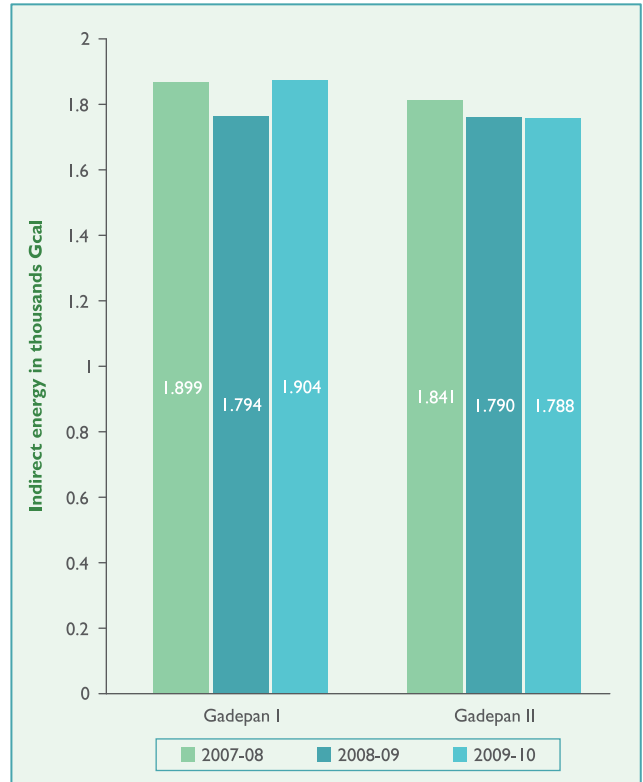
Table 5 Results of benchmarking study done by IFA

	Key energy saving initiatives	Unit	Estimated Energy Saving
2007-2008	Gadepan-I		
	Software correction in anti surge control loop to close the anti surge valve of CO ₂ compressors in Urea-I.	Gcal/MT Urea	0.018
2008-2009	Gadepan-I		
	Replacement of steam vent control valve in SPG (class III to class IV)	Gcal/MT Urea	0.0012
	Installation of VFD at various locations	Gcal/MT Urea	0.198
	Installation of Kellog Reforming Exchanger in Ammonia-I and furnace modification		
	Installation of additional ammonia converter and additional loop boiler in Ammonia-I		
	Installation of vacuum Pre-concentrator (2Nos.) and MP-pre decomposer (2Nos.) in Urea-I		
	Use of C-3 off gases as a fuel to Primary Reformer.		
	Change of BFW pre-heaters configuration from series to parallel to reduce pressure drop in front end		
	Parallel line from methanator to Synthesis Gas Compressor for reducing pressure drop		
	Gadepan-II		
Provision of new control valve to save the compression energy in refrigeration compressor in Ammonia-II.	Gcal/MT Urea	0.0034	
2009-2010	Gadepan II		
	Replacement of tube bundles of steam with finned tube bundles.	Gcal/MT Urea	0.169
	Installation of additional synthesis gas converter & additional loop boiler in Ammonia-II		
Parallel arrangement of LTS and LTS guard reactors			

Table 6: Energy saving initiatives

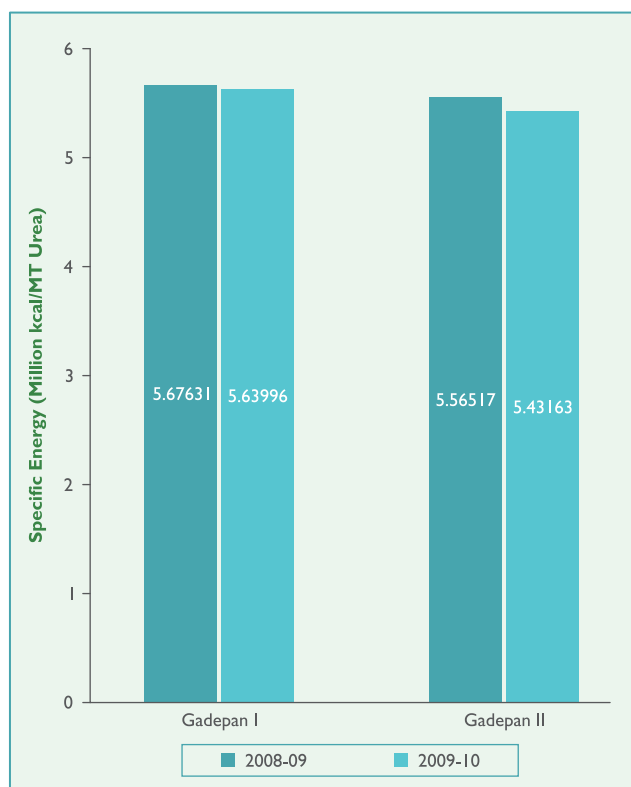


Graph 1: Direct energy consumption (Energy as fuel)



Graph 2: Indirect energy consumption (Electricity purchased)

Natural gas fulfills almost the entire quantum of fuel need for our manufacturing process. However, we do purchase a small amount of electricity from the national grid which constituted 0.08% of our total energy (fuel) consumption for the last three years. Also, in case of non-availability of gas we use naphtha as fuel; We used 2421.30 MT of naphtha (Gadepan-I & II) in the reporting period which is 0.58% percentage of our total energy consumption. Our direct energy consumption (i.e. primary energy consumed as fuel) in 2009-10 for Gadepan I and II plants was 2.41 million Gcal and 1.98 million Gcal respectively. Direct energy consumption at our Gadepan-I plant increased by approximately 8% during the reporting period due to increase in ammonia/ Urea production and plant stabilization after revamp. Gadepan II saw a decrease of approximately 8% in energy consumption during the financial year 2009-10.



Graph 3: Specific energy consumption

Revamp projects: State-of-the-art Environment Friendly Technologies

Gadepan I

- Installation of KRES and new Secondary Reformer
- Reformer convective section modification including replacement of Air Pre-Heater
- Installation of additional Ammonia Converter and Syn loop Boiler
- Modification of Process Condensate Stripper for operation at higher pressure
- Installation of Vapour Absorption Machine (VAM) for suction cooling of Process Air Compressor
- Packing replacement in GV towers and Separator modifications
- Installation of Pre-concentrator and MP Pre-decomposer.
- Installation of Urea Scrubber
- Installation of Bulk Flow Cooler for Urea Prill Cooling

KBR Reformer Exchanger Systems (KRES) is the first Unit in India and third in the world. It uses high grade process waste heat to generate synthesis gas. Benefits are manifold:

- Low GHG emissions in Ammonia plant due to reduction in fuel in primary reformer
 - Additional production of Ammonia due to debottlenecking of front end
 - Additional CO₂ generation leading to higher Urea production
 - Lower pressure drop through the primary Reformer leading to lower steam saving in synthesis gas compressor
- Net Investment of KRES installation was approx. INR 300 million

Gadepan II

- Installation of Additional Ammonia Converter and Syn loop boiler.
- Replacement of bare tube bundles with finned tube bundles in the waste boilers at HTS and Converter outlet.
- Re-passing of Process Air coils in the convection section of Reformer.
- Installation of VAM for suction cooling of Process Air Compressor.
- Installation of VAM for cooling of CO₂ at the suction of CO₂ Compressor

Total Person-days Engaged: 82096

Shutdown: 33 days (Gadepan-I) and 20 days (Gadepan-II)

Expected Energy Gain: 0.18 – 0.2 Gcal/MT (Gadepan-I) and ~0.17 Gcal/MT (Gadepan-II)

Climate Change and Global Food Security

According to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), direct agricultural emissions made up 10-12% of total anthropogenic GHG (Greenhouse Gas) emissions in 2005. Climate change has emerged as an issue of critical importance with major implications for logistics, operations, markets and stewardship of fertiliser companies. It is estimated that fertiliser production is responsible for approximately 1.2% of the total emission of greenhouse gases⁴ in the world, consisting of 0.3% of pure CO₂, 0.3% as N₂O and 0.6% as flue gas CO₂. Since the fertiliser industry and the agriculture sector are inter-dependent, they are both highly vulnerable to climate change.

Fertiliser companies need to think of innovative solutions to counter the risks and capitalize on the opportunities that climate change presents for agriculture and food security. Risks of climate change -erratic precipitation patterns, extreme weather conditions, etc. can adversely affect agricultural yield. This could severely impact our biggest customer base – the farmers and the country's economic sustainability.

We are aware that the use phase of our major product, i.e., nitrogenous fertilisers is responsible for significant emissions of the highly potent greenhouse gas – Nitrous Oxide. It is proven that improved nutrient management practices may partially offset increased emissions⁵.

This has the potential to create new business opportunities

wherein the Company can provide integrated nutrient management solutions to farmers.

Under the Energy Conservation Act 2001, Government of India has identified nine highly energy intensive industrial sectors including the fertiliser industry. Within these sectors, based on the scale of operations, companies have been notified as Designated Consumers. With respect to the fertiliser sector the criteria for being Designated Consumer is a minimum energy consumption of 30000 oil equivalent tonnes/year. Chambal, along with 30 companies in the fertiliser sector has been identified as a probable Designated Consumer. In order to enhance cost-effectiveness of improvements in energy efficiency in large, energy intensive industries, a market-based mechanism of

⁴ G. Kongshaug Hydro Agri Europe, Norway, Energy Consumption and Greenhouse Gas Emissions in Fertilizer Production

⁵ Smith, P., D. Martino, Z. Cai, D. Gwary, H. Janzen, P. Kumar, B. McCarl, S. Ogle, F. O'Mara, C. Rice, B. Scholes and O. Sirotenko (2007) "Agriculture." In Climate Change 2007: Mitigation. Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (B. Metz, O.R. Davidson, P.R. Bosch, R. Dave and L.A. Meyer, eds.). Cambridge University Press, Cambridge, UK, and New York, NY, USA.

Perform, Achieve & Trade (PAT) is proposed, under which certificates of energy savings can be traded. Therefore, climate change is a governance issue, a regulatory issue, and a matter of strategic risk management for us. Given the strong management focus on energy efficiency and optimistic market scenario, the fertiliser industry is well poised to benefit from the regulatory opportunity posed by the proposed PAT scheme.

Honouring our commitment for GHG reduction per tonne of Urea, we decreased our specific CO₂ emissions from 0.626 tonne/MT of Urea in 2008-2009 to 0.571 tonne/MT of Urea in 2009-10 in Gadepan I, and from 0.523 tonne/MT of Urea in 2008-09 to 0.446 in the reported year in Gadepan II.

Efficient Management of Resources

Besides natural gas (which is our main raw material), we consume process chemicals like Poly Alumina Chloride, Sulphuric Acid,

Material	Unit	FY 2007-08	FY 2008-09	FY 2009-10
Natural Gas	000' Sm ³	744920.85	722337.00	805018.94
Hydrochloric Acid	MT	1289.00	1209.80	1451.36
Sulphuric Acid	MT	955.00	795.97	851.40
Lye	MT	584.00	561.53	670.38
Poly Alumina Chloride	MT	154.00	119.01	102.46
Packaging Bags	Nos'	39801493	38646840	40570664
Production	Unit	FY 2007-08	FY 2008-09	FY 2009-10
Ammonia	Million MT	1.14	1.10	1.18
Urea	Million MT	2.00	1.92	2.03

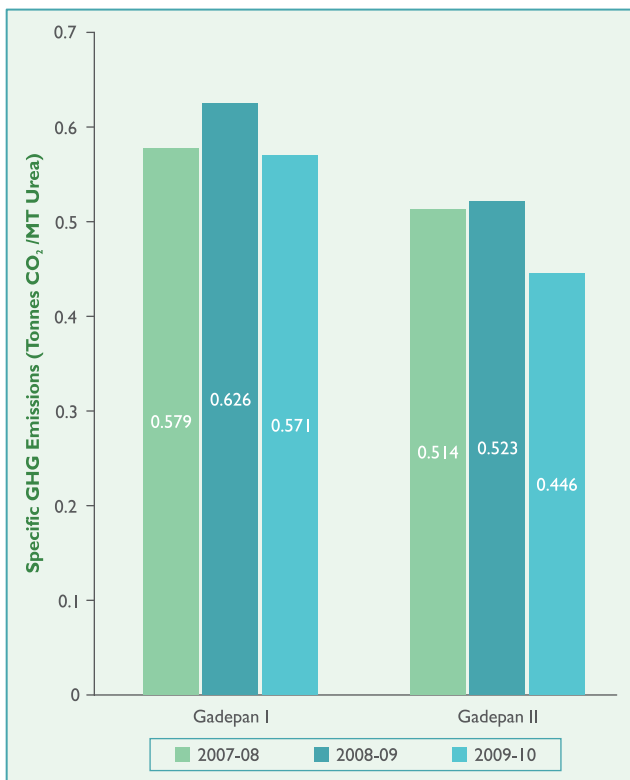
Table 7: Material consumption

Hydrochloric Acid, Lye, catalysts and resins in significant quantities. The conservation of resources is a fundamental economic principle for us and we strive continually to use our materials efficiently. Our specific consumption (per tonne of Urea) of natural gas as feedstock increased slightly when compared to FY 2008-09 primarily due to additional ammonia production during the reporting period inspite of reduction in specific energy consumption.

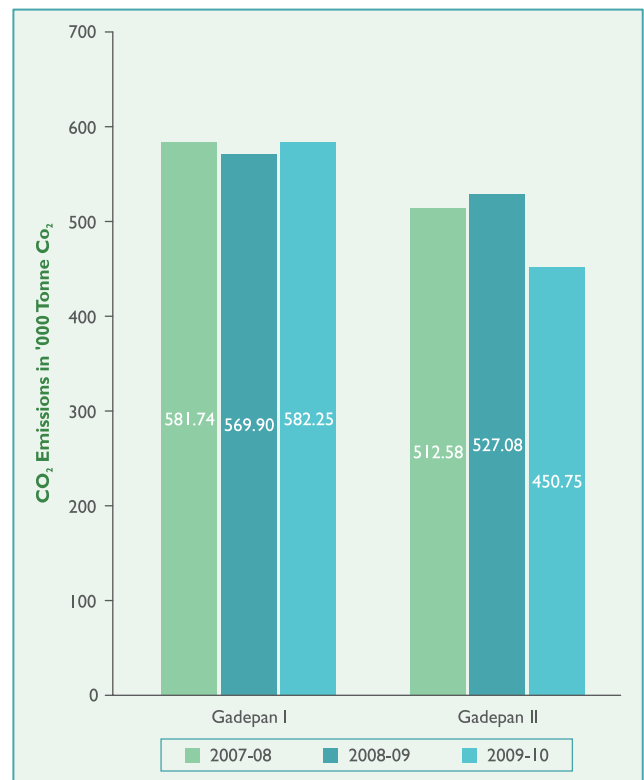
The specific consumption of associated process chemicals and Urea bags remained similar or decreased when compared to FY 2008-09.

Other Air Emissions

Ammonia, Urea dust, and oxides of Nitrogen are the key air emissions from our manufacturing process. We have efficient and regularly maintained dust extraction and prill bucket systems. A natural draft prilling



Graph 4: Specific GHG emissions⁶



Graph 5: Total GHG emissions⁷

⁶ Excludes GHG emissions due to venting and flaring during plant upsets / trips and plant process.

⁷ Higher absolute CO₂ emission is attributed to 12% increase in production in 2009-10, however the specific CO₂ emission per ton has substantially reduced.

	FY 2007-08	FY 2008-09	FY 2009-10
kg CFC-11 equivalent (ODS emission)	40.69	35.37	25.03

Table 8: Ozone Depleting Substance (ODS) emission

Parameter	Unit	FY 2007-08	FY 2008-09	FY 2009-10
NO _x	MT	377.41	383.05	399.47
Urea Dust	MT	725.02	757.73	751.33
Ammonia	MT	460.66	438.46	502.38
Production	Unit	FY 2007-08	FY 2008-09	FY 2009-10
Ammonia	Million MT	1.14	1.10	1.18
Urea	Million MT	2.00	1.92	2.03

Table 9: Air emission load (Yearly average values are being reported)

tower with extra height and scrubbers installed at appropriate places aids in reduction of emission loads. Since the dust collected is primarily Urea, it is sent to the Urea unit, where it is dissolved in Urea solution and reprocessed. Due to environment friendly technology selection, strict control on plant processes and continuous monitoring of air pollution control equipment, our

specific air emission (MT of air pollutant / MT to Urea produced) has remained the same over the years.

Spill Management System

We have well-defined Environmental Operation Control Procedures (OCP). These OCPs have laid down guidelines to prevent and manage spills. We regularly conduct integrity checks



for the reactors, vessels, flanges, valves, pipelines, etc., 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. GV (Geomarco Vetro Coke) and Benfield Solution, Chlorine, Ammonia, Urea, Oil, Freon and Naphtha, are a few of the substances for which we have well defined spill management systems in place. During the reporting period, we did not have any significant spills.

Ammonia	<ul style="list-style-type: none"> ▶ Flare systems ensure that ammonia reaching vents are continuously flared ▶ 34 online ammonia monitoring detectors with online indications and alarms systems
Chlorine	<ul style="list-style-type: none"> ▶ All chlorine toners thoroughly checked on receipt ▶ Ammonia torch used to detect leaks in storage area ▶ 7 online leak detection and monitoring systems in place
Oil	<ul style="list-style-type: none"> ▶ Regular maintenance of lubricating systems ▶ Apex safety committee reviews oil spills/losses
Freon	<ul style="list-style-type: none"> ▶ Regular maintenance to prevent leakage ▶ Administrative control ensured when Freon is issued from store and it's consumption tracked in Apex Committee meetings
Naphtha	<ul style="list-style-type: none"> ▶ Regular monitoring done with explosive monitors ▶ 29 online naphtha leak detectors installed
GV & Benfield solution	<ul style="list-style-type: none"> ▶ Collected in the slop tank, neutralised with Ferrous Sulphate

Reducing our Water Footprint

It has been forecast⁷ that by 2030, the demand for water in India would be 1.5 trillion m³ due to increased food production for a burgeoning population. As against this projected demand, India's current water supply is only 740 billion m³ and a severe shortfall is expected by 2030. India is located in a water scarce region and, factoring in the climate change repercussions, water security is one of the most important environmental issues facing the country.

At Chambal we are continuously making efforts to conserve such an increasingly critical resource by harvesting, recycling and reusing water. In addition to tracking our water use, we have installed water-saving fittings and equipment, and conducted awareness programs for our employees. We carry out water audits periodically. In addition to building rainwater harvesting structures to maintain the ground

Rain Water Harvesting

Due to scarcity of water in our operating area, water conservation is an important article of faith for us. To mitigate the problem of water scarcity, we have taken important steps in water conservation. One such step was the construction of a Check Dam on the Kalisindh river, with a water holding capacity of approximately 7 million m³. The benefits of the Check Dam have been significant.

- Improved underground water level in the vicinity;
- Improved availability of water for drinking and agricultural purposes;
- Provided an avenue for pisciculture; and
- Become a support for a rapidly growing flora and fauna.

Another Check Dam is being envisaged, in consultation with government of Rajasthan on the river Parwan. The Check Dam will have a water hold-up capacity of approximately 3.4 million m³.

Ground Water Recharging

In collaboration with the Department of Hydrology, Indian Institute of Technology, Roorkee, we are developing rainwater harvesting systems in our plant premises. 13 potential locations where water can be harvested and stored (12 inside the premises and 1 outside the plant) have been identified. Additionally, we have constructed two recharge wells.



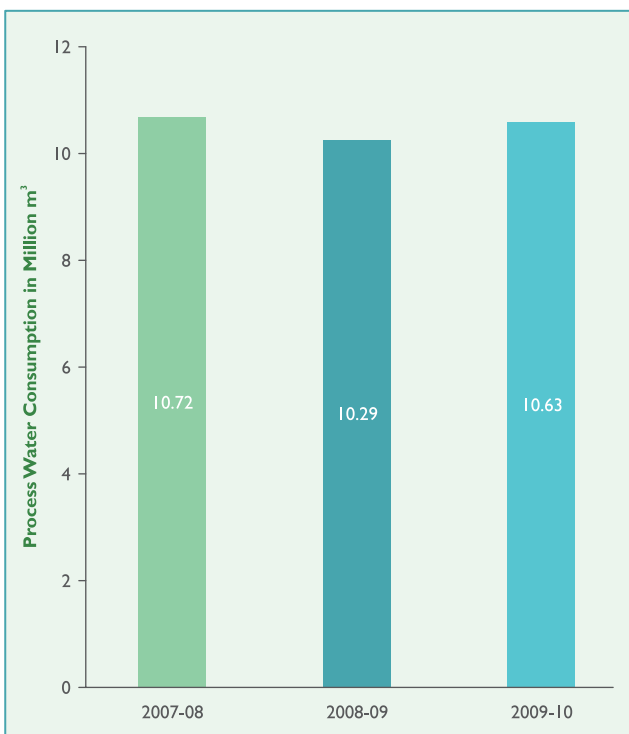
⁷ Charting our water future: Economic frameworks to inform decision making



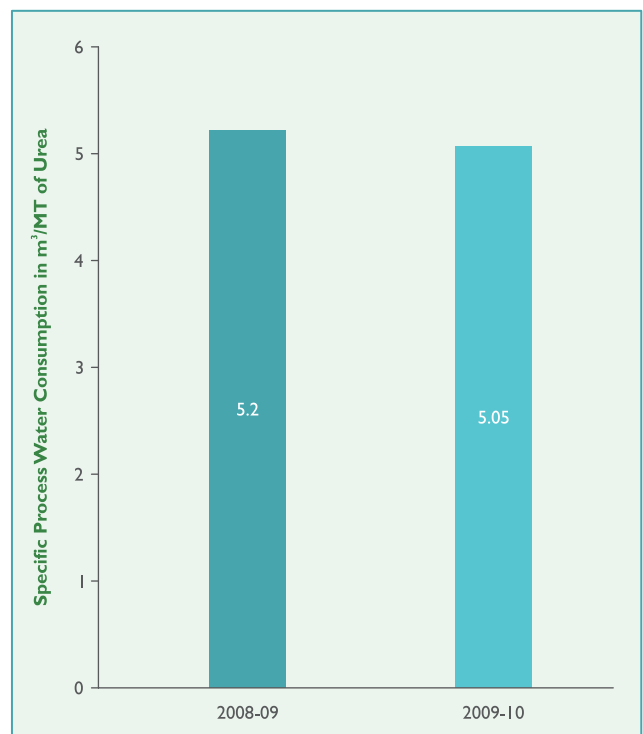
water table, we use treated waste water for irrigation purposes for the green belt around our plants. Chambal practically has zero discharge of waste water. Our main source of raw water is the monsoon-fed Kalisindh river. To protect us and the nearby communities from the vagaries

of monsoon, we built a check dam on the river way back in FY 2002-2003. In FY 2009-2010, our total water withdrawal (including for the township) from the river was 11,011,305 m³. Replacement of older drift eliminators by new cellular type drift eliminators in the cooling towers resulted in

reduction of drift water losses. This, coupled with reduction in losses in the drinking water and fire water networks, has enabled us to reduce our specific water consumption⁸ (m³/ton of Urea) for production of Urea from 5.20 in 2008-2009 to 5.05 for the reporting year.



Graph 6: Water consumption in plant processes



Graph 7: Specific process water consumption

⁸ For specific water consumption calculation total water is taken as water used at units Gadepan-I & Gadepan-II (excluding township consumption)

Responsible Effluent Management

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

- Ammonia and Urea process condensates are treated in ammonia and Urea plants respectively and recycled into the process after passing them through the demineralisation plant.
- Turbine condensate is also recycled into the process after treatment in the demineralisation plant.
- Boiler blow down water is re-used as cooling water make-up.

Rest of the effluent water from all the process streams – DM plant effluent and cooling towers blow downs are sent to the Effluent Treatment Plant (ETP). The treated water is stored in the holding pond and utilised for irrigating the landscape. It is only during the

Parameter	Unit	FY2009-10	Permissible Limits (mg/l)
Biological Oxygen Demand	mg/l	10	30
Chemical Oxygen Demand	mg/l	69.5	250
Nitrate Nitrogen	mg/l	5.7	10
Total Ammonical Nitrogen	mg/l	5.4	50
Total Dissolved Solids	mg/l	1400	N.A.
Total Kjeldahl Nitrogen	mg/l	18.4	100
Total Suspended Solids	mg/l	81	100

Table 10: Effluent discharge and their permissible limits

monsoon season that the holding pond treated effluent is discharged into the river after meeting the pre-set conditions.

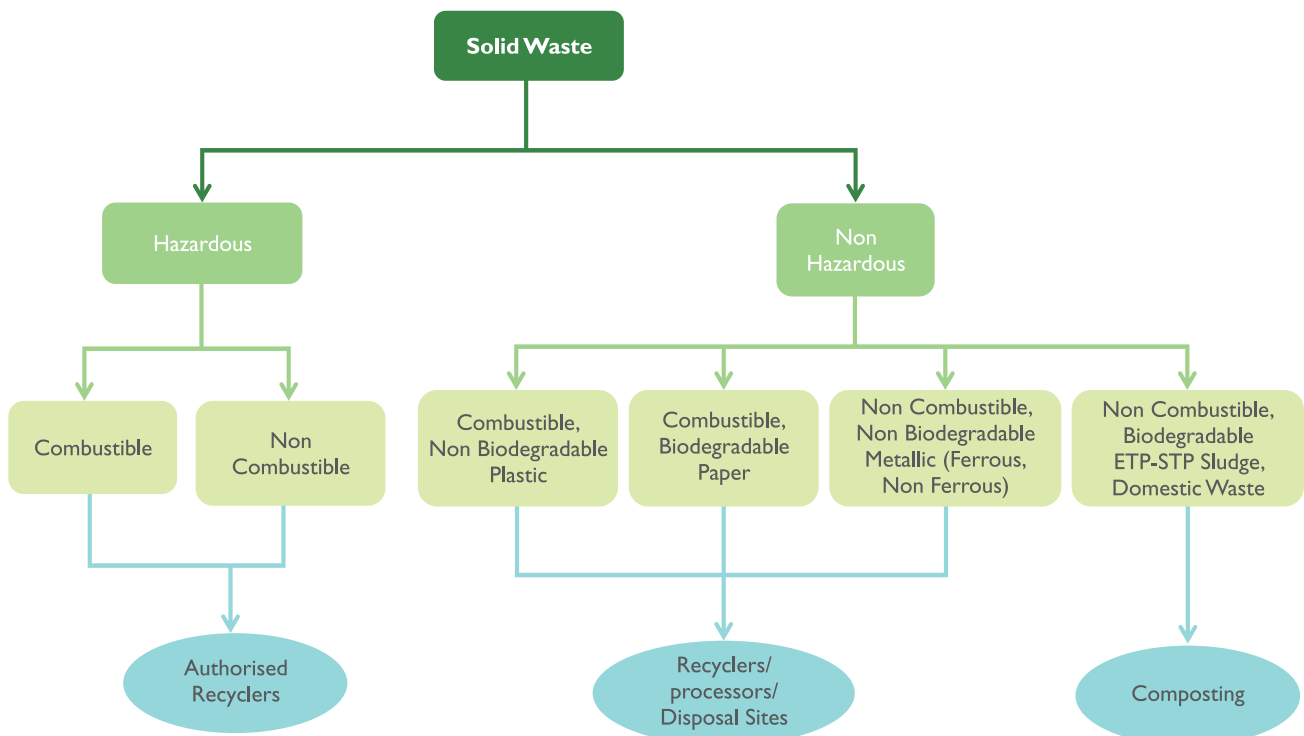
Nearly 87% of waste water is recycled back into the system, and the balance amount is used in the irrigation network within the complex. We do not use freshwater for irrigation or horticultural purposes. Due to our continuous efforts, water recycled in the reported period

increased to 87.70% from 87.04% in the previous year.

During FY 2009-10, we discharged 1,307,807 m³ of water on land for irrigation and into the river.

Responsible Waste Management

We have developed a comprehensive waste management manual under Health, Safety, Environment &



Quality (HSEQ) system and have categorised wastes as hazardous and non-hazardous for differentiated management, identified the point of generation and established procedures for disposal. We have also defined waste types to ensure maximum recyclability. Various departments store waste at designated places, which is then transferred to centralised waste collection bins. Thereafter, the stores department has the responsibility to handle and dispose off the waste. Since environmental and economic burdens of waste disposal and treatment are high, Chambal is almost a zero-disposal-to-landfill company for non hazardous waste. We are able to sell / recycle most of our solid waste.

HP Planet Partner Programme

We were the first Company in the region to partner with Hewlett Packard in their unique “HP Take Back Programme”, which involves collection of used / unserviceable ink cartridges, toners and other hardware products from customers under its extended producer responsibility initiative. We ensure that all our employees drop off the spent HP products in the collection bins. Till date, we have returned 1789 inkjet / toner cartridges to HP for eco-friendly disposal.

Horticulture waste from the township is being composted in the NADEP pits (a compost method developed by Naryan Devrao Pandri Pandey) and the resulting manure is used in the plantations. We have also signed an agreement with the Bhabha Atomic Research Centre (BARC) for adopting the Nisargruna⁹ process based compost plant so that the horticulture waste of approximately 2 tonnes/day can be

composted in a shorter period of time and the biogas generated can be utilized in the hostel facility.

There is a foolproof segregation system of domestic waste at the kitchen level itself. Thereafter, bio-degradable waste goes for composting and non bio-degradable waste is recycled through sale. Further, we have banned use of polythene bags in our township since FY 2007-08 and the township is now 100% free of polythene bags. This is a step towards reduction in non bio-degradable waste.

Inside the factory, we have colour coded and labeled waste collection bins and storage areas, and for many wastes, we have restricted access to authorised personnel. We have also organized awareness building and sensitization sessions for employees across the board.

The wastes generated in our plants largely comprise used oil, spent catalyst, lead batteries, ferrous waste and waste HDPE bags. We dispose off hazardous waste (except bio-medical wastes) to authorized external agencies for the transportation, treatment and final disposal of such waste.

Due to the remoteness of our operating location and the waste quantities generated, we do not have an authorised waste collector for the bio-medical waste generated at our Occupational Health Centre

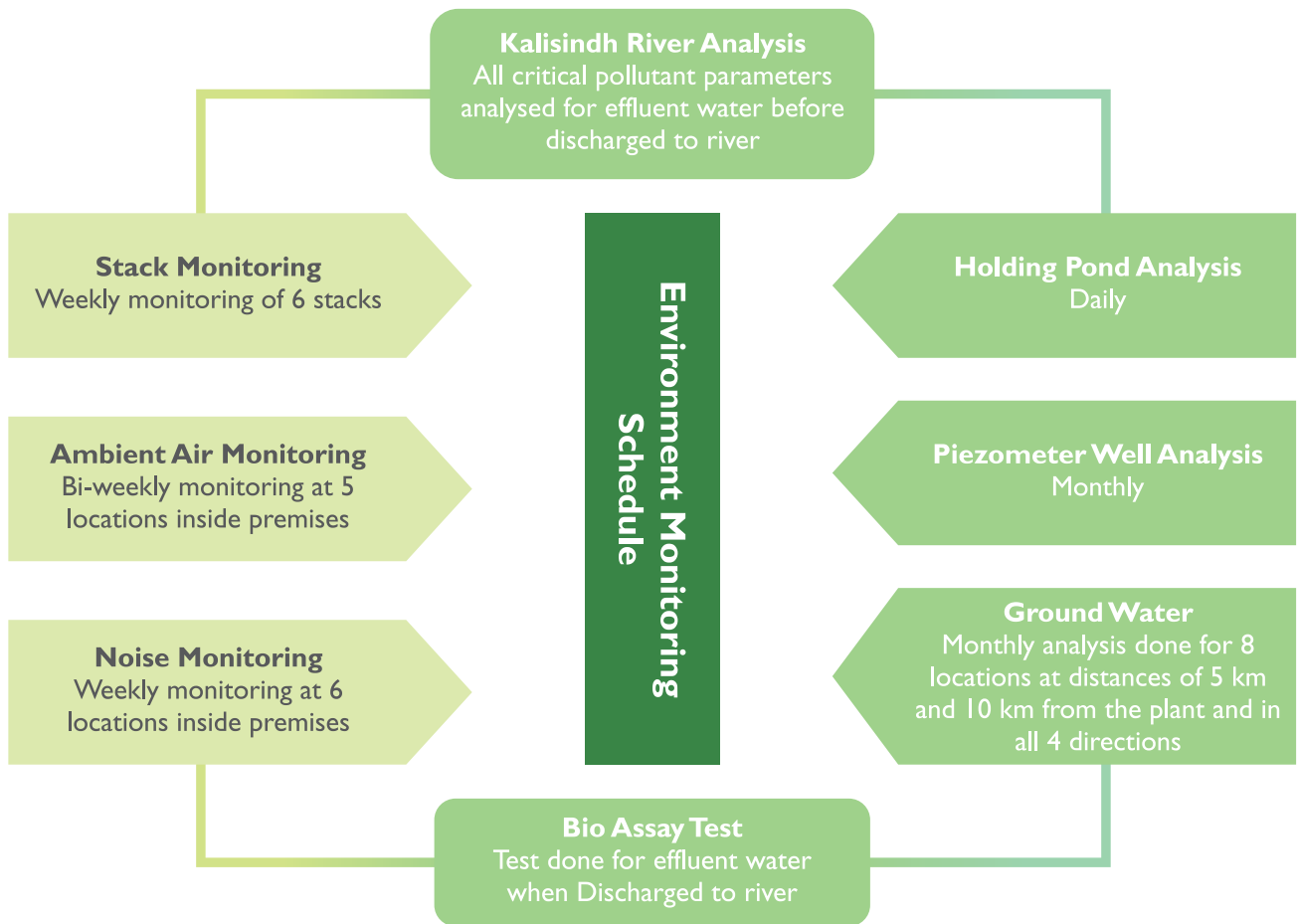
Type of bio-medic waste	Treatment and Disposal	Amount (Kgs)
Sharp waste	Autoclaved and Buried	4.58
Contaminated waste	Autoclaved, chemically treated and buried	4.82
Disposable waste	Treated chemically and buried	4.82

Table 11: Biomedical waste disposed off in the year 2009-10

Name of Waste Disposed	Type of waste	Unit	FY 2007-08	FY 2008-09	FY 2009-10
Spent Oil	Hazardous	MT	11.88	21.576	23.36
Spent Catalyst	Hazardous	MT	66.95	0	83.16
Ferrous Scrap MS drum	Hazardous	MT	0.28	0.72	1.09
Lead Acid Battery	Hazardous	MT	1.32	4.61	0.45
HDPE Scrap	Non - Hazardous	MT	39.46	42.43	44.19
Paper	Non - Hazardous	MT	8.01	11.74	10.91
MS Scrap	Non - Hazardous	MT	84.58	57.95	313.87
PVC	Non - Hazardous	MT	1.99	4.86	12.85

Table 12: Major categories of Waste Disposed off

⁹ Nisargruna- is an indigenous technology for small scale application developed by Bhabha Atomic Research Centre, Mumbai (BARC) to convert organic solid waste into biogas and manure.



(OHC). The various categories of waste that are generated at OHC are waste sharps, waste contaminated with bodily fluids and tubings, catheters, intravenous set, etc. However, we ensure that this waste, too, is disposed off in an environment friendly manner.

Table 11 provides the details of the major categories and quantities of bio-medical waste disposed off and the disposal method. We strictly adhere to all laws and norms for storage and disposal of wastes.

Contributing to Bio-diversity Conservation

Since different species contribute directly to the well-being of the 'ecosystem', the healthy survival of future generations and in meeting development goals, it is of

Type of expenditure	Description of expenditure	Direct and Variable cost incurred in million INR		
		FY 2007-08	FY 2008-09	FY 2009-10
Waste disposal, emissions treatment and remediation costs	Cost of treating the wastewater or disposing solid waste/sludge to an external contractor or destination + operating and maintenance cost.	0.84	0.86	1.12
Prevention and environmental management costs	Cost for employing external authorities for lab testing and sampling	0.19	0.19	0.19
	Annual costs of ISO 14001 and other such certifications for management systems	0.15	0.15	0.23
	License to operate, pollution certificates	0.19	0.27	0.27
		1.37	1.47	1.81

Table 13: Expenditure on environmental management (Data has been rounded off)



critical importance that diversity of species be protected. In this context, agriculture plays a key role.

Agriculture, in its objective to meet the fibre and bio-energy needs of a burgeoning population, has led to man-made changes in habitats and micro-environments. This, in turn, has negatively impacted the very survival of diverse species. As a Company whose core business is crop nutrients, there is, quite understandably, a limit to our ability to bring about transformative change. However, our vision and commitment to work for the greater environmental good has led us to initiate some significant bio-diversity conservation measures. We have set up a fund in collaboration with Hadoti Naturalists Society (a local body), and the Forest Department, Government of Rajasthan to conserve wildlife and preserve the habitat of endangered species like the Great Indian Bustard, Black Buck, and Chinkara at Sorsan Preserve which is located close to our manufacturing facility.

We have also joined hands with the Rajasthan Government's Harit Rajasthan initiative. Our pro-active attitude and enthusiasm towards environment conservation have helped us develop 500 acres of green oasis (approximately 50% of the total land area) in the midst of a rocky, barren and dry land allotted to us. This green oasis houses two plants and a township with all the necessary amenities for more than 400 employees and their families. We have planted many local and exotic plants in the premises based on sound scientific evaluation and developed water bodies so that our intervention does not negatively impact the local flora and fauna. As a result of our efforts in the last two decades, the area in and around the plant campus has become an abode for many endangered and migratory species of birds. To sensitize employees and their families on environment issues, we regularly organize nature walks, poster competitions, nukkad natak, tree plantations and bird watching trips.

Chambal has been associated with the Bombay Natural History Society (BNHS) from inception. We frequently interact with BNHS on environmental issues. Officials of BNHS visit the campus and advise us on improving the flora in the plant complex. In 2009-10, BNHS helped us organize a workshop on environment for Chambal's senior officials. We also continuously engage with them for promoting sustainable development- creating botanical and butterfly gardens; and preserving aquaculture resources, plantations, forests and scrublands.

Most significantly, our township is ISO-14001 and OSHAS-18001 certified. Our environment efforts

were recognised by the Rose Society of Rajasthan who have conferred on Chambal the best Industrial Township award.

Enduring Efforts towards Environmental Conservation

Well-articulated and clear policies, guidelines, and management systems ensure that we operate in a manner that protects both human health and the environment. Our environmental management metrics, auditing and reporting are evaluated periodically and environmental monitoring of various parameters is done regularly. We have a well-equipped environmental laboratory which conforms to the guidelines promulgated by the Ministry of Environment and Forests, and Central and State Pollution Control Boards. We monitor the stacks associated with the boilers and the prill towers on a weekly basis, conduct ambient air and noise monitoring on a periodic basis. The monitoring schedule is well-defined in our management systems. Our expenditure on environmental management for the reported year was INR 1.81 million; approximately 62% of it was spent on waste disposal, emissions treatment and remediation costs.

During the reporting year we had no non-compliance with environmental regulations and we continue to maintain our certification of ISO 14001:2004 and OHSAS 18001:2007.

Chambal's Eco-friendly Township: 500 acres of green cover, about 100 species of flora, about 100 species of birds (including migratory birds), more than 500 peacocks, monkeys, and many non-predatory animals

Valuing Human Capital

- **Our People**
- **Empowering the Workforce**
- **Employee Benefit Schemes**
- **Workplace Safety**
- **Caring for Employees**
- **Equal Opportunities for All**
- **Ensuring 'Child Labour Free' Operations**
- **Industrial Relations**

Valuing Human Capital

For us, employees are our most valuable assets and we believe that empowered employees are paramount for business sustainability. Their dedication and commitment ensures smooth and efficient functioning of our business. We believe that the skills and performance of our employees are key factors for ensuring the future success of business, so we invest significant time and resources for employee training and career development. Safe operations and work place safety is a top priority for Chambal. We have various welfare schemes for our employees and are highly vigilant about avoiding human rights abuses in the Company.

Our People

As on 31 March 2010, our total employee strength in Agri Business division was 853. In addition, we engaged 882 contract workers during the reporting year.

To ensure business excellence, it is imperative for us to pursue



innovative HR programmes to attract and retain quality talent. Our success in this endeavour is illustrated by our steadily decreasing employee turnover percentages over the last three years. We saw the highest turnover in the less-than-30-year age group in the reporting year. We have a vibrant young

workforce- the average age of our employees is 35.72 years.

We have a well-structured and time-bound career progression policy for our employees. In 2009-10, we revisited the promotion policy for the non-management cadre and revised it to accommodate faster growth aspirations.

Management Level	FY 2007-08		FY 2008-09		FY 2009-10	
	Male	Female	Male	Female	Male	Female
Senior Management	17	0	17	0	20	0
Middle & Junior Management	411	1	431	3	449	5
Workmen	326	10	311	10	334	11
GETs / TMOs / MTs	33	2	33	1	9	0
Trainees	30	0	54	0	25	0

Table 14: Composition of workforce (excluding contract workers) by category and gender

Steadily declining employee turnover rate

Empowering the Workforce

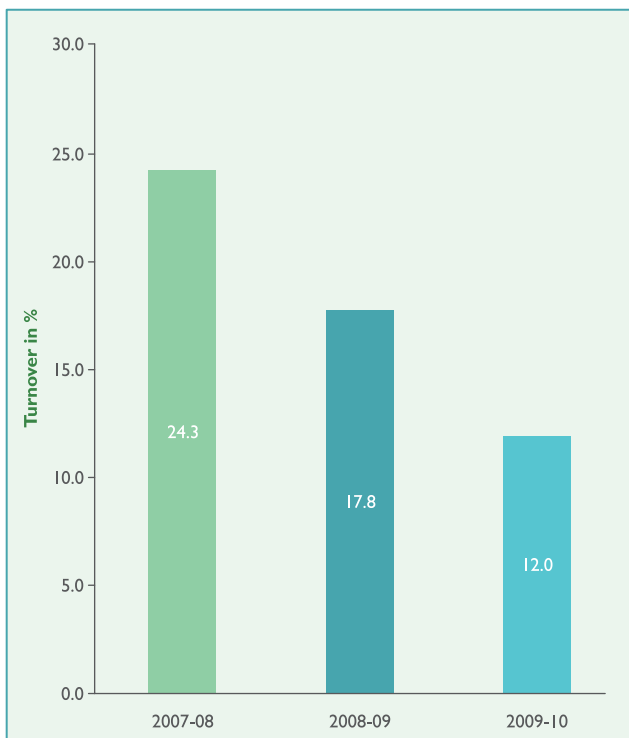
Professional growth of our employees and strengthening of the leadership pipeline is a strategic priority for our organisation. We invest in holistic development of our employees through mentoring, on-the-job training and various internal as well as external training programmes. We follow a structured approach to identify the training needs of our employees through the annual PMS (Performance Management System). The captured needs are categorised and evaluated for organising customised training programmes. Based on the assessment, a Training Calendar is developed and circulated to all employees of the organisation.

As a part of our training initiatives, we include all contractual workers for training on various

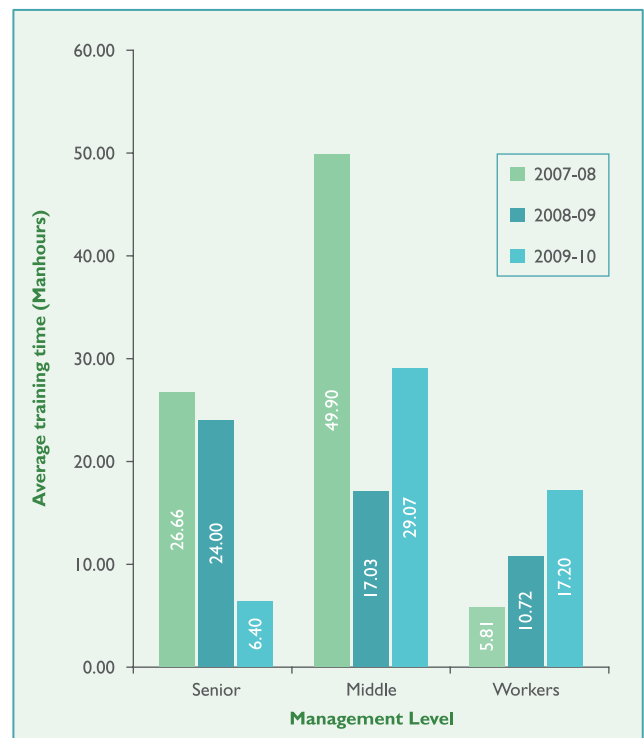
subjects related to emergency handling, first aid, workplace safety, fire fighting, usage of PPEs (Personal Protective Equipment), environment management, general health and hygiene. During 2009-10, around 50 HSEQ (Health, Safety, Environment & Quality) training programmes were conducted, where more than 800 contractual workers participated. Additionally, due to the nature of the operations in the Urea Product Handling Plant, we provided customised safety training on a regular basis to contract workers.

To encourage employees to seek additional educational qualifications, we have collaborated with the Birla Institute of Technology and Sciences (BITS) Pilani, one of India's premier engineering institutes. Employees with

diploma in engineering or graduation in science can enroll with the institute and get a degree in process engineering, if they fulfill certain laid down criterion. For this, 70% of tuition fee and 50% of admission fee is contributed by the Company. Till date, 45 employees have benefited from this scheme. The Company also sponsored 9 employees during the year for a 15-day Management Development Programme at IIM, Bangalore. We have initiated a Self-Development Scheme for employees to enhance their knowledge and skills bandwidth by enrolling in professional training courses. Under this scheme, 50% of the tuition fee subject to a maximum of INR 50,000 is reimbursed by the Company.



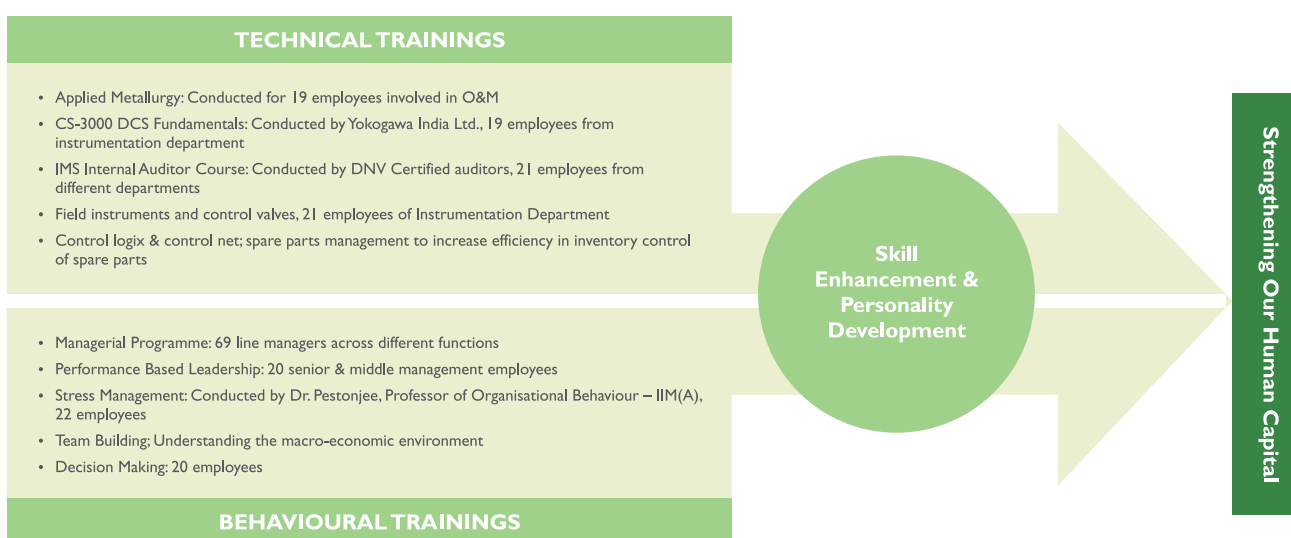
Graph 8: Workforce¹⁰ Turnover



Graph 9: Average Training time by employee category

¹⁰ Workforce includes permanent employees and trainees and excludes contractual workers

Training Programmes in FY 2009-10			
Internal HSEQ Training		External HSEQ Training	
Fire fighting and emergency handling, safety in material handling in Urea Product Handling (UPH) plant, electrical safety, awareness of ISO 9001, HAZOP, HAZAN, etc.		Behavior based safety management, e-waste management, hazard identification and risk management, industrial safety and occupational health, prevention and management of chemical accidents, etc.	
Management level participants	Non-management level participants	Management level participants	Non-management level participants
144	217	18	44



Employee Benefit Schemes

Chambal has various employee benefit schemes based on the philosophy that securing our employees' financial future is critical for our sustained growth. The Chambal Employee Senior Staff Superannuation Fund and Chambal Non-management Employees Superannuation Fund provide for pension benefits to employees. The Provident Fund scheme is managed by Chambal through a Trust. Employees who have completed 5 years of service are also eligible for Gratuity and the Company's Employees Group Gratuity Trust Fund provides for Gratuity benefit. Life insurance benefit to each employee is also covered under Gratuity and Superannuation Schemes. All employees are

eligible for the Group Personal Accident Scheme, Group Health Insurance Scheme and Group Term Solution Scheme. In case of accidents, the Personal Accident Scheme ensures compensation for treatment expenses, permanent / partial disability, permanent / temporary loss of earning capacity including salary component and death coverage. The Health Insurance Scheme covers hospitalisation expenses of employees and their family members, while under the Term Solution Scheme life, each employee is insured. All retired employees are covered under the Group Health Insurance Policy up to the age of 85 years. Vehicle and furniture loans are provided to employees according to eligibility at low interest rates.

The Company also provides housing loans to employees. All management grade employees are supported for membership of one professional body, wherein the annual membership fee is borne by the Company. The Company has tied up with medicos/hospitals for regular preventive health check up of senior employees.

I. Appreciating Employee Contribution

We believe that engaging employees in planning and designing operational strategies increases the efficiency of our processes. Accordingly, we have instituted an employee suggestion scheme. The suggestions are evaluated by a committee and selected suggestions are duly awarded.

“Long Service Awards” – Recognising dedication & commitment

Technical Training Cell

In addition to a Training and Development cell under the Human Resources Department, we have a dedicated ‘Technical Training Cell’. This cell develops training modules for Graduate Engineers and Technical Trainees.

The cell organizes 4-week normal modules for diploma holders and non-management trainees and a special 12-week module for B.Sc. qualified trainees. The training modules cover topics like HSEQ, details of plant operations (processes and equipment). In the 12-week module, detailed subject-related trainings are imparted by external faculty from BITS. Weekly review of the progress is done by Dy. General Managers and Senior Managers. After completion of the training period, trainees are either interviewed by a panel of senior executives, or on the basis of overall assessment, their appointment is confirmed. This cell also organises refresher training programmes.

2. Recognizing Long Service

We have instituted a “Long Service Award” in recognition of employees’ long-term association with our organisation. The felicitation includes silver salvers and gold coins of varying weights for different lengths of service.

Workplace Safety

Fertiliser manufacturing units, particularly those manufacturing ammonia are amongst the most complex plants in the chemical industry. It involves handling of various hazardous substances and facing operational hazards such as explosions and spillage. Such operating conditions make workplace safety a priority issue for our Company. At Chambal, we have institutionalised various

	2008	2009	2010
5 Yrs	9	9	6
10 Yrs	33	52	25
15 Yrs	83	61	49
20 Yrs	-	1	6
25 Yrs	-	-	2
30 Yrs & above	1	-	-
TOTAL	126	123	88

Table 15 Number of Employees who received Long Service Award

systems and procedures with the aim to create a systematic framework for the management of hazards and their associated risks. Our safety management system incorporates the requirements of the OHSAS 18001 standard. This year, we reviewed our disaster management plan with the help of

the National Safety Council. They also conducted a safety audit of our facility. We regularly conduct mock drills to check emergency preparedness of our systems by simulating real life incidents, without giving any prior notice to our employees.

1. Near-misses

Recognising the importance of precautionary and preventive action in enhancing workplace safety, we introduced the system of reporting ‘Near-misses in 2004’. The online Near-misses reporting system enables all employees to report their observations to the

Parameters	FY 2007-08	FY 2008-09	FY 2009-10
No. of injuries	1	7	1
No. of fatalities ¹¹	0	3	0
Lost days	56	18195	68
Injury rate	0.050	0.291	0.051
Lost day rate	2.803	756.812	3.490

Table 16: Safety statistics

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

Lost Day rate = (Total No. of lost days X 200,000)/Total No. of hours worked (permanent + contractual)

¹¹ The fatalities in the year 2008-09 relate to employees of an independent contractor.

Near-misses reported		
2007-08	2008-09	2009-10
242	224	260

Encouraging Near-miss reporting, inculcating safety culture

senior management for review and action. The online entries are routed through a defined hierarchy for approval, following which they are forwarded to the concerned departments for necessary corrective action. The data in the system is analysed to take stock of the nature of incidents and remedial measures taken. Targets for Near-miss reporting are fixed by the Apex Safety Committee. In addition to the online system, Near-miss incident reporting boxes are also installed at prominent locations in the plants.

2. Process Safety Management (PSM) System

We have implemented the Process Safety Management System (PSM) developed by AIChE, USA at our fertiliser plants although its not mandatory in India. PSM is a management system covering all aspects of process risks and involving proactive identification, assessment and control of hazards in continuous process chemical industries. The system provides a dynamic environment for continual improvement and increasing awareness of safety impacts of technology, personnel and management of process hazards. The PSM system will help us focus on excellence, by fostering continual improvement of existing systems and employee



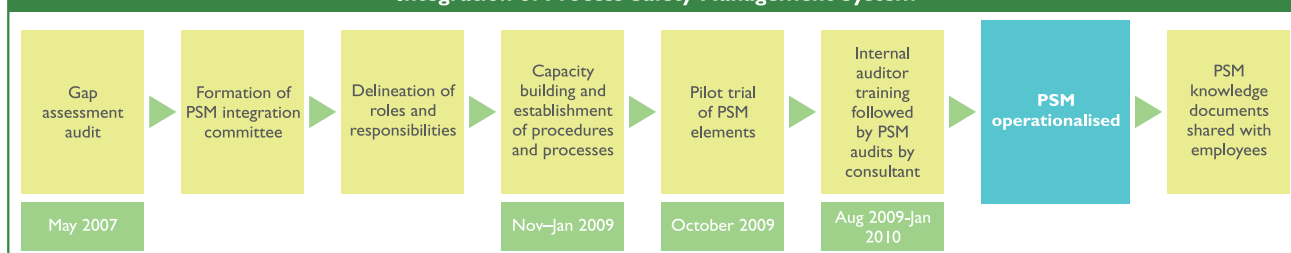
involvement for the safe operation of our plants.

We have a structured three tier 'Safety Review System' which consists of plant, management and safe operations committees. There are 10 committees at the plant with representation from all concerned departments. These committees meet monthly or bi-monthly to review the safety systems. The Safe Operation Committee is the apex safety committee that comprises all department heads, headed by President-Operations and meets 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 organisation. EHS performance is reported to the Board of Directors.

PSM Advantages

- Systematic approach to process plant safety
- Employee involvement in process safety
- Clearly defined roles and responsibilities
- Defined method of operation
- Clear guidelines and references
- System compliments existing SHE (Safety, Health and Environment) management system

Integration of Process Safety Management System



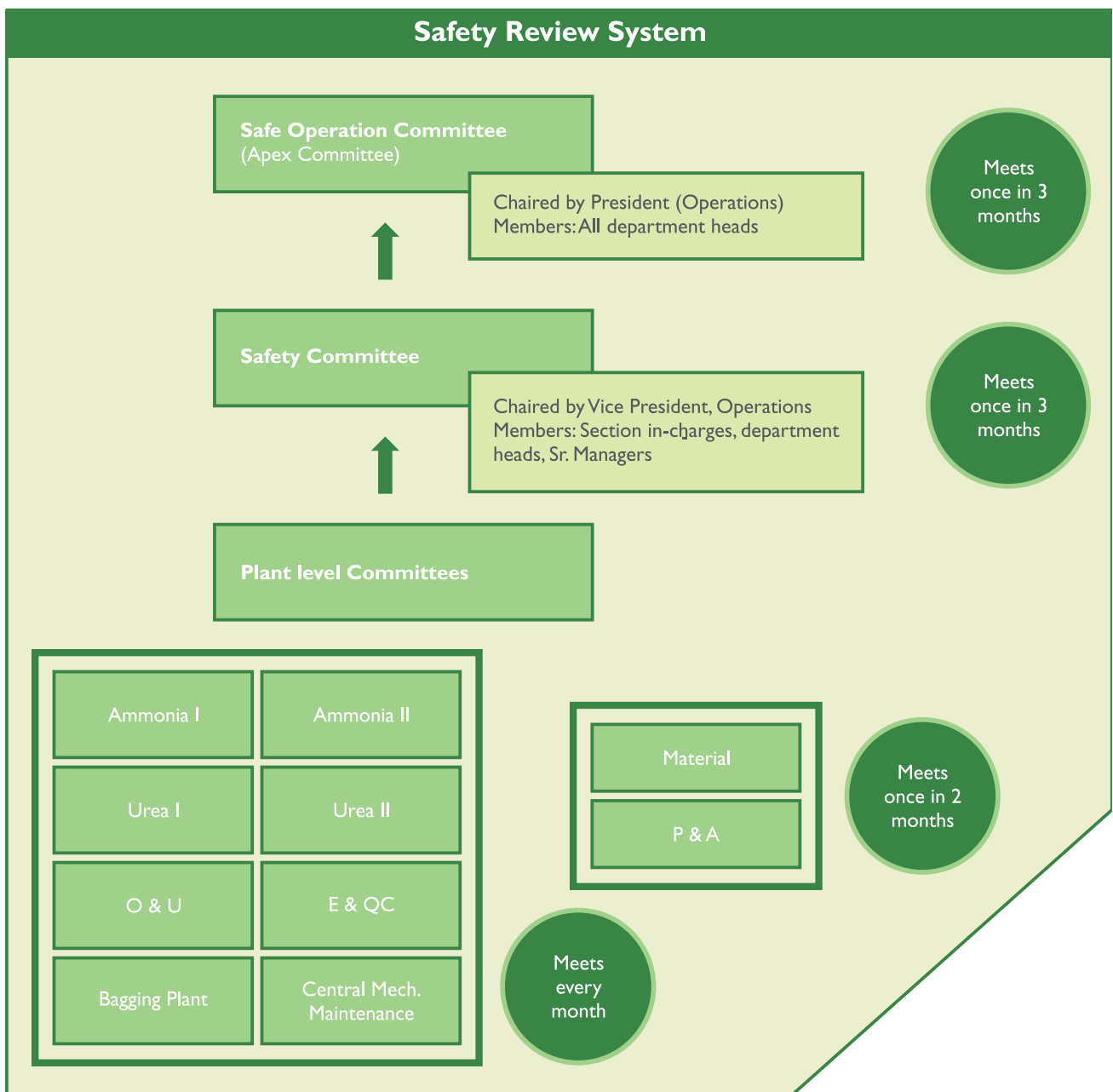
3. Safety of Contract Workers

We have a comprehensive system to ensure the safety of our contract workers. As a first step, all the agreements with contractors include provisions on various safety related issues, e.g. types and quality of Personal Protection Equipment (PPE) to be used by workers (only ISI marked PPE are permitted), use of approved quality safety nets and metal scaffolding for jobs at a height. The Company has the right to levy penalties on the

contractors for any unsafe act or violation of safety norms by the workers depending on the nature of the incident. All violations are noted under three categories - unsafe act, unsafe condition and unsafe practice. During the 20-day annual plant shutdown in April 2010, contract workmen worked for 29,580 man-days. In this period, 167 unsafe acts, 12 unsafe conditions and 22 unsafe practices were reported. The data, in effect, reflects the vigilant nature of our managerial staff and workers and establishes the fact that the safety

culture has been embedded in our organisation. We have analysed the causes of these incidents and appropriate actions were taken to prevent recurrences in the future.

We have initiated the concept of nominating "Safety Mentors" for each of our contractors. Senior employees are designated as mentors with the aim to promote safety awareness amongst workers. Quarterly review meetings are conducted for discussing safety related issues with contractors. This helps in



Moving from Time-based to Risk-based Inspection Systems

drawing their attention towards lapses and identifying areas of improvement.

We began exploring the idea of implementing a Risk Based Inspection (RBI) System in August 2009 and have started a dialogue with RBI service vendors to gain an understanding of the methodologies. RBI embodies a risk-based approach to prioritising and planning inspection. This type of inspection planning analyses the likelihood of failure and the consequences in order to develop the inspection plan. We plan to commission a pilot study in the latter half of 2010, the outcome of which will govern the decision to implement a full scale RBI system.

We have been actively involved in raising awareness about the importance of adhering to road safety norms amongst all employees, township residents



and contract workers. To further strengthen our efforts, we conduct random checks in the plant and township area.

3. Encouraging Proactive Safety Behavior

We have instituted various schemes to reward employees

for exemplary and proactive operational safety related behavior and regularly organise events to promote the importance of good safety practices.

We meet annually with our business associates after completion of the shutdown period to discuss matters

Safety promotional activities

- **NATIONAL SAFETY DAY CELEBRATIONS:** On 4th and 5th March, 2010 we celebrated National Safety day in partnership with the Rajasthan State Chapter of the National Safety Council, and took a pledge to achieve a target of 10 million accident free hours and released a 'Safety Booklet' for the Urea Packaging House. The function was attended by senior government officials, Company employees and contractual workers.
- **NATIONAL FIRE SERVICE DAY:** National Fire Service Day was observed on April 14, 2010 where employees took a pledge to put in persistent efforts for fire prevention in their operational areas. Fire staff demonstrated their skills and expertise in using sophisticated fire-fighting equipment. They also gave demos of real life rescue operations.

Incentive and penalty schemes for safety

- **REWARD SCHEME FOR SAFETY PROMOTION:** This scheme has been instituted in order to encourage safety awareness, commitment, and practice amongst company and contractual employees.
- Cash rewards of amounts between INR 200 - 3000 per employee are given for:
- **Completion of million man-hours without lost time injuries**
 - **Safe turnaround**
 - **Near misses reporting**
 - We are proud to report that we recently completed **9 million accident free hours.**
 - **EHS PERFORMANCE LINKED APPRAISAL SYSTEM:** In the annual appraisal system, 15 % of an employee's total score is based on his / her consciousness and awareness of SHE related issues, accident record, penalties, etc.

PROACTIVE SAFETY CULTURE

DISASTER MANAGEMENT PLAN AND MOCK DRILLS

The disaster management plan was revised in the reporting period with the help of experts from National Safety Council. On the basis of this plan, an online emergency action plan was prepared with delineated responsibilities of individuals. Mock drills are conducted every six months as per statutory requirements. Independent observers are appointed to oversee the process and highlight deficiencies, if any. In addition to these exercises, we also conduct off-site emergency mock drills with the help of the district administration. In FY 2009-10 we conducted 13 training programmes for creating awareness on the new plan.

SAFETY AUDIT BY EXTERNAL EXPERTS

A team of experts from the National Safety Council, conducted a Safety Audit of our safety systems in December 2009. The feedback of auditors was very encouraging and we are geared up to take suggested improvement measures.

We have also implemented

- **JOB SAFETY ANALYSIS**
- **PROCESS SAFETY MANAGEMENT**
- **OHSAS 18001:2007**

Safety management systems and implementation

State-of-the-art Health Centre Facilities

- Specialist services: ENT, Ophthalmologist, Gynecologist, Pediatrician, Dentist
- Equipment include: Cardiac monitor, defibrillator, nebulizer, ECG machines, oxygenator, pulse oxymeter, fetal ultrasound
- Free ambulance service 24 x 7, with 3 fully equipped vehicles
- Tie-ups with leading hospitals in Kota, e.g. Fortis Modi, Sudha, Bharat Vikas Trust

pertaining to safety, their contribution, improvements made and desired. Better safety performers are recognised in an award ceremony.

We conduct training programmes for drivers of vehicles which transport hazardous chemicals such as hydrochloric acid, sulphuric acid and ammonia.

Caring for Employees

We carry out health check-ups for employees working in hazardous environments once every six

months. The production and process departments prepare a list of personnel who are exposed to occupational hazards like noise, Urea dust and ammonia vapours, etc. The identified personnel undergo audiometry and/or spirometry tests depending on the nature of the exposure. If a person is found to have results which deviate from the norm, he undergoes repeated check-ups. If the results persistently demonstrate deviations, the Head of Department and Functional Head is informed with a recommendation for change of work environment and the employee is relocated to some other area devoid of the hazard. In FY 2009-10, one person was diagnosed to be suffering from Noise Induced Hearing Loss (NIHL) and there was no diagnosed case of Chronic Obstructive Pulmonary Disease (COPD). 568 employees and 1842 contract workers underwent health check-ups in FY 2009-10. All food handlers (in the staff canteens and kitchens of guest facilities) are examined once every six months and are vaccinated against typhoid.



We regularly make our employees aware about diseases such as diabetes, hypertension and osteoarthritis, encourage adoption of preventive measures and provide facilities for treatment. Counseling and treatment is also provided to family members of employees and residents of the surrounding villages.

The annual medical examination of employees has brought to light a marginal increase in the incidence of diseases like



diabetes, hypertension, sleep related disorders etc. Stress is believed to be a major factor responsible for causing these lifestyle diseases. Hence, stress management workshops were conducted to train personnel in stress mitigation and to maintain a work-life balance.

Equal Opportunities for All

The Company provides equal opportunities of employment to all devoid of any gender, religion, race and caste, etc. We closely monitor and take necessary action to ensure that our contractors discharge their legal obligations with regard to workers' rights and welfare. We have included specific clauses in our contracts to implement the requisite laws of the country with regard to decent work practices and labour welfare, viz. Equal Remuneration Act, Minimum Wages Act, Workmen Compensation Act, Maternity Benefit Act, etc. The salaries are same for both the genders.

We have a Prevention of Sexual Harassment policy in place for all employees (direct, contract, temporary, part time and trainees). The policy is binding on employees even if the alleged



harassment is reported to have taken place outside the Company premises. An internal complaint committee of three members and headed by a female employee, is responsible for carrying out detailed investigations. The committee has been directed to furnish all findings to the Managing Director within a month of receipt of the complaint, while maintaining due confidentiality. So far no such case has been reported.

Ensuring 'Child Labour Free' Operations

We take special precautions to prevent instances of child labour

and forced / compulsory labour in all our operations. Photo identity cards are mandatory for all our contract workers. 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. 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.

Industrial Relations

We have cordial relations with workers, staff and officers in the organisation. As on 31st March 2010, we have 11 cases pending for conciliation or adjudication. Of these, 10 cases are related to contract workers and one case pertains to an ex-employee. Seven cases of contractual workers are under proceeding before the Labour court, Kota. Three re-instatement claim cases of contract workers and one case of an ex-employee are pending with the conciliation officer at Kota.



Partnering with the Community

- Uttam Roshani
- Uttam Bandhan



Partnering with the Community

Businesses play a key role in a country's economic development and can create long term value by contributing to the society. With more than 70% rural population¹², agriculture acquires strategic importance for the sovereignty of the country and has crucial implications for its food security. There have been concerted efforts to improve the performance of agriculture in the country. As a result, the food grain production has almost quadrupled from 51 Million MT in 1950-51¹³ to an estimated 216.85 Million MT in 2009-10¹⁴ and, to some extent, secured us against food shortages despite the rapid population increase. As an organisation, we have contributed in our own small way towards development of the agriculture sector by manufacturing and marketing plant nutrients and various other agricultural inputs. However, a closer look at the performance of the sector shows that the income from agriculture has not been very rewarding. Over the years, its share in overall GDP has decreased from 50% in 1950-51 to 20% currently. The increase in GDP per agriculture worker has also been modest and considering that 58.2% of

the national workforce¹⁵ is still engaged in agriculture as primary employment, this statistic is rather alarming.

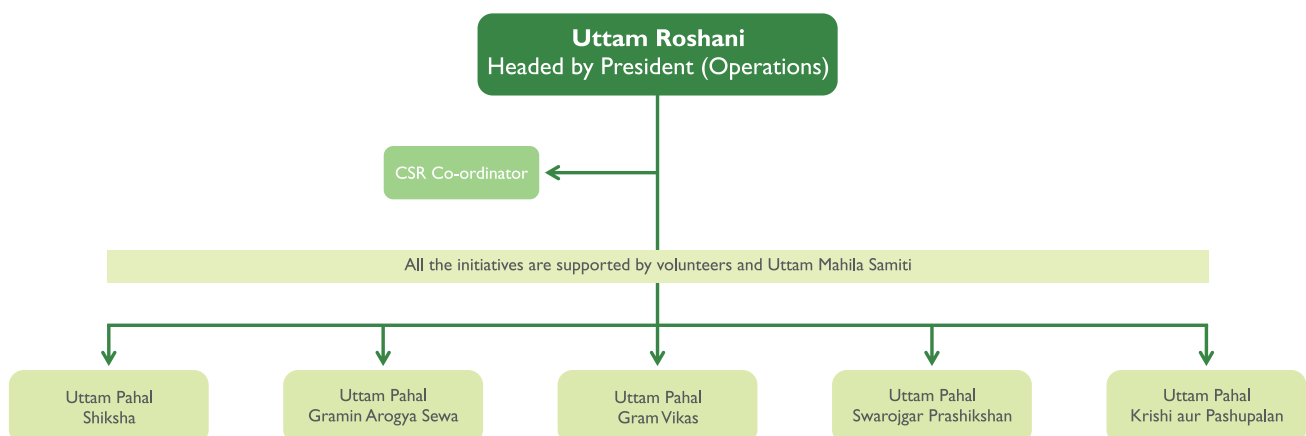
Since we work closely with farmers, we have developed a sound understanding of the socio-economic milieu of rural India. It is a complex interplay of natural resource challenges, beliefs, traditions and external, enabling factors, which impact the quality of life and choice of livelihood. Therefore, for a sustainable future for our nation, it is important that we follow the tenets of inclusive growth and strive to bring about social transformation.

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, therefore, a genuine concern for their well being, happiness and all round progress. Over the years, we have addressed many issues like rural infrastructure, afforestation, animal husbandry, healthcare, education, water harvesting, vocational training and women's empowerment.



Uttam Roshani

Recently, our corporate social intervention programme has been restructured and strengthened. We conducted a need assessment survey using participatory rural appraisal techniques in partnership with Gramin Vikas Trust (GVT), a non-profit development organisation promoted by Krishak Bharti Co-operative Limited (KRIBHCO) with the support from Government of India and Department for International Development (DFID), U.K. A comprehensive survey was done in 14 villages in the vicinity of our plants at Gadepan (Kota). We have initiated an umbrella programme



¹² <http://pib.nic.in/archieve/others/fsrurald.pdf>

¹³ Chapter 3, XI Five year plan, Planning Commission of India

¹⁴ <http://agricoop.nic.in/AnnualRepor2009-10/AR.pdf>

¹⁵ <http://agricoop.nic.in/AnnualRepor2009-10/AR.pdf>

called 'Uttam Roshani' to effectively address the issues identified. In this programme, we have identified five thematic areas under the umbrella name 'Uttam Pahal', to enable us to build specific intervention strategies for addressing the diverse needs of the community. Each of the initiatives is supported by a Cause Champion and Assistant Champion. The thematic areas of interventions are as follows:

1. Education: Uttam Pahal – Shiksha
2. Health: Uttam Pahal – Gramin Arogya Sewa
3. Agriculture & Livestock Development: Uttam Pahal – Krishi aur Pashupalan
4. Rural Infrastructure Development and Environment: Uttam Pahal – Gram Vikas
5. Self-help Groups (SHG) – Entrepreneurial Skills Development : Uttam Pahal – Swarojgar Prashikshan

In order to initiate and sustain meaningful action, we have recently restructured the governance and operational structure of our social programmes. The cell is now headed by President-Operations and supported by a CSR coordinator. Uttam Mahila Samiti,

a group formed at Gadepan by spouses of Chambal employees support development work in the township and in the surrounding villages. Employee volunteers also contribute to the implementation of various social initiatives.

I. Uttam Pahal - Shiksha (Education): Education is the building block of a developed society. It is the most crucial input for empowering people with skills and knowledge, giving them opportunity for a productive livelihood and secure future. Poverty and lack of learning material are often cited as reasons for not sending children to schools. In order to encourage and support underprivileged children, stationery items, school bags, uniforms, shoes and other essentials are regularly provided to them. What's more, computer kiosks have been established in schools to promote computer literacy. Discussions are held with opinion leaders and parents in villages so that they are motivated to educate children, especially girls.

Since water and sanitation related diseases affect primary school children, resulting in absenteeism and even deaths, we have initiated



programmes to counter the problem. To inculcate the habit of hygiene and cleanliness, an awareness programme was organised in Pachara Primary School, in collaboration with CFDAV Public School in November 2009. The programme stressed on the importance of personal hygiene – washing hands, brushing teeth, cutting nails and bathing.

2. Uttam Pahal - Gramin Arogya Sewa (Health): Good health has a direct correlation with the employment prospects and productivity of a worker. It assumes greater significance in rural areas where livelihoods are mostly dependent on the physical ability of workers. Remote villages still do not have adequate access to medical infrastructure. Keeping in view these problems, we started a Mobile Health Care Unit with a doctor and a nursing assistant for 14 neighbouring villages. The mobile unit visits two villages every day. Check-ups are conducted and required medicines are administered free of cost; and cases requiring specialised treatment are referred to the district hospital at Kota. Every year, approximately 25,000 patients benefit from this service. Apart from the mobile unit, we



also have a health center facility in our manufacturing unit. Specialists in various fields like pediatrics, gynecology, skin, dental, eye and ENT regularly visit the health centre. We provide emergency services to the community on a 24 X 7 basis. Our three ambulances are manned round the clock for emergencies. Apart from the above services, periodic health camps for respiratory diseases, mother and child welfare and family planning are organised; and medicines distributed free of cost to the rural patients. We also organize a blood donation camp in association with Kota Blood Bank Society (KBSS) every year.



FY 2009-10	Date	No. of Patients
Health camp for women	May 1, 2009	125
Respiratory disease camp	July 24, 2009	240
Blood donation camp	September 16, 2009	149 units
Eye check up camp	November 16, 2009	1047

Table 17: Details of various health camps organised under Gramin Arogya Sewa

Our employees have been actively participating in this initiative and in the reporting period, 149 employees donated blood. We maintain a comprehensive database of health status of 356 children in 5 schools, covering 4 revenue villages; and regularly counsel their parents and teachers on preventive care.

3. Uttam Pahal - Gram Vikas (Rural Infrastructure and Environment): Absence of quality infrastructure - roads, drinking water, irrigation, telecommunications, sewage,

electricity - limits India's economy to attain higher levels of growth, development and prosperity. This is true for the village economy as well. Chambal has taken a few, important steps in this regard. The initiative includes building roads and culverts, classrooms, toilets and boundary walls in schools; digging of bore wells and hand pumps; providing overhead water storage tanks; and constructing water harvesting structures to improve ground water recharge.

4. Uttam Pahal - Swarojgar Prashikshan (Self-employment): The decrease in per capita land holding size due to increase in population and less availability of agricultural land has rendered income from agriculture insufficient to meet the needs of farmers. Among the families dependent on agriculture, 70% of the families had land holding of less than one hectare as compared to 56% in 1982. In order to achieve financial security, diversification to non-farm based activities becomes imperative for farmers. Since Gadepan is a rural area and is also constrained by the availability of natural resources; most of its youth have limited opportunities for

Description	FY 2007-08	FY 2008-09	FY 2009-10
No. of community members benefited from Gramin Arogya Sewa Mobile Health Care Unit	22937	13076	19485
No. of rural populace benefited from specialist doctors	1459	1641	2200
No. of occasions ambulance was provided to community in emergency	275	216	189
No. of children covered under 2 day Pulse Polio immunisation programme	151	169	95
No. of blood donors	181	203	149

Table 18: Overview of activities under Gramin Arogya Sewa



livelihood. With the objective of helping unemployed youth, we have initiated an entrepreneurial development programme in partnership with ITI, Jan Shikshan Sansthan, Singer India Limited and Krishi Vigyan Kendra. The programme includes vocational training in motor rewinding, electrical wiring, tailoring, mobile repair, computers, etc. It is heartening to observe that most of people trained in these skills are now gainfully self-employed. We have also established Self-Help Groups (SHGs) for women in partnership with Gramin Vikas Trust for imparting training in spice making, tailoring, etc.

5. Uttam Pahal - Krishi aur Pashupalan (Agriculture and Livestock Development):

Agriculture and livestock development forms the backbone of rural livelihood and during times of stress, livestock becomes an alternate source of revenue for the farmers. Despite many breakthroughs in veterinary sciences at the national and international levels, knowledge and skill sets pertaining to the profession have not reached the Indian hinterland. At the grassroots level, farmers are still dependent on less-productive breeds and remain largely unaware of the latest developments in the field of animal health. Recognising

this gap, we decided to enhance the awareness levels of farmers in this regard. Two Uttam Krishi Clinics (UKCs) have been established in the vicinity of our plants.

The Uttam Krishi Clinic provides villagers with the following services:

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

We regularly organise veterinary camps and breed improvement programmes (for vaccination and treatment of animal health related problems) in collaboration with the department of veterinary sciences, Kota. We also distribute animal care kits to farmers who are members of our Uttam Bandhan programme. The UKCs invite agriculture scientists from Krishi Vigyan Kendra, Anta and also organise training programmes. In addition, entrepreneurship training and skill development programmes are organised for the youth.

Uttam Bandhan

Chambal's Uttam Bandhan is a community welfare initiative for enhancing the farmers' income and quality of life. As the



flagship programme of Chambal's marketing department, it provides customised information and services to farmers as per their requirements. Today, Uttam Bandhan has about 100,000 farmers as its members and covers 10 Indian states. The farmer is charged a nominal membership fee of INR 20 per annum. A mix of conventional and new communication methods are used for disseminating information regarding integrated farming practices, high quality agri inputs, location of authorised dealers, prevailing market prices and weather forecasts. The interface between our Company and the farmers are Uttam Krishi Sevaks (UKSs). The UKS is usually a local youth having entrepreneurial skills and agricultural knowledge. Each UKS is responsible for 300 farmers in 15 villages, in an area of 5-10 kms. He is responsible for collecting soil and water samples for analysis, distribution of quarterly magazine (Chambal ki Chitthi), organising animal health camps, arranging farmers meetings, crop seminars and demonstrations.

1. Soil and Water Analysis:

We have two Agriculture Development Laboratories (ADLs) at Sriganganagar in Rajasthan and Agra in Uttar Pradesh. The two laboratories carry out soil and water tests for major and micro nutrients composition. In the reporting year, the two laboratories carried out about 0.68 million soil and water sample tests. These results are electronically stored and have enabled us to have a soil quality map of the regions where we have our presence. Besides soil and water tests, the two ADLs also provide training on various issues relating to agriculture and soil health. Agricultural scientists and

experts at Chambal continuously engage with state departments of agriculture, Krishi Vigyan Kendras (KVKs), agriculture universities and freelance agricultural consultants so that holistic solutions can be shared with farmers. We plan to increase the number of laboratories in the coming years. These soil tests are done free of charge for members of the Uttam Bandhan programme.

2. Chambal Ki Chitthi: We publish a quarterly agriculture magazine - Chambal ki Chitthi - containing farm related information, which is hand-delivered to every Uttam Bandhan farmer. This magazine is published in three vernacular languages- Hindi, Punjabi and Gujarati.

3. Animal Care Camp: Since livestock is an important element of a farmer's livelihood, camps are organized to keep the animals disease free and healthy.

4. Farmer Meetings/Trainings/ Seminars/Educational Tours/Demonstrations:

To increase awareness about new and improved agricultural practices, we organise awareness / educational activities for the farmers. These sessions also act as a forum for the farmers to interact with agriculture experts. Demonstration plots are used

to facilitate adoption of new products and techniques.

5. Farmers' Helpline - Hello Uttam:

We have a dedicated telephonic helpline called "Hello Uttam". Farmers can communicate their concerns over phone by calling one of the local numbers of the "Hello Uttam" helpline. Though the number of centres is limited at the moment, experts are prompt in their response. Information about the helpline is widely circulated and for areas where the helpline is not operational, the farmers are urged to seek clarity from Department of Agriculture, Government of India's Farmers' Call Centre.

6. Farmers' Website: uttamkrishi.com

Chambal launched uttamkrishi.com, a website for farmers in 2001. uttamkrishi.com was one of the first dedicated interactive websites for the benefit of the farming community. It has a bottom-up approach to farming solutions as the website has been designed region wise to address the local issues in Hindi language. Useful information on crops and agronomy are posted on the website. Farmers can access the information for free; and can post queries that are answered by our experts.

Hello Uttam - Krishi Phone Sewa

Sriganganagar	: 0154-2460636
Hissar	: 01662-278482
Agra	: 0562-2240205
Jaipur	: 0141-2360838



These telephone numbers are also displayed on all our literature and the packing bags.

In 2010-11 we plan to launch a toll free helpline for farmers.

Toll Free Number : 1800 180 5550

Extended Responsibility

- **Reaching Out to Customers**
- **Measuring Satisfaction**
- **Responsible Communications**
- **Ensuring Compliance**

Extended Responsibility

As a responsible corporate citizen, we are committed to improve and maintain the quality of our products and also to minimize any potential negative impacts it may have on people, environment and biodiversity. We take ample care and follow stringent precautionary measures during the manufacturing process. All health and safety concerns are carefully assessed and addressed to maintain a safe working environment for our employees; and all emissions and discharges to the environment are strictly regulated.

Though the stable nature of our key product, Urea, poses minimal risk to human health during transportation and handling, it is important that it is used in optimal quantity as over-application can be harmful to crop health. It is a well-known fact that Urea when applied to crops, hydrolyses into ammonium carbonate and subsequently, into nitrite and nitrates. This happens within a span of 10-20 days of application as against the cultivation period of 90-100



days of most crops. As farmers tend to increase the frequency and quantity of application of the nutrient to ensure availability at various growth stages, the excess nitrates being soluble, get washed away into the water bodies or leach into the soil, causing eutrophication and soil acidification. Also, the nitrification and denitrification process leads to release of nitrous oxide, a potent greenhouse gas.

Reaching out to Customers

As part of our extended responsibility towards our consumers and to maintain a continuous dialogue with them, we regularly conduct interactive sessions on agriculture management and product related issues. These programmes include promotion of balanced use of fertilisers and advising farmers on suitable combination of nutrients



Activities undertaken in FY 2009-10	Numbers
Soil samples	68893
Farmer meetings	1700
Farmer training programme	180
Jeep campaign days	6800
Fairs / Exhibitions	120
Dealer & Sub-dealer meetings	150
Demonstrations	2000

Table 19: Activities conducted during FY 2009-10 for reaching out to customers



for use in different kinds of soils. Plot demonstrations are conducted to showcase efficacy of Chambal products and give a preview of efficient agri-practices. During FY 2009-10, demonstration plots for Uttam Neem Urea, Sulton, bajra and micronutrient mixtures (Sampoorn) were laid down. To educate farmers about recent developments in farming techniques, we conduct crop seminars at block and tehsil levels. The crop specific seminars introduce farmers to best agronomic practices and latest technological advancements in the field. In these seminars, farmers share their experiences and those who follow farming best practices are felicitated. We also organise farmers' visits to our Agriculture Development Laboratories and reach out to the farming community through advertisements on television and radio.

Measuring Satisfaction

We use various platforms to interact with our customers, gauge their satisfaction levels and get valuable feedback.

Their comments and remarks are compiled and analysed for identifying the opportunities for improvement in our products and service delivery. It also provides us with vital insights into customer requirements, expectations and helps us to improve our performance. We analyse customer satisfaction on four broad parameters - product quality, packaging quality, market cost and our interactive services.

Responsible Communications

We label our products as per the guidelines of The Fertiliser (Control) Order 1985 handbook. Our product labels inform customers about the following:

- Name of the manufacturer
- Trademark / brand name
- Name of fertiliser
- Percentage of various nutrients
- Gross and Net weight (in kilogram)
- Maximum retail price
- Month and year of manufacture
- Contact details of manufacturer
- Address of manufacturing facility
- Handling precautions

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

Ensuring Compliance

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

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.

Assurance Letter



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Independent Assurance Statement

**The Management and Board of Directors
Chambal Fertilisers and Chemicals Limited
New Delhi, India.**

Chambal Fertilisers and Chemicals Limited (the "Company") retained Ernst & Young Pvt. Ltd. ("EY") to provide an independent assurance on its Corporate Sustainability Report for the financial year 2009-2010. The management of the Company is responsible for the report content, identification of the key issues, stakeholders engagement and its presentation. EY's responsibility is to provide independent assurance on the report content. 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. We do not 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.

Assurance Standard

The assurance engagement was planned and performed in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures have been designed to obtain a limited level of assurance (as set out in ISAE 3000) on which our conclusions are based.

Key assurance procedures

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

Scope of Assurance

The scope of our work for this assurance is limited to review of information pertaining to environment, health, safety (EHS) and social performance. The team conducted review and verification of data collection process, measurement methodology and general review of the logic of inclusion/omission of necessary information/data, limited to:

- Review of major anomaly within the report as well as between the report and source data/information;
- Verification of the sample data and information reported at the manufacturing units and Corporate Office at New Delhi;
- Execution of audit trail of selected data streams and information to determine the level of accuracy in collection, transcript and aggregation processes followed;

- Review of Company's plans, policies and practices, so as to be able to make comments on the completeness of the reporting and degree to which EY believes the report provides a fair and honest representation of the Company's activities.

Our multidisciplinary team of professionals visited the Company's manufacturing unit in Gadepan in Rajasthan and Corporate Office at New Delhi to gain confidence on the data and information presented in the report.

Exclusions

The assurance scope excludes:

- Data and information outside the defined reporting period (1 April 2009 to 31 March 2010);
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention;
- Data and information on economic and financial performance of the Company, which are derived from the Company's audited financial records.

Observations

During the process of our review and verification, we observed that:

- The Company has used GRI-G3 Guidelines and relevant protocols for preparation of the Report;
- The Company has well defined process of recording and capturing data regarding environmental performance, health, safety and social performance;
- Further strengthening of the overall data management related to biomedical waste management and social development initiatives is in process.

Conclusions

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

- The Report presents the Company's sustainability performance covering the indicators as mentioned in the report;
- The system and procedures applied by the Company for collection, collation and interpretation of non-financial historical data on EHS and social performance parameters for inclusion in the Report are reliable.

Our Assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our Climate Change and Sustainability Services, and undertakes similar engagements with various Indian and international companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics¹ for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

Ernst & Young Private Limited

Sudipta Das,
Partner

1st November 2010
Kolkata, India

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

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3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	20
3.8	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 organisations.	20
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Mentioned at relevant sections
3.10	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).	Maiden Report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Maiden Report
3.12	Table identifying the location of the Standard Disclosures in the report.	76
3.13	Policy and current practice with regard to seeking external assurance for the report.	20

4. Governance, Commitments, and Engagement		
Profile Disclosure	Description	Reference
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	34-35
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	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.	34-36 + Annual Report
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	20-23
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	36
4.14	List of stakeholder groups engaged by the organisation.	38
4.15	Basis for identification and selection of stakeholders with whom to engage.	38
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	38-40
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	38-40
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)		
G3 DMA	Description	Reference
DMA EC	Disclosure on Management Approach EC	31
DMA EN	Disclosure on Management Approach EN	42
DMA LA	Disclosure on Management Approach LA	56
DMA SO	Disclosure on Management Approach SO	66
DMA HR	Disclosure on Management Approach HR	56
DMA PR	Disclosure on Management Approach PR	72
STANDARD DISCLOSURES PART III: Performance Indicators		
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.	31
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	46-47
EC3	Coverage of the organisation's defined benefit plan obligations.	58
EC4	Significant financial assistance received from government.	31
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	67-69

Environment		
Performance Indicator	Description	Reference
EN1	Materials used by weight or volume.	47
EN3	Direct energy consumption by primary energy source.	45
EN4	Indirect energy consumption by primary source.	45
EN5	Energy saved due to conservation and efficiency improvements.	44, 46
EN8	Total water withdrawal by source.	50
EN 10	Percentage and total volume of water recycled and reused	51
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	53-54
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	53-54
EN 13	Habitats protected and restored	53-54
EN16	Total direct and indirect greenhouse gas emissions by weight.	47
EN19	Emissions of ozone-depleting substances by weight.	48
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	48
EN21	Total water discharge by quality and destination.	51
EN22	Total weight of waste by type and disposal method.	52
EN23	Total number and volume of significant spills.	48
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	73
EN 27	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.	54
EN30	Total environmental protection expenditures and investments by type.	53
Social: Labor Practices and Decent Work		
Performance Indicator	Description	Reference
LA1	Total workforce by employment type, employment contract, and region.	56
LA2	Total number and rate of employee turnover by age group, gender, and region.	57
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	59
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	63
LA10	Average hours of training per year per employee by employee category.	57
LA 12	Percentage of employees receiving regular performance and career development reviews	57
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	34, 56
LA14	Ratio of basic salary of men to women by employee category	63

Social: Society		
Performance Indicator	Description	Reference
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	66-70
SO5	Public policy positions and participation in public policy development and lobbying.	36
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No non-compliances in the reporting period
Social: Human Rights		
Performance Indicator	Description	Reference
HR4	Total number of incidents of discrimination and actions taken.	There were no reported cases of discrimination
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	64
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	64
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.	72
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	72-73
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	73
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	73
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.	No non-compliance
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No non-compliance

Glossary of Terms

ADL	Agriculture Development Laboratory
AICHE	American Institute of Chemical Engineers
AIR	All India Radio
ASCI	Advertising Standards Council of India
BARC	Bhabha Atomic Research Centre
BFW pre-heater	Boiler Feed Water pre-heater
BITS	Birla Institute of Technology and Science
BNHS	Bombay Natural History Society
BPL	Below Poverty Line
BSE	Bombay Stock Exchange
BTM	Birla Textile Mills
BTU	British Thermal Unit
CEO	Chief Executive Officer
CFC	Chlorofluorocarbon
CFCL	Chambal Fertilisers and Chemicals Limited
CFL	Compact Fluorescent Lamp
CII	Confederation of Indian Industry
CO ₂	Carbon di oxide
COPD	Chronic Obstructive Pulmonary Disease
CREP	Corporate Responsibility for Environment Protection
CSR	Corporate Social Responsibility
DAP	Di Ammonium Phosphate
DCS	Distributed Digital Control
DFID	Department for International Development, U.K.
DM Plant	Dimineralisation Plant
DNA	Deoxyribo Nucleic Acid
DNV	Det Norske Veritas
DWT	Dead Weight Tonnage
E & QC	Environment and Quality Control
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EC	Economic Performance Indicators
EHS	Environment Health and Safety
EN	Environment Performance Indicators
ENT	Ear, Nose and Throat Specialist
EOP	Environmental Operation Control Procedures
ETP	Effluent Treatment Plant
EVD	Economic Value Distributed
EVG	Economic Value Generated
FAI	Fertiliser Association of India
FCO	Fertiliser (Control) Order
FICC	Fertilizer Industry Coordination Committee
FII	Foreign Institutional Investors
FY	Financial Year
Gcal	Giga Calories
GDP	Gross Domestic Production
GET	Graduate Engineer Trainee
GHG	Greenhouse Gases
GJ	Giga Joule
GOI	Government of India
GRI	Global Reporting Initiative
GRI G3	Global Reporting Initiative, Generation Three
GV	Geomarco Vetro Coke
GVT	Gramin Vikas Trust
HAZAN	Hazard Analysis
HAZOP	Hazard and Operability Study
HDPE	High Density Polyethylene
HNS	Hadoti Naturalists Society
HP	Hewlett Packard
HR	Human Performance Indicators
HSEQ	Health, Safety, Environment & Quality System
HTS	High Throughput Screening
IFA	International Fertilizer Association

IIM	Indian Institute of Management
IMACID	Indo Maroc Phosphore S.A.
IMS	Integrated Management System
INR	Indian Rupee
IPCC	Intergovernmental Panel on Climate Change
IR	Industrial Relations
ISI	Indian Standards Institution
ISO	International Organization for Standardization
ITI	Industrial Training Institute
KBBS	Kota Blood Bank Society
KG-D6	Krishna Godavari Basin
KRES	KBR Reformer Exchange System
KRIBHCO	Krishak Bharti Co-operative Limited
KVK	Krishi Vigyan Kendra
LA	Labour Performance Indicators
LHV	Lower Heating Value
LNG	Liquefied Natural Gas
LTS	Low Temperature Shift Converter
MkCal	Million Kilo Calories
MMT	Million Metric Ton
MOP	Muriate of Potash
MP-pre decomposer	Medium Pressure pre decomposer
MS Scrap	Mild Steel Scrap
MT	Management Trainee
MT	Metric Tonne
N ₂ O	Nitrous Oxide
NADEP	A compost method developed by Naryan Devrao Pandri Pandey
NBS	Nutrient Based Subsidy
NGO	Non Government Organisation
NH ₃	Ammonia
NIHL	Noise Induced Hearing Loss
NMEEE	National Mission on Enhanced Energy Efficiency
NO _x	Oxides of Nitrogen
NSE	National Stock Exchange
O & M	Operation and Maintenance
O & U	Offsite and Utilities
OCBs	Overseas Corporate Bodies
OCP	Operation Control Procedures
ODS	Ozone Depleting Substances
OHC	Occupational Health Centre
OHS	Occupational Health & Safety
OHSAS	Occupational Health & Safety Advisory Services
P & A	Personnel and Administration
PAT	Perform, Achieve & Trade Scheme
PAT	Profit After Tax
PBT	Profit Before Tax
PMS	Performance Management System
PPE	Personal Protective Equipment
PPP	Public Private Partnership
PR	Product Responsibility Performance Indicators
PSM	Process Safety Management
PVC	Polyvinyl Chloride
RBI	Risk Based Inspection
RCCI	Rajasthan Chamber of Commerce and Industry
RLNG	Regassified Liquefied Natural Gas
SHGs	Self Help Groups
SMS	Short Messaging Service
SO	Social Performance Indicators
SPG	Steam and Power Generation
SSP	Single Super Phosphate
STP	Sewage Treatment Plant
TMOs	Trainee Marketing Officers
UKCs	Uttam Krishi Clinics
UKSs	Uttam Krishi Sewaks
UPH	Urea Product Handling
USD	US Dollar
VAM	Vapour Absorption Machine
VFD	Variable Frequency Drive

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"/>
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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					

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

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Chambal Fertilisers sincerely thanks you for your time and comments.

Kindly mail your feedback to:

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Application Level

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

Disclaimer:

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

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

Thanksgiving

“We thank our mother, the Earth,
which sustains us.

We thank the rivers and streams,
which supply us with water.

We thank all the herbs
which furnish medicines for the cure of our diseases.

We thank the moon and stars,
which have given us their light when the sun is gone.

We thank the sun that has looked upon the
Earth with a beneficent eye.

Lastly, we thank the Great Spirit, in whom is
embodied all goodness, and who directs all things,
for the good of her children.”

Native American (Iroquois) Prayer



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