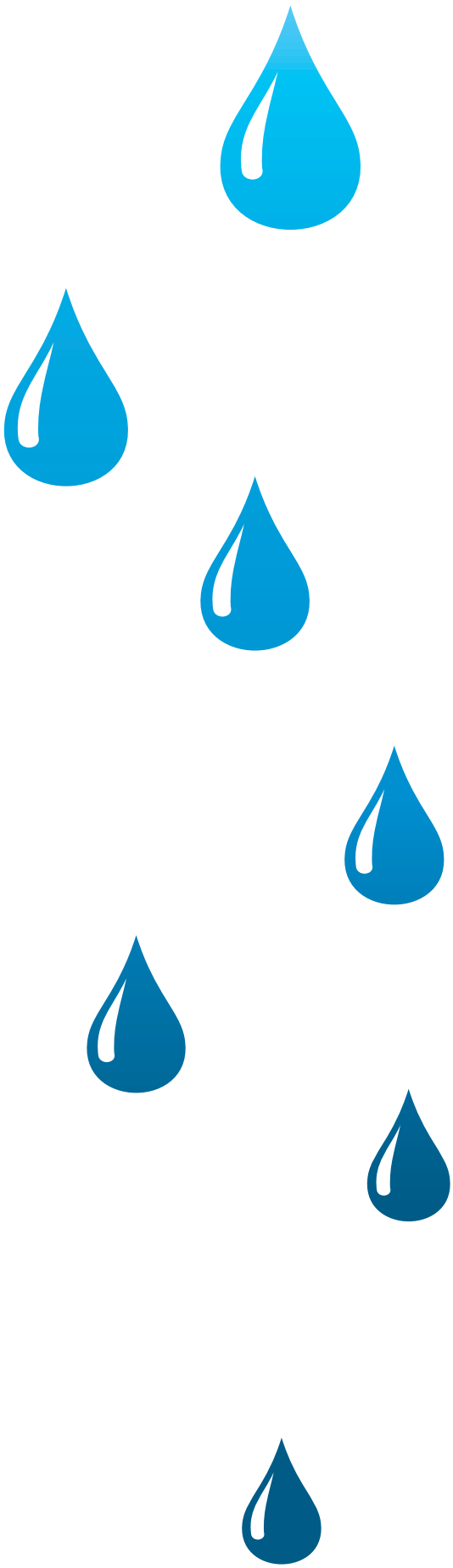
Live Responsibly

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

SUSTAINABILITY REPORT 2015-16

Building on a water-sustainable future. Drop by drop!



Chambal Sustainability Policy

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

Towards this commitment, the Company shall:

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

If the world's

entire water

were fit into a gallon jug

the fresh water available for human consumption
would equal to about one tablespoon

It takes

7000

litres of water

to refine one barrel
of crude oil

It takes

148,000

litres of water

to manufacture
one car

It takes

25,700

litres of water

to grow a day's food
for a family of four

Almost

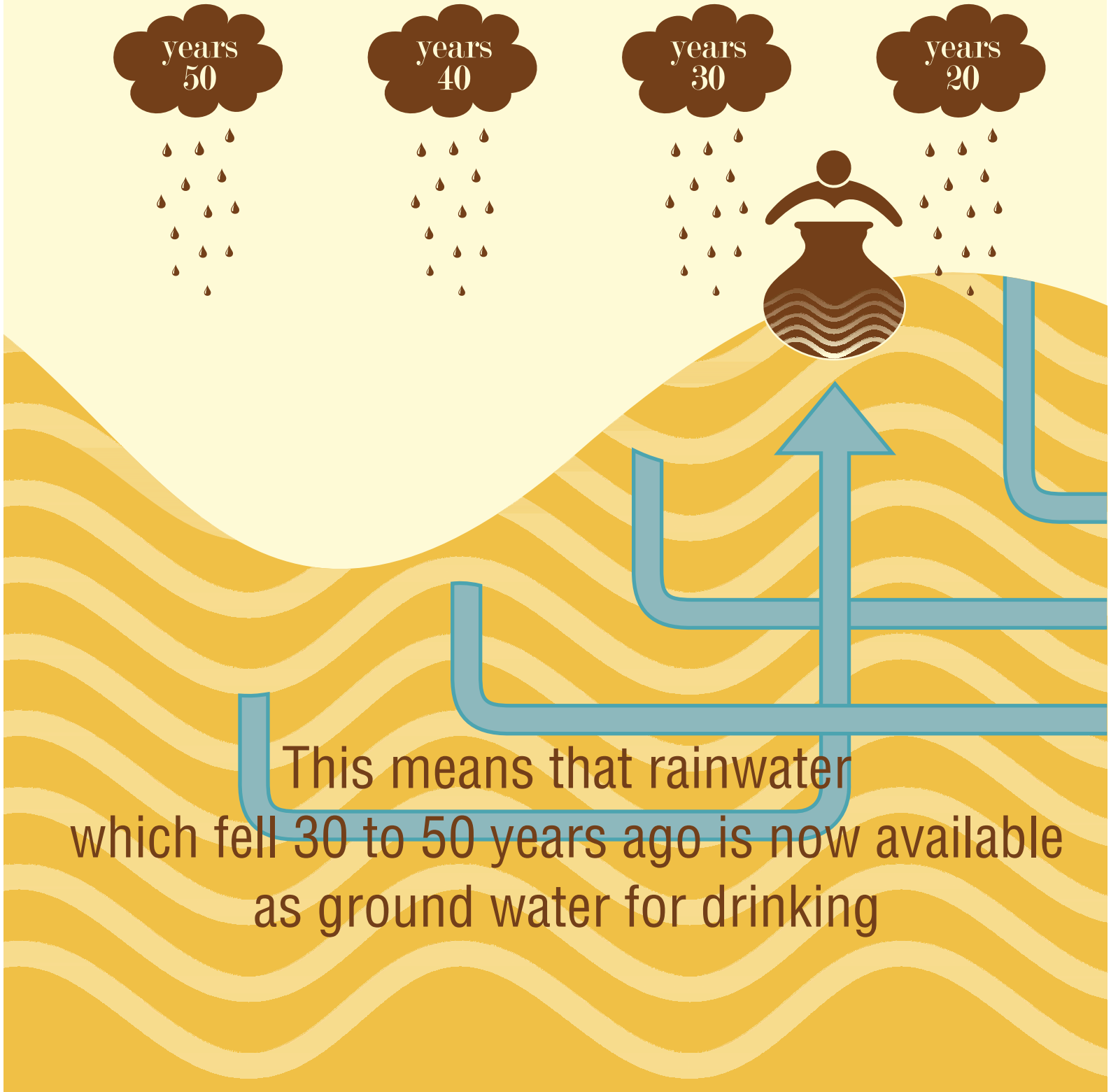
50%

of India's 600 districts
are water stressed

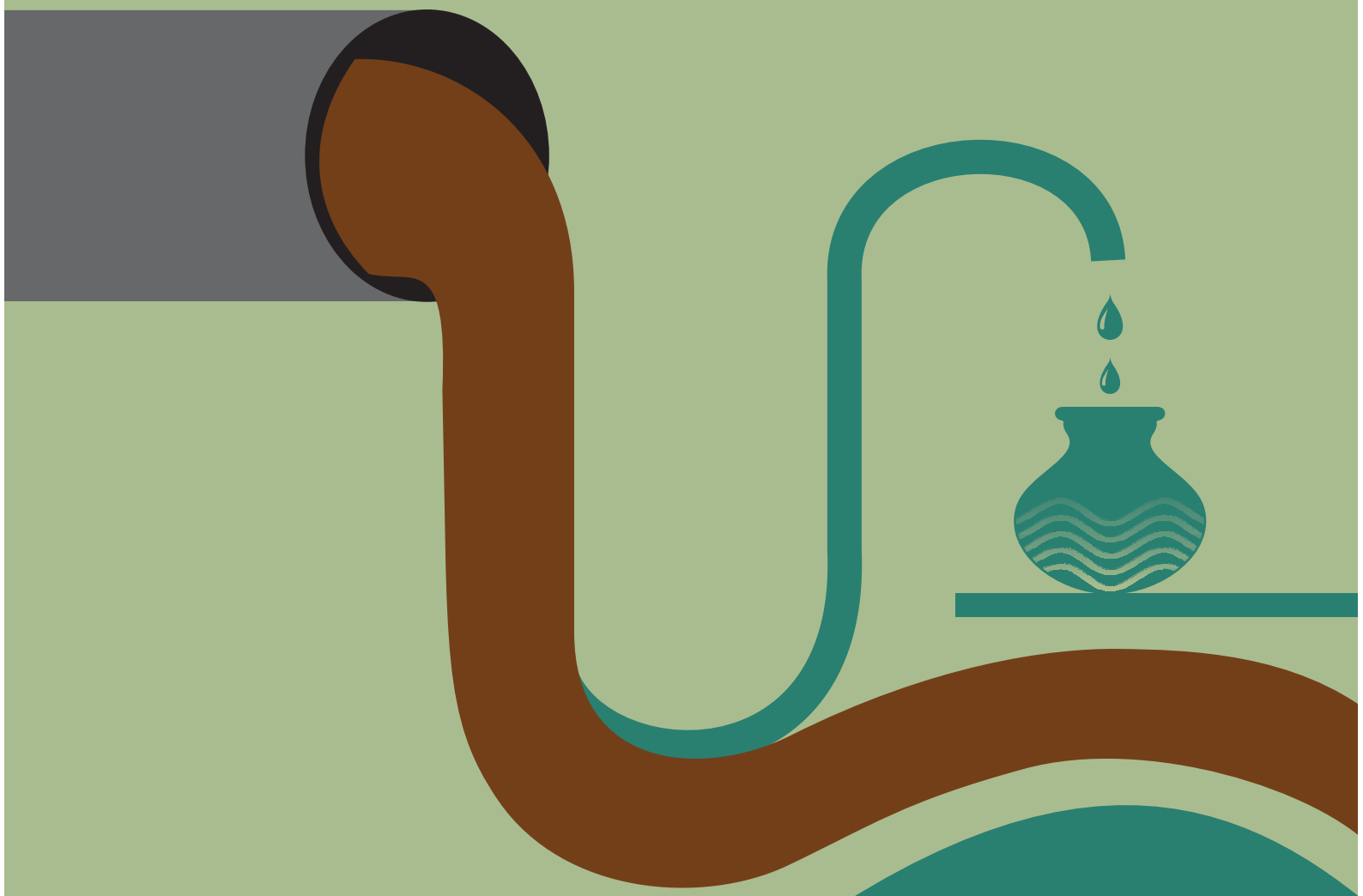
Water circulation occurs in

30 to 50

year cycles



This means that rainwater
which fell 30 to 50 years ago is now available
as ground water for drinking



Only about

10%

of the waste water generated in India is treated at present

According to World Bank estimates, poor water and sanitation practices cost India

6.4%

of its GDP every year

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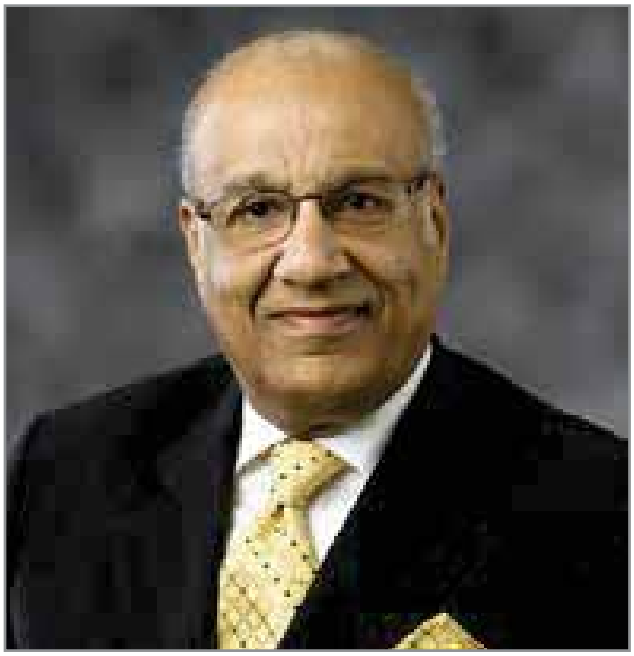
Chairman's Message



Dear Stakeholder,

Last year, our Sustainability Report had stressed upon the importance of soil health as a basis for ensuring food security, and sustainable livelihoods for tens of millions of farmers in our country.
This year, Chambal's seventh Sustainability Report highlights an equally critical issue of our times: water conservation.

For countries and corporates alike, water conservation is now both a matter of concern and an article of faith. Significantly, it's a key element of the UN Millennium Development Goals agenda and the Paris agreement on Climate Change.

As you are probably aware, Chambal embarked on its sustainability journey in 1993 when our first plant was established, much before the word 'sustainability' became fashionable currency in corporate circles.

Since our fertiliser plants are located in a water-stressed state, we have, from the beginning, been mindful of the need to conserve water, explore ways to recharge natural aquifers in the region, harvest rainwater, and, treat and recycle waste water. Consequently, water conservation is a key adjunct of our plant operations, business strategies and community outreach programmes. In particular, we are paying special attention to improving water efficiency in our manufacturing operations.

Since farmers (and the village communities they live in) are most likely to be the worst affected by 'water issues', we have sensitized them on the need for agricultural best practices, key lynchpins of which are safe water access, rainwater conservation, water- testing and balanced or optimal use of water in farming, and reforestation.

In addition to the two state-of-the-art agriculture development laboratories at Kota and Agra, we deploy mobile testing vans for providing soil and water testing services to farmers. In the current year, we have started a mobile testing van for the convenience of the farming community at Varanasi.

Of course our sustainability agenda is not confined to water conservation. Under our Live Responsibly framework (Chambal's blueprint for increasing positive social impacts and reducing our environmental footprint), we address the full spectrum of CSR activities like education, health, sanitation, infrastructure development, skill development and employment generation in the villages ringing our plants.

The 32 Government schools adopted by us a few years back have gone through a complete transformation. We have adopted seven more Government schools during the current financial year. ITI Sangod, adopted in 2011, has received "The Best ITI on PPP basis" in India award by ASSOCHAM. The institute continues to place its students in reputed companies. To strengthen our commitment towards education and employment

for youth, and to further contribute to Government's Skill India mission, we have adopted two new ITIs at Jhalawar and Baran.

I am delighted to report that the current fiscal has been a watershed year for your Company. The year saw commencement of work for building our third plant- Gadepan-III - at Gadepan. This US$ 900 million green-field venture will add 1.34 million MT to our aggregate fertiliser capacity, thereby strengthening our position as India's country's private sector fertiliser company. The additional capacity will be of great significance to India as it will reduce our dependence on urea imports. The implementation of the project is proceeding well apace, and commercial production is scheduled to start in January 2019. Gadepan-III will deploy cutting-edge technology, and will be, on commissioning, a showpiece fertiliser plant in the country.

The last two years proved to be a challenging time for the fertiliser industry. Deficient monsoons and drought in some parts of the country for two consecutive years reduced the demand for fertilisers and other agri products. The delays in disbursement of subsidy by the Government, which unfortunately has become a permanent feature, also had financial implications for your Company. However, implementation of gas pooling and changes in the Government policy for production beyond 100 percent capacity were positive developments, which enabled your Company to achieve higher production and sales of urea during 2015-16.

During the current year, your Company produced 2.13 million MT of urea against 1.85 million MT in the previous year. Your Company's revenue from operations on a standalone basis increased by about 7 percent to ` 9536 crore compared to ` 8,882 crore in the previous year. Profit before exceptional items and tax was ` 616 crore against ` 507 crore during FY 2014-15. However, the profit after tax was much lower due to a one-time provision on account of impairment in the value of investment in the software business and purchase of a shipping vessel. We continue to focus on branded agri-products, which have made a significant contribution to the top and bottom lines of your Company.

Our Shipping Division started the year on a positive note, but the momentum could not be sustained as the charter rates came down sharply by the end of the fiscal. The reduction in bunker rates provided some relief in an otherwise dull market.

This year, the theme of our Sustainability Report is "Building a Water-sustainable Future. Drop by Precious Drop", and highlights our intent and activities in this field. It also highlights our Triple Bottom Line performance on all 49 core indicators and conforms to A+ Application Level of GRI-G3 guidelines. The Report has been externally assured by Ernst & Young LLP, an external agency.

In the end, I would like to reiterate our commitment to sustainable development - in particular, to reducing our water footprint and building a water-secure future. I would also like to re-affirm our commitment to building a Company that delivers on growth and profitability consistently on a long term basis. I am confident that Chambal will continue to enjoy the support and faith of all its stakeholders such as you in this great endeavour.

With best wishes,

Saroj K. Poddar
Chairman

Creating a water-sustainable Organisation

Responsible water practices are an intrinsic element of our Living Responsibly strategy

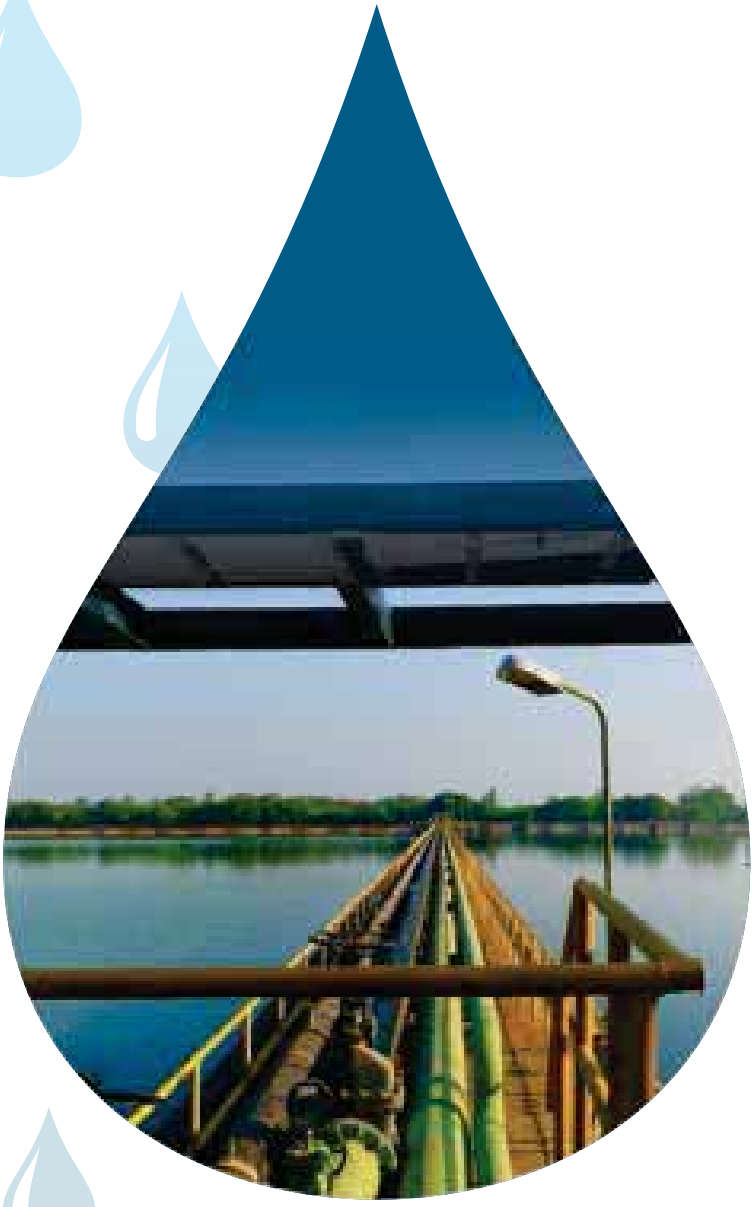
For us at Chambal, the preservation of the water ecosystem is critical to our long-term success as a company, and responsible corporate citizen.

Since our plants are located in a water-stressed state, and water is a key element of our manufacturing process, water is, for us, an invaluable resource. As part of our Living Responsibly strategy, we are committed to becoming a water positive organization.

Over the years, we have continuously invested in state-of-the-art water-saving technologies and practices across the manufacturing value chain.

These water-saving measures include reducing water consumption per MT of urea manufactured. Treating and recycling waste water. Harvesting rainwater. Raising the water table. Eliminating the need for ground water consumption. And, most significantly, creating perennial sources of water – thereby ensuring that rivers, ponds, lakes and wells are no longer seasonal entities.

Building perennial Water sources



> **We have built two check-dams with an aggregate capacity to hold 100 million litres of water**

Even before the advent of the first Chambal plant, the water needs of the Gadepan region were met by the Kalisindh and Parwan rivers. But since both these rivers were rain-fed, the rivers ran dry for most part of the year, thereby squeezing the availability of water for irrigation, drinking, sanitation and other purposes in the area.

In an effort to find a lasting solution to these endemic problems, and in order to create a sustainable source of water for ourselves, we built two anicuts or check-dams on the two rivers. The result was that both the seasonal rivers became perennial ones. Consequently, the water table was recharged and rose in the region, filling up wells, lakes, ponds and other water bodies in the region. Most significantly, this meant that we could meet all our water requirements from the rivers, eliminating the need to access ground water completely.

One hundred percent Re-cycling of waste water

> **We have created a 65-km long irrigation network using treated water**

Conscious of the fact the fertiliser is a water-guzzling industry, and that water is a precious, albeit finite resource, we have taken practical steps to reduce our water footprint.

All the waste water thrown up by the manufacturing process is treated and recycled. Seventy percent of such water is routed back into the manufacturing operation, and the balance 30 percent is used to feed the 65-km long irrigation network for maintaining the green belt around our plants.

We have also taken care to ensure that the discharge of waste water into the rivers during the rainy season is minimal and continues to drop on a yearly basis. What's more, we also make sure that the quality of discharge is well within the norms specified by the regulatory authorities.

Rejuvenating traditional Water bodies

> **Under the Jal Swavlamban Abhiyan initiative of the Rajasthan government, we have doubled the water-holding capacity of ponds in the region.**

In partnership with the Rajasthan government and village folk, we have recharged and increased the water holding capacity of traditional water bodies such as ponds and lakes in the area.

The ponds and lakes have been re-built and deepened, thereby enhancing their capacities to store and harvest rain water on a sustainable basis. Similarly, old wells have been de-clogged and deepened, and new ones have been dug, for the benefit of the local people.

We have also taken precautions to ensure that the environmental integrity of natural water sources are not affected by our water withdrawal or effluent discharge or spills.

Zero groundwater Consumption

> **Our consumption of fresh water per MT of urea produced is the lowest in the fertiliser industry in India**

As a result of our sustained efforts to harvest rain water, rejuvenate natural water bodies, recharge ground water, and treat and recycle waste water, our consumption of ground water is zero.

Water consumption at our two plants is well below the limit prescribed by the Corporate Responsibility for Environment Protection (CREP) guidelines. In the current year, our water consumption was 60 percent less than the CREP limit of eight cubic metres per tonne of fertiliser produced in gas-based urea plants.

What's more, since our plants deploy cutting-edge equipment and technology, and deliver higher operational efficiencies, our fire water consumption has shown a significant downward trend over the years.

Our ability to efficiently manage water as a sustainable resource has led to another benefit: lower energy consumption or reduction of our energy footprint.

Full-spectrum environment Management system

Our aim is to promote environmental sustainability through adoption of clean technologies, continuous process improvements, and changing mind-sets of key stakeholders.

Over the years, we have built a comprehensive environment management system that seeks to address the problems of climate change, pollution and related ecological disorders.

While conservation of water and its sustainable use remains a priority for us, we are equally focused on other environmental issues: Optimizing consumption of resources, reducing the energy footprint, curbing green house (GHG) and other air emissions, responsibly managing effluents, spills and waste disposal, preserving the biodiversity profile of the area, and sensitizing employees and farmers about climate change and related environment issues.

Our efforts in the above areas have borne rich fruit; and have been recognized by industry, regulators and the government.

We have secured the Environment Management System Standard ISO 14001:2004, Quality Management System Standard ISO 9001:2008 and Occupational Health and Safety Management System Standard OHSAS 18001:2007 certifications.

Gadepan town, where our plants are located, is ISO 14001:2004 and OHSAS 18001:2007 certified.

The Government of India has placed Chambal in the highest category of the most energy-efficient fertiliser plants in the country.

GHG emissions – both direct and indirect – have fallen steadily on a year to year basis, for the last several years.

Our plants conform to the 3 ` concept of the waste management system-Reduce, Re-use and Re-cycle.

Report Parameters

Reporting Period
April 1st, 2015 – March 31st, 2016.

Date of Most Recent Previous Report
Save Our Soils – FY 2014-15, released in September 2015

Reporting Cycle
Annual

Reporting Contact
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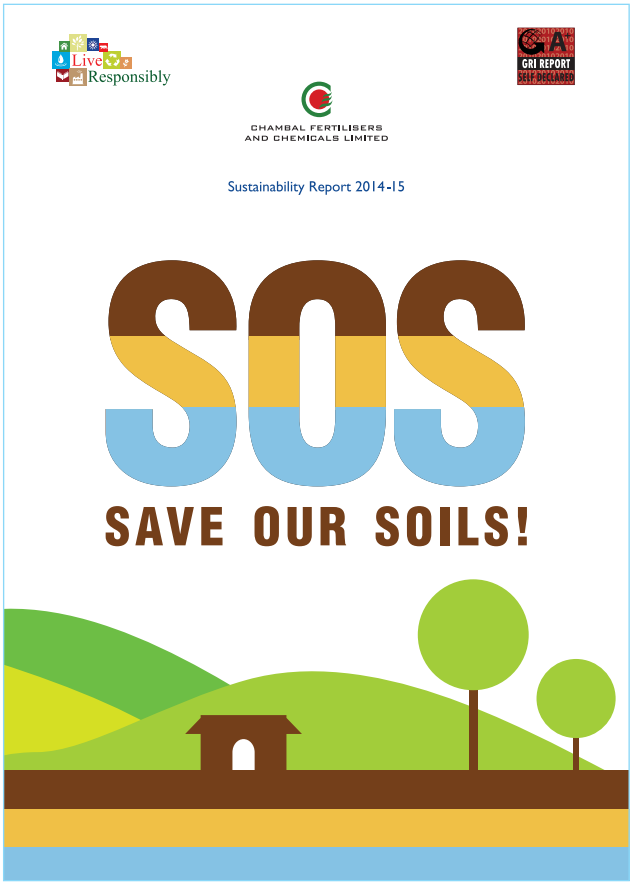


In Accordance
With "CORE" criteria

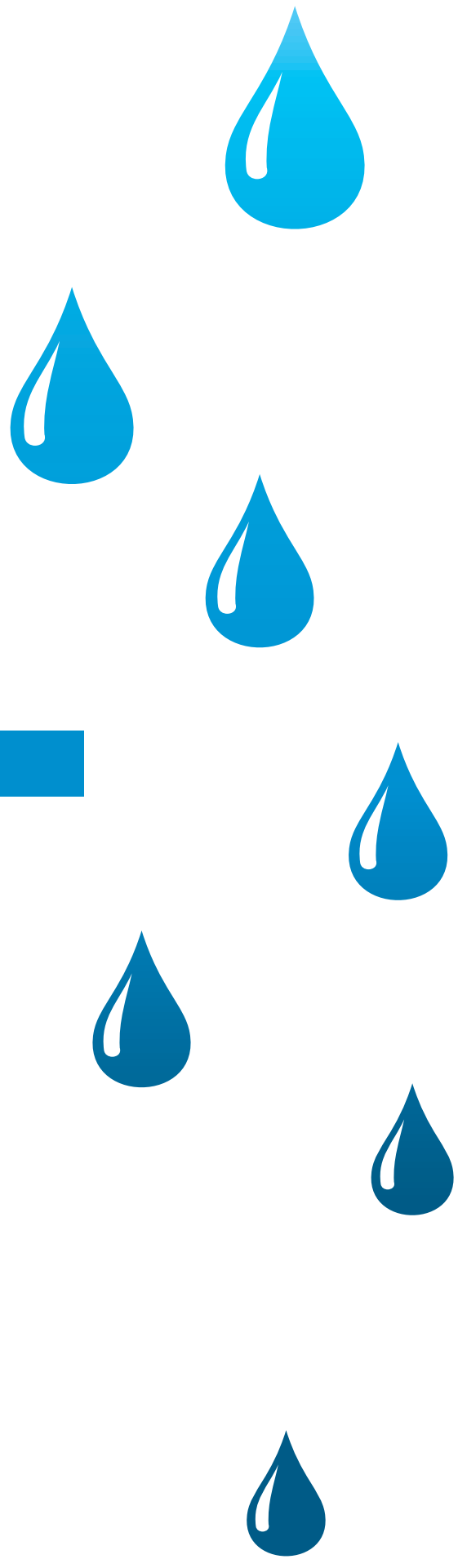
Assurance
The contents of this report have been assured by Ernst and Young LLP. The limited assurance was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 covering qualitative and quantitative information. Their assurance statement is included in the report.

Report / Aspect Boundary
The report boundary covers our two urea plants and SSP plant at Gadepan, district Kota, Rajasthan (India).

Furthermore the aspects identified are all material within the organisation except "Local Community" which is also material outside the organisation.

About Chambal Fertilisers

- Market Presence
- Brands and Products
- Other Businesses



About Chambal Fertilisers

We are one of the largest private sector fertiliser producers in India. We were promoted by Zuari Industries Limited in 1985. Our two hi-tech nitrogenous fertiliser (urea) plants are located at Gadepan in the Kota district of Rajasthan. The two plants produce about 2 million MT of urea per annum. The first plant was commissioned in 1993, and the second one in 1999. These plants deploy state-of-the-art technology from Denmark, Italy, United States and Japan. In 2013, we set-up a single super phosphate (SSP) manufacturing facility at Gadepan, with a capacity of 180,000 MT per annum. We have initiated the expansion of our urea capacity with the announcement of our third plant at Gadepan. With the commissioning of the third plant, our annual urea production will touch 3.4 MT, making Gadepan India's largest single-location producer of fertiliser. The additional capacity will be of great significance to India as it will lead to a drop in urea imports. We believe that your Company will be in a different league after the implementation of the new capex project.

In addition to manufacturing and marketing urea and SSP, we are a key player in the marketing of fertilisers like DAP, MOP and NPK.

MARKET PRESENCE

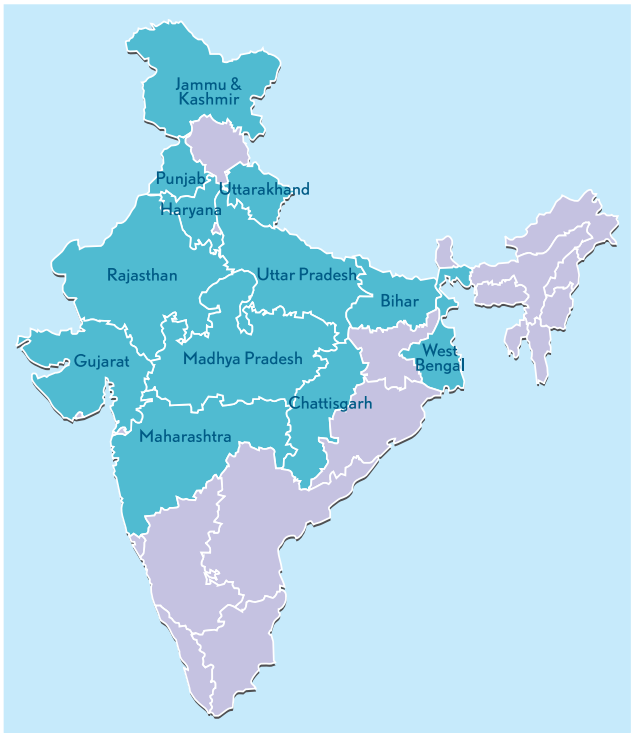
We cater to the needs of farmers in 12 states in the northern, eastern, central and western regions of India, and are the lead fertiliser supplier in the state of Rajasthan. We have a vast marketing network comprising 15 regional offices, around 2000 dealers and 20,000 village-level outlets.

Plants

- Kota, Rajasthan

Regional Offices

- Agra
- Ahmedabad
- Aurangabad
- Bathinda



- Bhopal
- Chandigarh
- Hisar
- Indore
- Jaipur
- Karnal
- Kolkata
- Lucknow
- Patna
- Raipur
- Udaipur

Agriculture Development Laboratories

- Agra
- Kota

BRANDS AND PRODUCTS

We provide a range of agri products through a 'single window' to enable the farmer to buy all products from one source. Our flagship product -urea- is marketed under the brand name Uttam, and is very popular among farmers in our area of operations.

Apart from fertilisers, we offer products for each stage of the crop cycle and also provide services to help promote sustainable agriculture. Our basket of

products includes DAP (di-ammonium phosphate), MOP (muriate of potash), SSP (single super phosphate), insecticides, herbicide, fungicides, seeds and other micro nutrients. Most of these inputs are sourced from reputed suppliers and sold under the 'Uttam' umbrella brand.

OTHER BUSINESSES

We have two business segments: 1. Fertilisers & other Agri Inputs 2. Shipping. Fertilisers and other Agri-products is the larger of the two segments in terms of revenue for the company. Our shipping division, India Steamship, operates four Aframax tankers with a combined capacity of over 4,00,000 DWT.

Additionally, we have a joint venture company in Morocco for manufacturing phosphoric acid. We also have subsidiaries in the software sector.

BUSINESS DIVISIONS

Agribusiness

Shipping

Joint Venture

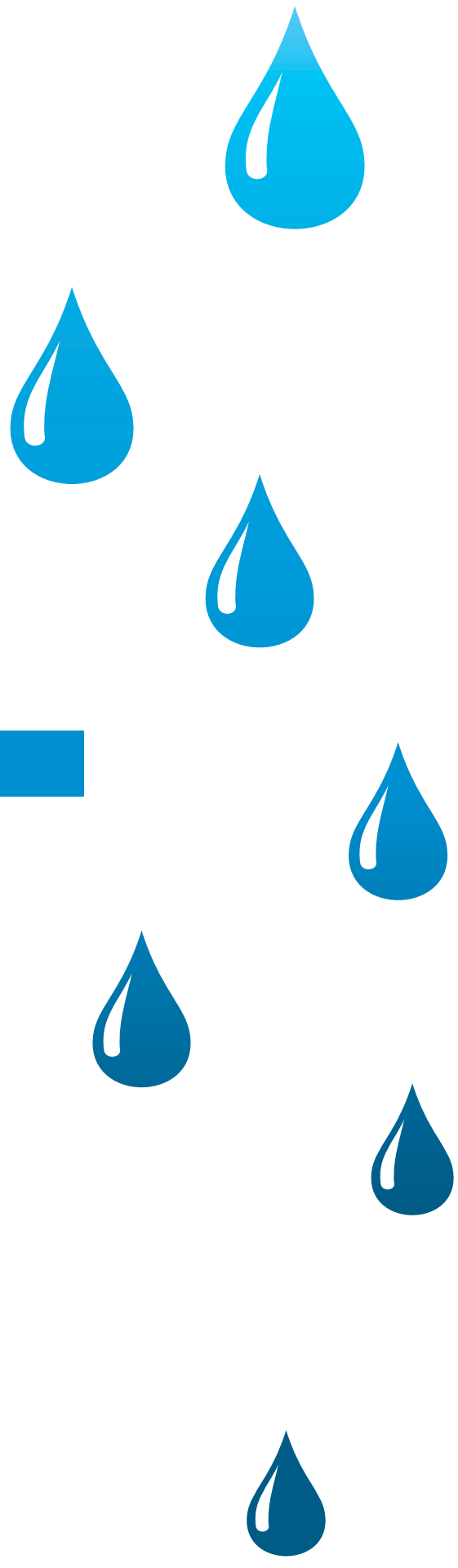
Indo Maroc Phosphore S. A., Morocco (IMACID)

Subsidiaries

- Chambal Infrastructure Ventures Limited and its Subsidiaries
- CFCL Technologies Limited, Cayman Islands and its Subsidiaries
- India Steamship Pte. Limited, Singapore
- India Steamship International FZE, UAE

Accountability Framework

- Board of Directors
- Committees of the Board
- Addressing Sustainability
- Code of Conduct and Ethics
- Prevention of Corruption



Accountability Framework

We are committed to maintaining high standards of corporate conduct towards all our stakeholders including shareholders, customers, employees and society in general. We have always focused on good corporate governance practices, which are a key driver of sustainable corporate growth and long-term value creation for our shareholders. We believe that corporate governance aligns the interests of individuals, corporations and society, and integrates all the stakeholders involved in a process, which has both economic and social implications. We also believe that corporate governance goes beyond the practices enshrined in law and encompasses basic business ethics and values that need to be adhered to in letter and spirit.

For us, corporate governance is not limited to merely creating checks and balances. It is more about creating organizational excellence leading to increase in employee and customer satisfaction, and shareholder value. We believe in leveraging our resources to translate opportunities into reality, creating awareness of our corporate vision and

Mr. S S Bhartia
Co-Chairman

Mr. S K Poddar
Chairman

Mr. Anil Kapoor
Managing Director

Mr. Aditya Narayan
Independent Director

BOARD OF DIRECTORS

Mr. K N Memani
Independent Director

Mr. C S Nopany
Director

Mr. Marco Wadia
Independent Director

Ms. Radha Singh
Independent Director

Category of Directors	Number of Directors	Percentage to the Board
Executive (Managing Director)	1	13%
Independent, Non-Executive	4 (Including one woman director)	50%
Non-Independent, Non-Executive	3 (Including chairman)	37%

Table 1: The Board structure as on 31st March 2016

inculcating dynamism and entrepreneurship at all levels in the Company.

Above all, we believe that corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Accountability, integrity and transparency are key drivers to improve decision-making, create credibility and strengthen stakeholder confidence.

BOARD OF DIRECTORS

As the highest decision-making body in our organization, our Board relentlessly pursues long-term corporate values and sets the strategic framework for growth. As on March 31, 2016, the Board comprised eight directors, including a Managing Director. Out of the seven non-executive directors of the Company, four are independent directors, including one woman director. The non-executive directors bring an independent and wider perspective in Board deliberations and decisions. They have an objective view of the external factors affecting the Company in our business environment. These directors make a constructive contribution to the Company by ensuring fairness and transparency while evaluating the business plans devised by the management team.

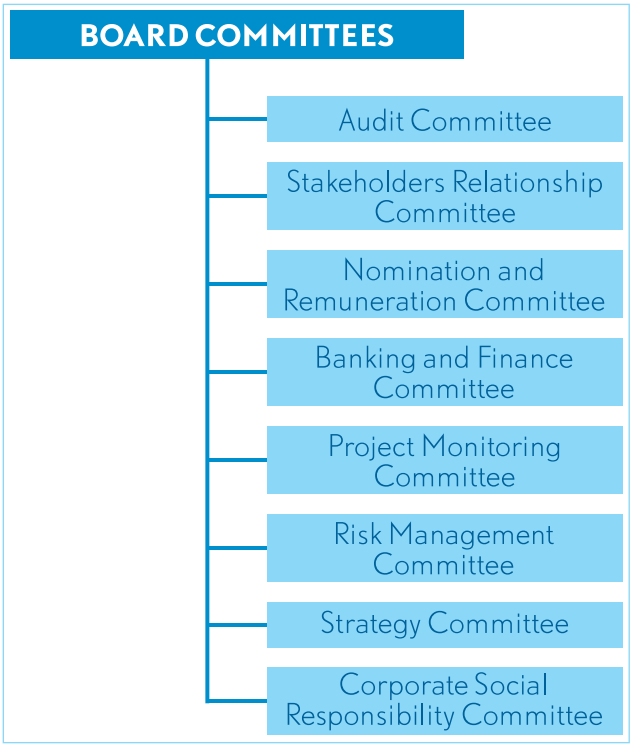
COMMITTEES OF THE BOARD

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

1. Audit Committee

The terms of reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges. It also discharges such other functions as may be delegated by the Board from time to time. Apart from this, the Audit Committee also reviews:

- The contracts entered into by the Company related to traded products, valuing more than ` 250 million and the contracts entered in the register maintained under section 189 of the Companies Act, 2013, if any; and
- Status of material claims filed against the Company.



2. Stakeholders Relationship Committee

The Stakeholders Relationship Committee approves matters relating to allotment of securities, issue of duplicate certificates; decide the dates of book closure/ record dates in respect of the shares and other securities issued by the Company, etc. The role of the committee also includes review and redressal of grievances of security holders of the Company In order to provide quick-service to investors and expedite the process of transfers, the Board has delegated sufficient powers to the company executives to deal with various matters including transfer of shares across the counter, transmission of securities, etc.

3. Nomination and Remuneration Committee

The Remuneration Committee recommends appointment of managing director(s)/ whole time director(s)/ manager and reviews and approves remuneration including compensation package, annual increments, incentives, additional perquisites, etc. of the managing director(s)/ whole time director(s)/ manager and senior executives of the Company. The Committee is also authorized and empowered to superintend and administer the Employees Stock Option Scheme(s) of the Company including CFCL Employees Stock Option Scheme 2010.

4. Banking and Finance Committee

The Banking and Finance Committee approves procurement of various types of finance, including working capital facilities, loans and any other specific matter delegated by the Board from time to time.

5. Project Monitoring Committee

The Project Monitoring Committee was formed to review progress of various projects of the Company and approve contracts of a certain value. It has also been delegated necessary powers to review and monitor the progress of the new urea project.

6. Risk Management Committee

The Committee was formed on August 8, 2014 comprising the executives of the Company. The Committee was re-constituted with effect from April 1, 2015 as per the requirements of revised

clause 49 of the Listing Agreement. The Committee reviews and monitors all business risks of the Company, finalises the risk document, and deals with other matters as may be prescribed in the Risk Management Policy.

7. Strategy Committee

The Committee was formed on September 18, 2014 and deals with evaluation of non- core businesses of the Company from time to time, appointment of legal, tax, financial and other consultants and determine the scope of their services and terms of appointment and to recommend to the Board suitable option(s) pertaining to any of these businesses.

8. Corporate Social Responsibility Committee

The role of the Committee includes formulating and recommending to the Board a Corporate Social Responsibility ("CSR") Policy indicating the activities to be undertaken by the Company as specified in the Companies Act, 2013, recommending the amount of expenditure to be incurred on such activities and monitoring the CSR Policy of the Company from time to time. The Committee also reviews periodically the progress of CSR projects/ programs/ activities undertaken by the Company.

ADDRESSING SUSTAINABILITY

Although we don't have a specific Sustainability Committee, all issues pertaining to this subject are reported directly to the highest governance body through other committees of the Board. The Board is responsible for sustainability issues; updates on sustainability performance is part of the agenda of every Board meeting. Our Company's philosophy is driven by our sustainability policy. We are committed to building a sustainable enterprise for the benefit of our present and future generations of stakeholders. Our Company has integrated the three dimensions of sustainability - economic prosperity, social development and environmental integrity - into our business strategies and operations.

CODE OF CONDUCT AND ETHICS

In order to maintain the highest standards of ethics and governance in our business and dealings, we have adopted a code of conduct and ethics.

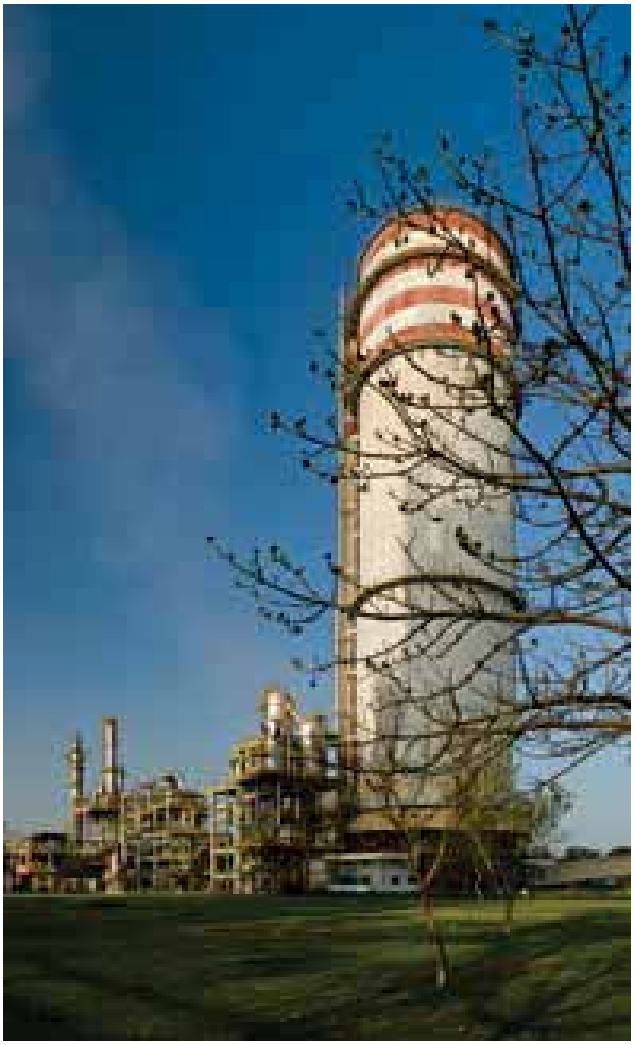
The code acts as a guiding document for suggestive behaviour in dealing with the Company, fellow directors, employees and the external operating environment. The purpose of this code is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. This code of conduct is also a tool in carrying out the Company's social responsibility in a more effective manner. It is applicable to the Board of Directors and members of the core management team including members of management, one level below that of executive director and all functional heads. The code covers issues like regulatory compliance, conflict of interest, bribery and corruption, safety, environment and health, financial and operational integrity. The code can be accessed at www.chambalfertilisers.com/images/pdf/Code_of_Conduct.pdf

PREVENTION OF CORRUPTION

We have formulated a whistle blower policy, which enables directors, employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's "Code of Conduct and Ethics". The directors and employees are not only encouraged but required to report their genuine concerns and grievances under this policy. The vigil mechanism under the policy provides adequate safeguards against victimization of the directors and the employees who avail of the mechanism and also provide for direct access to the chairman of the Audit Committee in exceptional cases.

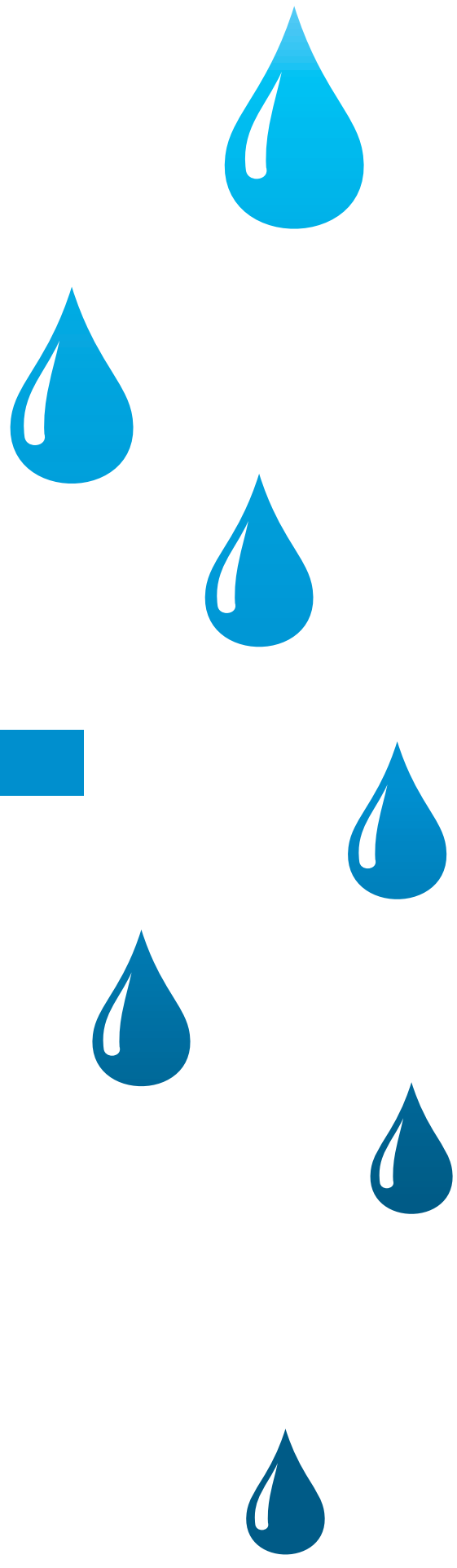
We have set exemplary standards of ethical behaviour and have zero tolerance for corruption at the workplace. In addition to the code of conduct and ethics and a whistle blower policy, we have an adequate internal system in place to control corruption. This system comprises authorization levels, supervision, checks and balances, financial limits of authority and procedures through documented policy guidelines and manuals, which provide that all transactions are authorized, recorded and reported correctly and compliance with policies and statutes are ensured.

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



Stakeholder Engagement

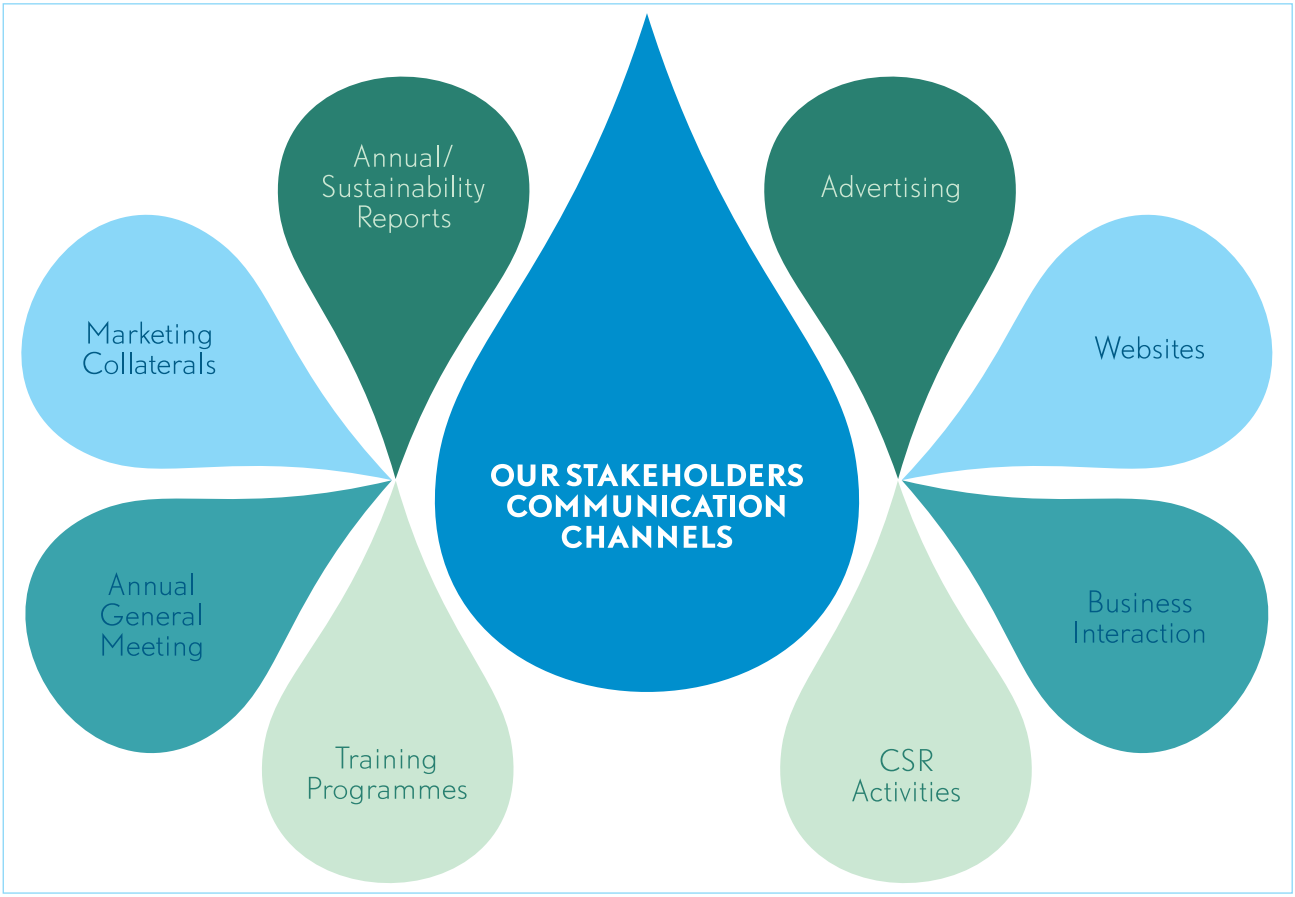
- Modes of Engagement



Stakeholder Engagement

We proactively engage with our stakeholders to formulate mutually beneficial business strategies.

Open and honest communication through a variety of traditional and innovative ways with our stakeholders provides us with valuable insights regarding emerging trends, business risks and opportunities.



MODES OF ENGAGEMENT

FARMER

- Plant visits
- One-to-one interaction
- Crop demonstrations
- Phone helpline
- Website
- Newsletters
- Village meetings
- Training programmes
- Promotional campaigns

DEALER / DISTRIBUTOR

- Training programmes
- Promotional campaigns
- Dealers' meet

INVESTORS/ SHAREHOLDERS

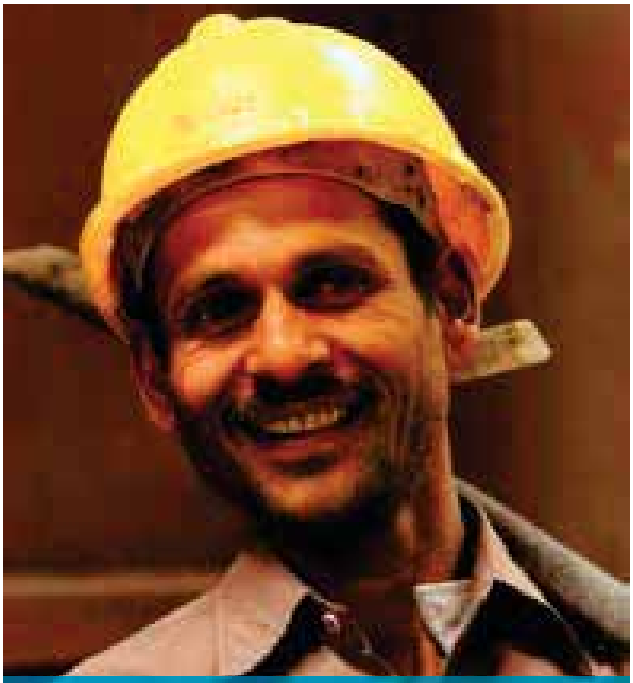
- Advertisements
- Stock exchange portals
- Chambal website
- Annual general meeting
- Mail, e-mail, phone
- Analyst calls
- Annual report, Sustainability report
- One-to-one interactions and meetings

LOCAL COMMUNITY

- One-to-one meetings
- Awareness campaigns
- CSR activities in education, healthcare, infrastructure, sanitation, empowerment and livelihood domains

EMPLOYEES

- Performance Analysis Report Meetings
- Engagement Survey, Internal Communication Effectiveness Survey
- Performance Management Systems
- Employee Welfare Scheme
- Training Programs
- Chambal Talks – Monthly Communication Meetings
- Intranet, SAP Portal
- At Chambal – Quarterly in-house magazine
- Chambal Infoline – Weekly round-up of industry news
- Employee Functions, Celebrations, Picnics and Get-togethers



CONTRACTORS/ VENDORS

- One-to-one interaction
- Training programmes
- Vendor appraisal

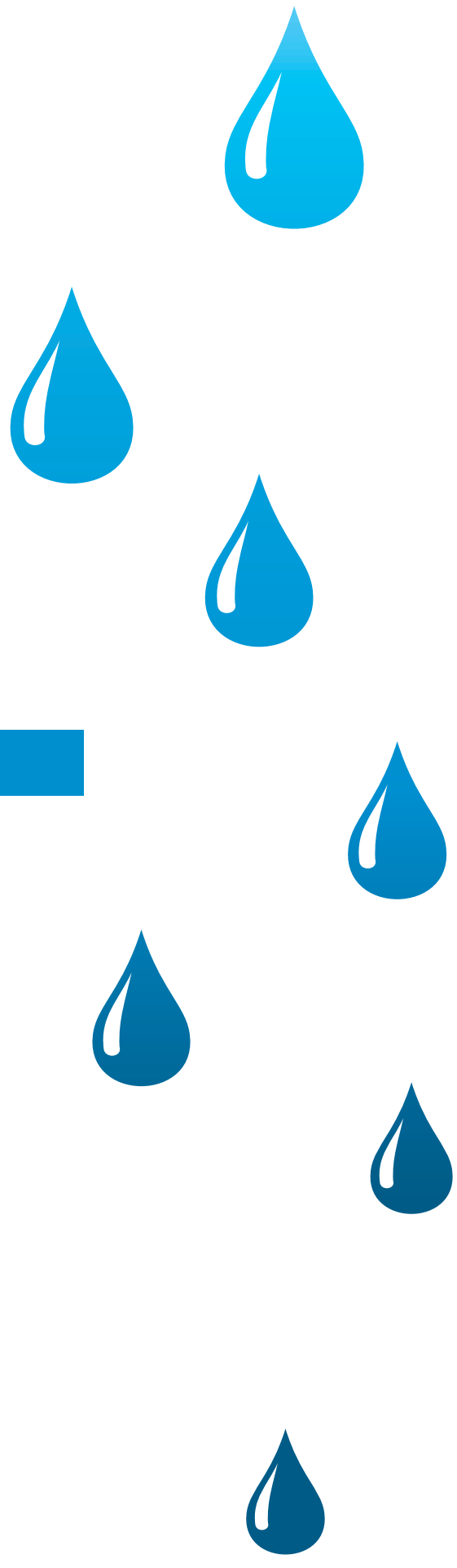
INDUSTRY ASSOCIATIONS

FERTILISER ASSOCIATION OF INDIA	NATIONAL SAFETY COUNCIL, INDIA & U.S
FERTILISER INDUSTRY CO-ORDINATION COMMITTEE	INTERNATIONAL FERTILISER INDUSTRY ASSOCIATION
FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY	INDIAN CHEMICAL COUNCIL BRITISH SAFETY COUNCIL

- Actively involved in debates and discussions relating to public policies
- Members of various industry associations and safety councils both in India and abroad
- Participate in various industry forums, share insights and present viewpoints on issues related to business, environment and society

Materiality

- Materiality Matters!
- Materiality Matrix



Materiality

The fertiliser industry is of national importance for a variety of reasons: the nature of raw materials used, the risk factors associated with the production and operation, energy and resource intensive production, and finally because, here's a product that supports the rural economy and ensures food security in India. This is why the industry works closely with the Government, regulatory authorities, activists and the general public. At Chambal, we have successfully maintained our position as a leading agri-products manufacturing and trading company since inception. Our top priority remains sustainable and inclusive development for the benefit of all our stakeholders. With this objective in mind, we have embedded responsible practices in all our business strategies and operations.

MATERIALITY MATTERS!

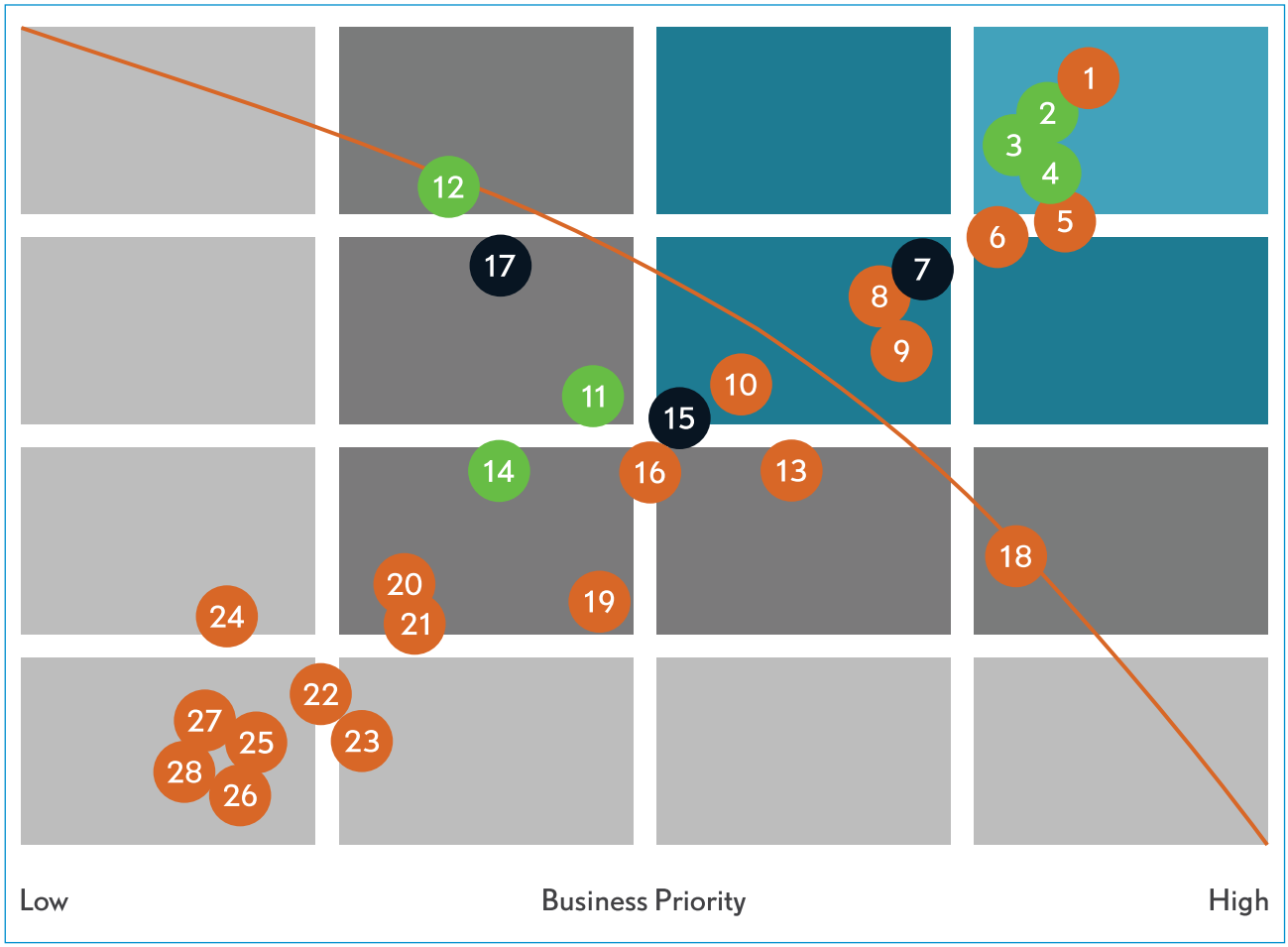
Material issues are those that have a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large.

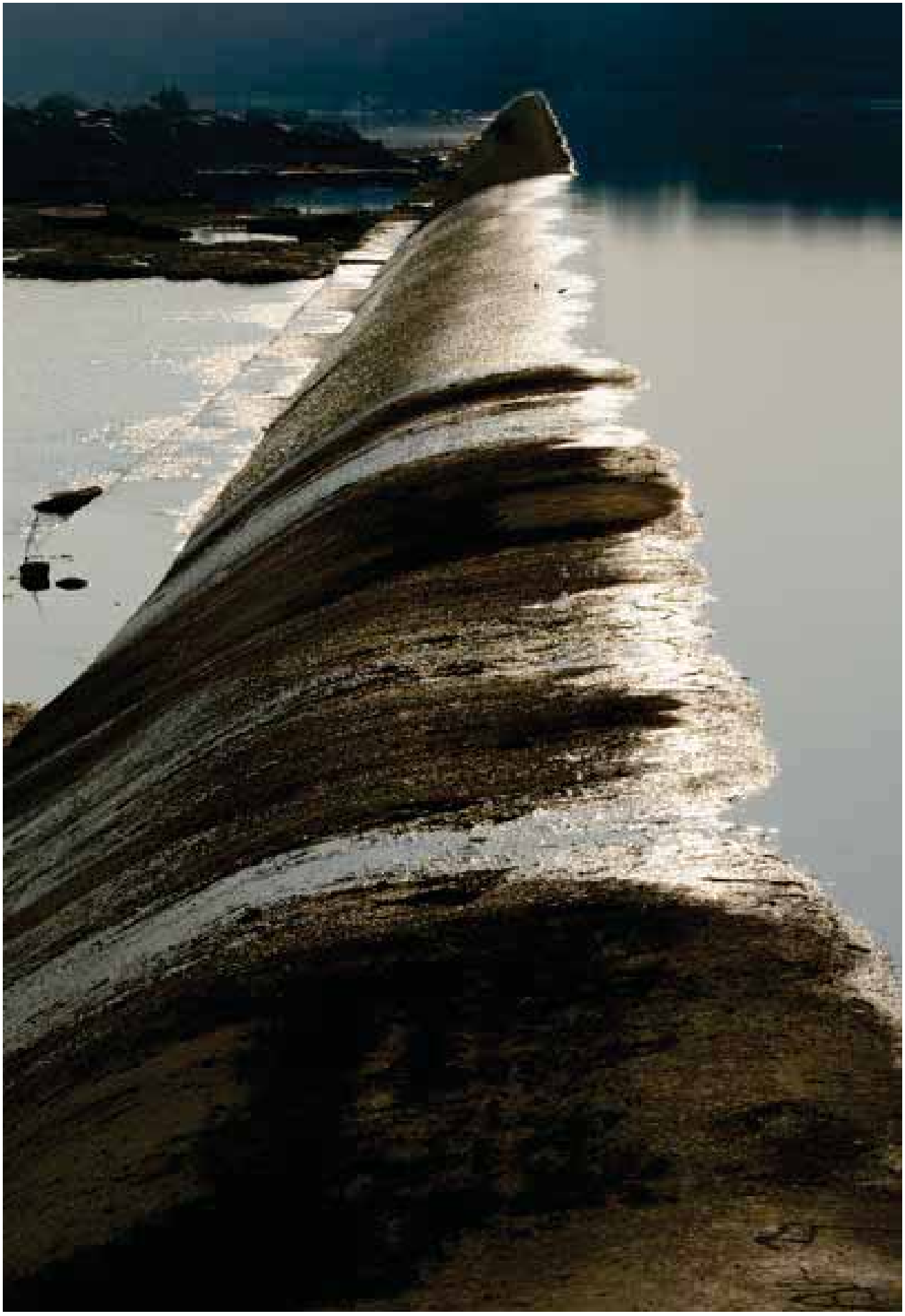
For us at Chambal, the three sustainability challenges are of equal importance. Specifically, we are focussing on climate change, economic performance, employee welfare, process safety and social responsibility. These issues are addressed through various material aspects identified by an assessment process keeping in mind a sustainable approach, stakeholders' view and importance to business. Though we have been addressing significant issues important to our business and stakeholders for years now, this is the first year that we have done the materiality assessment based on GRI G4 guidelines. Since this is our first year, the assessment has been done internally through a survey of employees. The material aspects identified and prioritized during the materiality assessment survey are listed below.

Level of Importance	Material Aspects
1	Occupational Health and Safety
2	Energy
3	Emissions
4	Effluents and Waste
5	Compliance
6	Local Communities (CSR)
7	Economic Performance
8	Training and Education
9	Employment
10	Labour/Management Relations
11	Materials
12	Water
13	Marketing Communications
14	Biodiversity
15	Public Policy
16	Transport
17	Market Presence
18	Anti-corruption

Level of Importance	Material Aspects
19	Diversity and Equal Opportunity
20	Human Rights Grievance Mechanisms
21	Forced or Compulsory Labour
22	Supplier Assessment for Labour Practices
23	Supplier Human Rights Assessment
24	Product and Service Labelling
25	Equal Remuneration for Women and Men
26	Labour Practices Grievance Mechanisms
27	Child Labour
28	Indigenous Rights Assessment

MATERIALITY MATRIX





Material Aspects

- Economic
  - i. Economic Performance
  - ii. Compliance
- Environment
  - i. Energy
  - ii. Water
  - iii. Emissions
  - iv. Effluent and Waste
- Social
  - i. Employment
  - ii. Occupational Health & Safety
  - iii. Training & Development
  - iv. Local Communities

Material Aspects – Reporting

Economic Aspects

The performance of an organisation is usually assessed in terms of the fulfilment of economic objectives. The economic objectives may vary depending on the organisation and its operations, market presence, market strength, economic impact, etc. An organisation takes regular stock of its general economic performance to make sure that it remains on the right track financially.

At Chambal, we make an assessment of our success in terms of assets, liabilities, market strength and other economic parameters.

Economic Performance

THE OUTLOOK

The global economy was weaker in 2015, amid weak aggregate demand, falling commodity prices and increasing financial market volatility in the major economies of the world. The world gross product is projected to grow by a mere 3.1 and 3.3 per cent in 2015 and 2016 as per the World Economic Situation and Prospects Report 2015 (United Nations, 2015a). The growth rates of gross fixed capital formation and aggregate demand continue to remain subdued. The world economy is projected to grow by 2.9 per cent in 2016 and

3.2 per cent in 2017, supported by generally less restrictive fiscal and still accommodative monetary stances worldwide.

The Indian economy, on the other hand, has bucked the global trend. India has proved to be the proverbial silver lining in an otherwise gloomy scenario; becoming one of the fastest growing large economies in the world. The 7.6 per cent growth in the GDP at constant market prices in 2015-16, according to the advanced estimates of the Central Statistics Office, compare favourably with growth in the previous three years - 7.2 per cent in 2014-15, 6.6 per cent in 2013-14 and 5.6 per cent in 2012-13. It is noteworthy that this growth is estimated to have been achieved despite subdued global demand that dampened India's exports significantly, and two consecutive below-normal monsoons that impacted farm output and productivity.

OUR APPROACH

Economic Stability to Attain Sustainability

Our business bandwidth comprise two segments: 1. Fertilisers and other agri-products. 2. Shipping.

The previous financial year was relatively better for the Indian fertiliser industry, with most of the companies including Chambal achieving production in excess of 100% capacity. Our fertiliser division registered an increase in turnover mainly on account of higher sales of products like imported fertilisers, and own-manufactured single super phosphate. The traded products continued to make significant contribution to our bottom-line. These products contribute heavily to our revenue and profitability, mitigating the challenges faced by own-manufactured fertilisers on account of delay in subsidy payments and lack of decisive government policies.

The shipping division has also registered a higher turnover mainly on account of better realisations from our vessels, and achieved an improved performance in comparison to the previous year. During FY 2015-16, we completed the sale of our textile business i.e. Birla Textile Mills to Sutlej Textiles and Industries Limited as an ongoing concern on slump-sale basis with effect from April 1, 2015.

During FY 2015-16, we produced and sold 2.13 million MT and 2.07 million MT of urea respectively. We have registered encouraging growth in sales volumes of traded fertilisers. The revenue from traded products was ` 4394.03 crore during the financial year 2015-16 in comparison to ` 3209.71 crore in the previous year.

Economic value generated (EGV) by us in 2014-15 was ` 96816 million as compared to ` 90172 million in the previous year, an increase of around seven percent. The Board recommended a dividend

	2013-2014 million INR	2014-2015 million INR	2015-2016 million INR
Economic Value Generated (EVG)	81434	90172	96816
Economic Value Distributed (EVD)			
Operating costs	74470	82915	91389
Employee benefits and wages	1487	1598	1474
Payment to providers of capital	2767	2361	2198
Payment to government (Indian)	563	1794	1760
Community investments	27	84	90.59
Economic Value Retained (EVR)	2118	1420	(97)

Table 3: Economic contribution at a glance.

of ` 1.90 per equity share in the reporting year. The total dividend outgo for 2015-16 will be ` 951.8 million (including dividend distribution tax). The total subsidy income of the Company in 2015-16 increased to ` 46,619 million, from ` 44,988 million in 2014-15.

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

Performance Snapshot				
	FY 2013-14	FY 2014-15	FY 2015-16	Unit
Production				
Urea	1.94	1.85	2.13	million MT
Single Super Phosphate	0.103	0.138	0.165	million MT
Sales[1]				
Urea	2.10	1.88	2.07	million MT
Single Super Phosphate[2]	0.064	0.165	0.172	million MT
Traded Items – Sales				
Di - ammonium Phosphate	0.604	0.640	.898	million MT
Muriate of Potash	0.042	0.199	0.187	million MT
Single Super Phosphate	0.054	0.022	0.020	million MT
Pesticides	2497	3029	2507	million INR
Seeds	516	650	649	million INR
Revenue	79819	88821	9536	million INR
Profit Before Tax (PBT)	3459	4001	2462	million INR
Profit After Tax (PAT)	3031	2367	863	million INR
Employees	925	926	917	Number
Energy	4348432	4091331	4555693	Gcal
Specific Energy Consumption				
Gadepan I	5.57	5.54	5.50	Gcal/MT Urea
Gadepan II	5.42	5.47	5.35	Gcal/MT Urea
Specific Water Consumption	4.93	5.03	4.97	m^3/MT Urea
Water Discharge	1674273	1550434	1427544	m^3

Table 2: Performance Snapshot

[1] *Ammonia sales for the 2013-14,2014-15 FY 2015-16, was 32000 MT and 22039 MT and 22257 MT respectively*

[2] *Own manufactured*

Compliance

THE OUTLOOK

Since agriculture is a priority sector, and fertiliser plays an important role in maintaining its health, it's clear that the fertiliser industry is one of the pillars of the Indian economy. The fertiliser industry manufactures some of the most important raw materials required for crop production and achieving food security in the country. It directly impacts the livelihood and happiness of millions of farmers and their families. At the same time, the industry can be potentially hazardous for the environment; reason why it is closely monitored by regulatory authorities, policy makers, stakeholders and the larger community.

COMPLIANCE PROGRAMME

At Chambal, we have a comprehensive compliance programme in place. We are committed to 100 percent compliance of all applicable statutory and regulatory laws in law and spirit. All our employees have been sensitised in this regard, and are expected to fully comply with compliance-related policies and procedures. At the same time, we have taken care to ensure that our business operations have been provided with the requisite infrastructure and support so that we can fulfil all our obligations under law.

Any employee who violates our compliance standards is subject to appropriate disciplinary action, up to and including termination. Our culture of compliance procedures also motivate employees to report a suspected misconduct or improper behaviour.

The compliance programme includes activities designed to monitor, audit and ensure compliance with our policies and procedures. The Management oversees and/or coordinates periodic monitoring and auditing to ensure adherence to applicable policies. If after investigation it is determined that any noncompliant conduct occurred, the matter is forwarded to the appropriate parties for corrective and/or disciplinary action. Such disciplinary action may include (but is not limited to): monetary fines, terminating or otherwise disciplining the employee(s) involved; disciplining supervisors in accordance with the facts for failure to supervise adequately and control the behaviour of the employee(s); revising guidelines, policies, and procedures or any function of the compliance programme to prevent the reoccurrence of misconduct in the area; increasing auditing and monitoring procedures; or retraining.

We evaluate and amend our compliance programme periodically to reflect changes in regulations and the overall regulatory environment.

- A manual listing of all the applicable Acts/ Regulations being complied with is in place and report submitted to Managing Director by respective department heads on a monthly basis.
- Effectiveness of compliance is ensured by regular reviews and audits.
- Compliance report from the regions is submitted to the Management on a monthly basis.
- Awareness has been created in the organization through regular training programmes concerning important aspects of various Acts and Regulations.

Our organisation equally weighs and addresses all compliance procedures in minute detail. We strictly follow and comply with the Acts mentioned in Table 3.

During the reporting year, there were no fines relating to any non-compliance with any laws and regulations.

Department	Act / Rule Name
Human Resources	Apprenticeship Act and Rules, 1992
Human Resources	Contract Labour (Regulation And Abolition) Act and Rajasthan Rules, 1971
Human Resources	Employees Compensation Act and Rajasthan Rules, 1960
Human Resources	Employees Provident Funds And Miscellaneous Provisions Act, 1952
Human Resources	Employment Exchanges (Compulsory Notification of Vacancies) Act and Rules, 1960
Human Resources	Equal Remuneration Act and Rules, 1976
Human Resources and Operations	Factories Act and Rajasthan Rules, 1951
Human Resources	Industrial Employment (Standing Orders) Act, 1946
Human Resources	Industries (Development and Regulation) Act
Human Resources	Maternity Act and Rajasthan Rules
Human Resources	Minimum Wages Act and Rajasthan Rules, 1959
Human Resources	Payment of Gratuity and Rajasthan Rules, 1973
Human Resources	Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975
Human Resources	Building and Other Construction Workers Welfare Cess Act, 1996 and Rules
Human Resources	Rajasthan Building and Other Construction Workers (Regulation of employment and conditions of service) Rules, 2009
Human Resources	Rajasthan Payment of Wages Act and Rules, 1961
Human Resources	Sexual Harassment of Women At Workplace (Prevention, Prohibition and Redressal) Act, 2013
Human Resources and IT	Information Technology Act, 2000 and Rules
Human Resources	Food and Safety
Human Resources	Prohibition of Smoking in Public Places Rules, 2008
Finance	Central Excise Act and Rules, 2002
Finance	Cenvat Credit Act and Rules
Finance	Cost Accounting Records (Fertiliser Industry) Rules, 2011
Finance	Custom Act and Rules
Finance, Operations and IT	E-Waste (Management & Handling) Rules, 2011
Finance	Finance Act, 1994 and Service Tax Rules, 1994

Department	Act / Rule Name
Finance	Income Tax Act, 1961 and Income Tax Rules, 1962
Finance	Rajasthan CST Act and Rules
Finance	Rajasthan Entry Tax
Finance	Rajasthan Land Tax
Finance	Rajasthan VAT Act and Rules
Finance	The Micro, Small and Medium Enterprises Development Act, 2006
Finance	Public Liability Insurance Rules, 1991
Finance	Employees Provident Fund Trust Rules
Operations	The Chemical Weapons Convention Act, 2000
Operations	Electricity Act, 2003,
Operations	Fertiliser Control Order 1985
Operations	Legal Metrology
Operations and IT	Batteries (Management & Handling) Rules, 2001
Operations	Bio-Medical Waste (Management and Handling) Rules, 1998
Operations	Environmental Protection Act
Operations	Explosives Act, 1884 and Static and Mobile Pressure Vessels
Operations	Gas Cylinders Rules
Operations	Hazardous Waste (Management, Handling and Transboundary Movement) Rules
Operations	Manufacture, Storage and Import of Hazardous Chemical Rules
Operations	Noise Pollution (Regulation and Control) Rules final
Operations	Ozone Depleting Substances (Regulation and Control) Rules
Operations	Petroleum Act, 1934 and Petroleum Rules, 2002
Operations	Rajasthan Air (Prevention and Control of pollution) Rules
Operations	Rajasthan Boiler Attendants' Rules, 1954
Operations	Rajasthan Boiler Operation Engineers Rules, 1954
Operations	Rajasthan Boiler Rules
Operations	Rajasthan Water (Prevention and Control of pollution) Rules
Operations	Water (prevention and Control of pollution) cess
IT	IT Act and Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011

Environmental Aspect

The 'environment' is very close to our heart, and we work tirelessly to preserve and enrich it on a long term basis. Even though the impact of our production activities on the environment is minimal, we bear full responsibility for tackling regional environmental problems. We contribute to sustainable development through a range of environmental activities, which are an integral part of our operations, and fully comply with all the statutory requirements. Most significantly, we are continually developing a framework for better environment management practices.

MATERIAL ASPECTS

To ensure that we succeed in maintaining the integrity of the environment on a long-term basis, we focus on the undermentioned aspects of environment management:

- Energy
- Water
- Emissions
- Effluent & Waste

Our objective is to promote environmental sustainability through adoption and integration of the latest technologies in the field. We have adopted a strategy of continuous process improvements and stringent quality standards. Complementing these efforts is a comprehensive, integrated environment management system comprising ground water recharging, optimizing resource efficiency, managing waste, controlling pollution, and using green energy wherever possible. Raw materials, water, emissions and energy consumption are material issues for the fertiliser industry. We constantly monitor and analyse our performance on these critical issues.

The fertiliser industry is one of the most energy intensive sectors within the Indian economy and is therefore of particular interest in the context of both economic and environmental concern.

Energy

THE OUTLOOK

According to the Integrated Energy Policy Report, primary energy demand in India is expected to rise to about 1500 million tonnes of oil equivalent (TOE) in 2030, from about 450 million tonnes TOE in 2000. This increase is driven by a number of factors, the most important of which are increasing incomes and economic growth which will lead to a greater demand for energy services such as lighting, cooking, space cooling, mobility, industrial production, and office automation. These figures reflect the acute shortage of energy we may face in the future.

OUR APPROACH

Achieving High Efficiency

The fertiliser industry is one of the most energy-intensive sectors in the Indian economy. Most energy use is attributed to the production of natural gas produced nitrogen fertilisers.

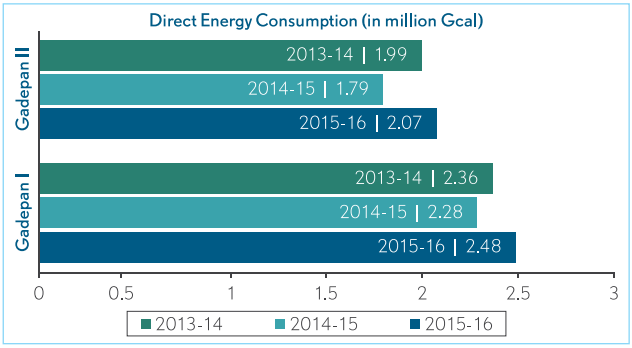
For us, energy is a material issue because of real environment concerns, the possibility of process optimization, and the direct economic benefits that could accrue as a result. As per the 2015 New Urea Policy, higher energy efficiency will lead to reduced subsidy bills and increased incentives.

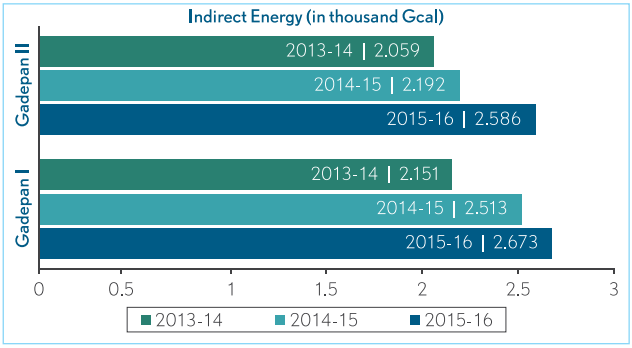
Improvements in energy efficiency are generally achieved by adopting a more efficient technology or production process or by application of commonly accepted methods to reduce energy losses. Our two state-of-art plants (commissioned in 1993 and 1999 respectively) have been using the best available technology from Denmark, Italy, United States and Japan since inception; and are rated as the most energy-efficient plants even today.

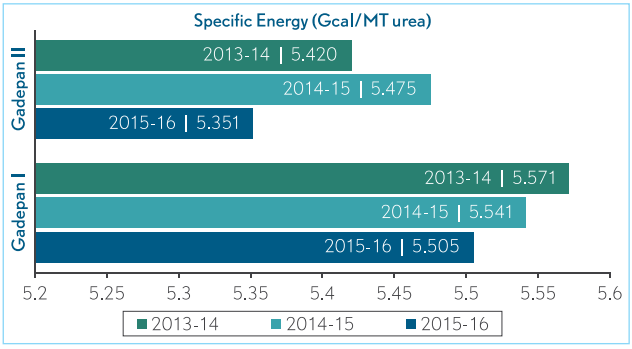
Our energy management is aimed at ensuring reduced energy consumption and the efficient use of energy resources, including maintaining an optimal ratio between externally procured and internally generated electricity. We have initiated various technological and operational changes to

reduce our energy consumption, utilize waste heat, strive for renewable energy options and use energy efficient products, wherever possible.

During the reporting year, our specific energy consumption[3] was 5.505 Gcal/MT of urea at Gadepan-I plant and 5.351 Gcal/ MT of urea at Gadepan-II plant. Our direct energy consumption for Gadepan-I was 2.57 million Gcal (10746944GJ) and 1.99 million Gcal (8314075 GJ) for Gadepan-II. In the current fiscal, a small quantity of naphtha was utilized by our Gadepan plants. Our direct energy and indirect energy consumption in the SSP plant was 10,688 Gcal (44719 GJ) and 5818 Gcal (24344 GJ) respectively. We have our own natural gas based captive power plants; hence we buy only small amounts of electricity from the national grid. During 2015-16, our total indirect energy consumption was 11,078.15 Gcal (46351 GJ).







Water

THE OUTLOOK

Water is the basis of life on Earth, and is critically vital to the survival and well-being of all species who reside there.

The burgeoning growth of world population has put additional stress on our already stressed water resources. However, heightened water consumption is not just attributed to increased population; but also to the frenetic pace of industrialisation, higher water-intensive production of food, and enhanced consumption of electricity, food, consumer goods and entertainment options. This has put pressure on water resources, especially in the arid parts of the world where food is grown, goods are manufactured and water is already in short supply. Ironically, a large area of our planet now falls in the water-stressed zone.

Freshwater withdrawals have increased globally by about 1 percent per year since the 1980s, mainly due to growing demand in the developing countries. By 2030, experts predict that global demand for water will outstrip supply by 40 percent. Impacts from climate change may increase the likelihood of changes to the water cycle, leading to prolonged periods of drought (and, conversely, more extreme rainfall). Reduced water supplies could add to water insecurity around the world. This phenomenon is increasingly being witnessed every year across India: acute drought in states like Maharashtra, Telangana, Uttar Pradesh, and Rajasthan; and

[3] *Specific energy consumption is calculated considering energy consumed for feeds as well as fuels.*

simultaneous flood-like situations in Uttarakhand, Madhya Pradesh, Bihar and Assam.

OUR APPROACH

Sustainable use of Water

Since we are aware that our plants are located in a water-scarce state, we take the stewardship of the environment very seriously. We are committed to the conservation of fresh water, and proper discharge of water used in our manufacturing process.

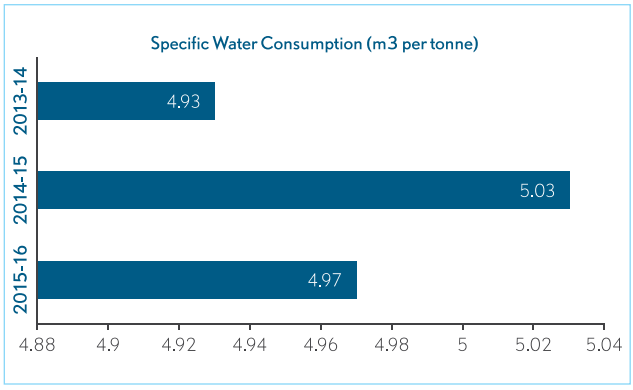
By managing fresh water as a sustainable resource, we have substantially reduced our energy footprint as it takes large amounts of energy to produce and transport clean water, and process waste water.

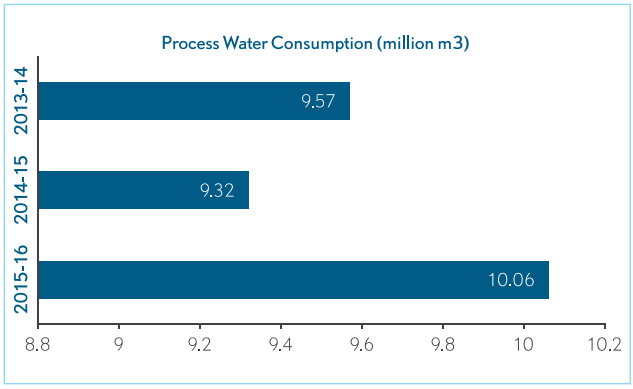
We draw water from the Kalisindh, a seasonal rain-fed river flowing near our plants at Gadepan. To conserve water, we have constructed a check dam (7 million m3 capacity) on the river, which has resulted in an increase in the ground water level in the region. This has also led to round-the-year availability of water for irrigation and other activities. A second check dam (3.4 million m3 capacity) was built on the Parwan River in FY 2011-12 for the purpose of rainwater harvesting.

In the reporting year, our total water withdrawal from Kalisindh was 1131890 m3 as against 9989980 m3 in FY 2014-15.

As a result of our sustained efforts at harvesting, recycling and reusing water, water consumption at our two units at Gadepan is much below the limit prescribed by the corporate responsibility for environment protection (CREP) guidelines. The Indian fertiliser industry has been permitted a maximum water consumption of 8 cubic meters per tonne of urea for gas-based urea plants, as per the CREP guidelines. During the reporting year, our specific water consumption was 4.97 cubic meters per MT of urea as against 5.03 cubic meters per MT of urea in 2014-15.

In the reporting year, 71 percent of waste water was recycled back into the system, and the balance amount was used in the irrigation network within the complex. We do not use freshwater for irrigation or horticultural purposes. During FY 2015-16, we used 1203088 m3 of treated effluent water for irrigation. We discharged 224456 m3 of waste water into the Kalisindh River during the rainy season in 2015-16. We also ensure that the quality of the discharge is within the norms specified by the regulatory authorities, and that none of the natural water sources are affected by our water withdrawal or discharge.





Emissions

THE OUTLOOK

Global warming is becoming an issue of huge concern as the entire world is witnessing unusual and rapid changes in climate. These changes are characterised by prolonged seasons, extreme changes in weather patterns, rise in ambient temperatures, and increasing floods and draughts. Green House Gas (GHG) emissions are one of the major causes of climate change.

For Indian agriculture (and consequently, the fertiliser industry), these trends are particularly alarming as climate change has hit both the hardest. A few states have received excess rainfall, resulting in floods; while the others have been hit by the worst drought seen in decades. Prolonged seasons and the rise in temperatures has had a debilitating impact: crops have been destroyed, crop quality and production has fallen, soil quality has been depleted, and farmers as a result, are being pushed to the edge of poverty.

At Chambal, we share the concern of the world towards climate changes and are fully committed to doing our bit to reverse it.

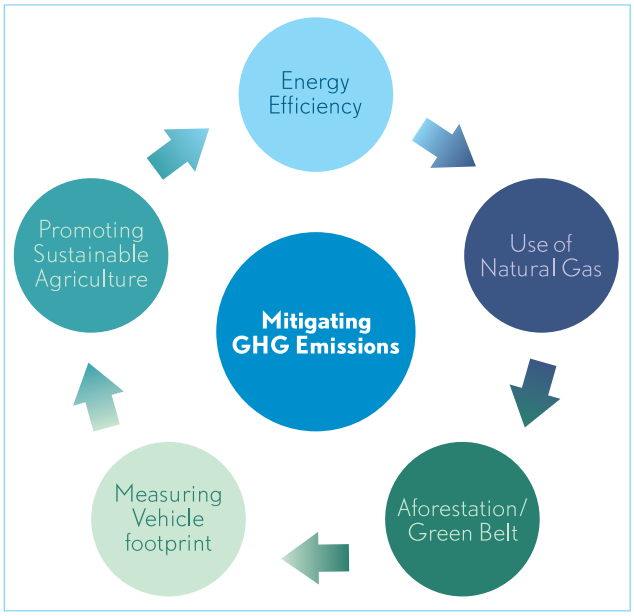
OUR APPROACH

Curbing Green House Gas (GHG) Emissions

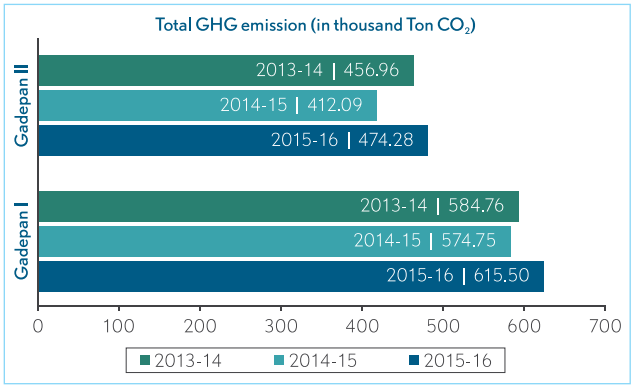
We recognise that our operations are inextricably linked to energy consumption, and that as a result, our plants generate greenhouse gases, particularly carbon dioxide (CO2) and nitrous oxide (N2O). We agree with a widely held view that a drop in environmental quality negatively impacts all aspects of life. Efforts are, therefore, needed to reduce the emission of greenhouse gases, which are mainly responsible for atmospheric warming.

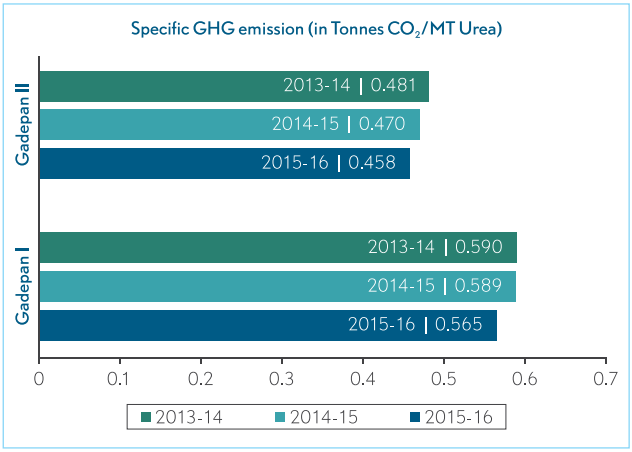
GHG Emissions

GHG emissions can be curbed by using cleaner fuel and technologies. We primarily use natural gas as feedstock and fuel. We have completely stopped using Naphtha as fuel. Use of natural gas has helped us to keep our GHG emissions low. Almost all of the CO2 formed during ammonia production is reused in urea production. Thus GHG emissions from our operations are primarily due to natural gas or naphtha consumed as fuel. During the reporting period, our total GHG emissions at the SSP plant were 0.00254 million tCO2. Our total GHG emissions at the urea and SSP plants (from the use of natural gas as fuel and using electricity from the grid) was 1.0923 million tCO2.



Besides addressing the problem of GHG emissions internally (by streamlining our production processes, for example) we are also tackling the external dimension by sensitizing farmers about the pitfalls of excessive fertiliser use and faulty crop production, and the need for good agriculture practices. Consequently, the combined efforts of Chambal and the farmers are contributing to a lowering of emissions in the Gadepan region.





To strengthen our commitment towards climate change, we have also undertaken a few initiatives to measure emissions other than those pertaining to the plant. We also conducted a preliminary study to understand the GHG benefits of extensive green cover in and around the Chambal plants complex.

Other Air Emissions

Besides GHG emissions; ammonia, urea dust, suspended particulate matter (SPM), oxides of nitrogen and sulphur are the major air emissions from our manufacturing process. Various control measures and initiatives to minimize air emissions are given below.

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

	FY 2013-14	FY 2014-15	FY 2015-16
kg CFC-11 equivalent (ODS emission)	30.36	20.57	22.55
kg HCFC 22 (R 22 Freon Gas)	552	374	410

Table 4: Ozone depleting substance (ODS) emissions

Parameter	Unit	FY 2014-15	FY 2015-16	FY 2015-16
NOx	MT	361.68	403.59	464.51
Urea Dust	MT	704.4	712.93	865.67
Ammonia	MT	713.85	754.84	819.11

Table 5: Air emission load (yearly average values)

Parameter	Unit	FY 2013-14	FY 2014-15	FY 2015-16
NOx	Kg/ MT Urea production	0.18	0.21	0.22
Urea Dust	Kg/ MT Urea production	0.36	0.38	0.40
Ammonia	Kg/ MT Urea production	0.37	0.40	0.38

Table 6: Specific air emission load (yearly average values)

Effluent & Waste

THE OUTLOOK

In the past few decades, fast-paced industrialization in the developing world has failed to keep up with an efficient effluent and waste management system. This disparity has worsened on account of inefficient waste management practices, inability to upgrade technology and failure to sensitize and motivate citizens adequately. As a result, tens of millions of urban poor who live in neighbourhoods are exposed to hazardous pollution, as a result of which their health and general well-being suffers. The major concern is that despite advances in technology and innovative responses towards mitigating the threats to environmental health, notable deficiencies in implementation still persist, and India is no exception in this regard. In fact the situation in India has worsened during the past decade. The lack of will and accountability among the industries particularly the small ones, and the gaps in environment laws are among the key reasons that environmental threats endangering human health and ecosystem welfare are on the rise.

OUR APPROACH

Responsible Effluent Management

We have in place elaborate policies, high technical standards and a detailed guidance framework for managing effluents. In 2015-16, we continued to implement measures to achieve higher levels of waste management efficiency. One such effective measure was 'at source' treatment of effluents and recycling of treated effluents back into the process. We have incorporated the following recycling processes (which are regularly upgraded) at the design stage itself:

- Ammonia and urea process condensates are treated in ammonia and urea plants respectively and recycled into the process after treating them in the demineralisation plant;
- Turbine condensate is also recycled into the process after treatment in the demineralization plant; and
- Boiler blow down water is reused as cooling water make-up.

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

In the reporting year, 71 per cent of waste water was recycled back into the system, and the balance amount was used in the irrigation network within the complex. We do not use freshwater for irrigation or horticultural purposes. During FY 2015-16, we used 1203088 m3 of treated effluent water for

Parameter	Unit	FY 2013-14	FY 2014-15	FY 2015-16	Permissible Limits (mg/l)
Biological Oxygen Demand	mg/ltr	9.4	9.0	7.1	30
Chemical Oxygen Demand	mg/ltr	34.8	37.2	38.1	250
Nitrate Nitrogen	mg/ltr	7.0	7.1	7.1	10
Total Ammonical Nitrogen	mg/ltr	6.5	9.2	9.4	50
Total Dissolved Solids	mg/ltr	1617	1548.3	1623.4	2100
Total Kjeldahl Nitrogen	mg/ltr	23.7	23.6	36.4	100
Total Suspended Solids	mg/ltr	72.1	70.6	72.5	100

Table 7: Effluent discharge quality and their permissible limits

Parameter	Unit	FY 2013-14	FY 2014-15	FY 2015-16
Biological Oxygen Demand	MT	13.2	11.6	10.2
Chemical Oxygen Demand	MT	49.3	47.3	54.3
Nitrate Nitrogen	MT	9.8	9.1	10.1
Total Ammonical Nitrogen	MT	9.0	11.6	13.4
Total Dissolved Solids	MT	2253	1978.3	2317.5
Total Kjeldahl Nitrogen	MT	34.4	29.5	51.9
Total Suspended Solids	MT	101.5	91.1	103.5

Table 8: Effluent load

Parameter	Unit	FY 2013-14	FY 2014-15	FY 2015-16
Biological Oxygen Demand	Kg / '000 MT Urea Production	6.81	6.2	4.8
Chemical Oxygen Demand	Kg / '000 MT Urea Production	25.4	25.56	25.57
Nitrate Nitrogen	Kg / '000 MT Urea Production	5.03	4.91	4.75
Total Ammonical Nitrogen	Kg / '000 MT Urea Production	4.62	6.27	6.30
Total Dissolved Solids	Kg / '000 MT Urea Production	1161.34	1069.35	1090.46
Total Kjeldahl Nitrogen	Kg / '000 MT Urea Production	17.75	15.94	24.43
Total Suspended Solids	Kg / '000 MT Urea Production	52.31	49.24	48.69

Table 9 Specific effluent load [4]

irrigation. We discharged 224456 m3 of waste water into the Kalisindh River during the rainy season in 2015-16. We take care to ensure that the quality of the discharge is within the norms specified by the regulatory authorities and none of the natural water sources are being affected by our water withdrawal or discharge.

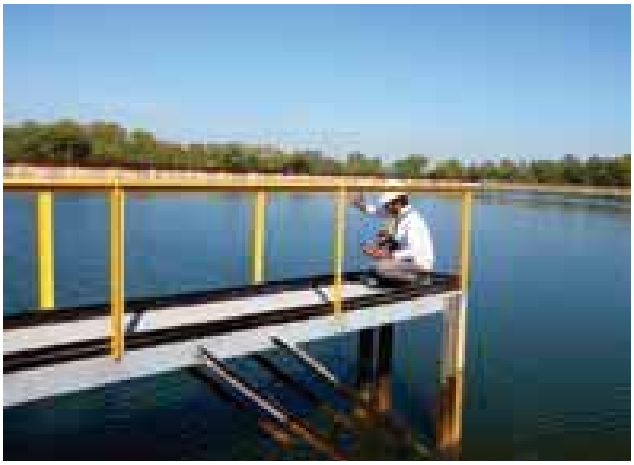
Responsible Waste Management

We continue to follow the 3 ` (Reduce, Re-use and Re-cycle) paradigm for waste management. Almost 100 percent condensate is recycled back to the system. We have adopted best practices to manage waste disposal through a comprehensive waste management manual under the health, safety, environment and quality (HSEQ) system which has the following elements:

- Categorization of wastes as hazardous and non-hazardous for differentiated management;
- Further sub-categorisation of waste and identification at the lowest component level;
- Linking all possible sources of waste generation and location of generation;
- Categorization of waste bins and placing them nearest to the generation point;
- Using large categorized bins to collect wastes from small bins;

[4] *Effluent load quantifies total weight of standard effluent parameters such as Biological Oxygen Demand (BOD), Total Suspended Solids (TSS), etc -tonnes/year discharged.*

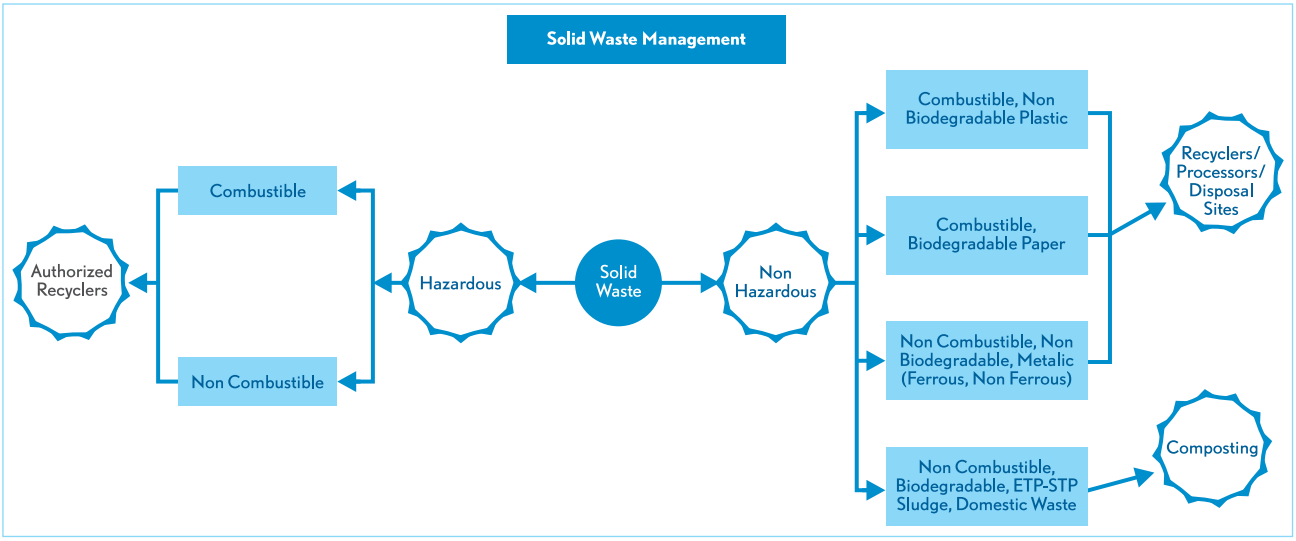
- Lifting of segregated components from bins directly for final disposal;
- Identification of recyclers/ re-users and final disposal;
- Conversion of horticulture and domestic wastes into manure for use in the green belt; and
- Use of polythene bags are strictly prohibited in the Gadepan campus.



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

Composting of horticulture waste is carried out in NADEP pits and is used as manure in the green belt. In addition to this, a briquetting machine has been installed for converting horticulture waste to eco-friendly briquettes, which are used by selected users as alternate fuel. We understand the severe environment degrading qualities of polythene bags; hence, their use has been strictly prohibited in the Gadepan campus for the last many years.

Inside the factory premises, we have colour coded and labelled waste collection bins and storage areas, and for many wastes, we have restricted access to

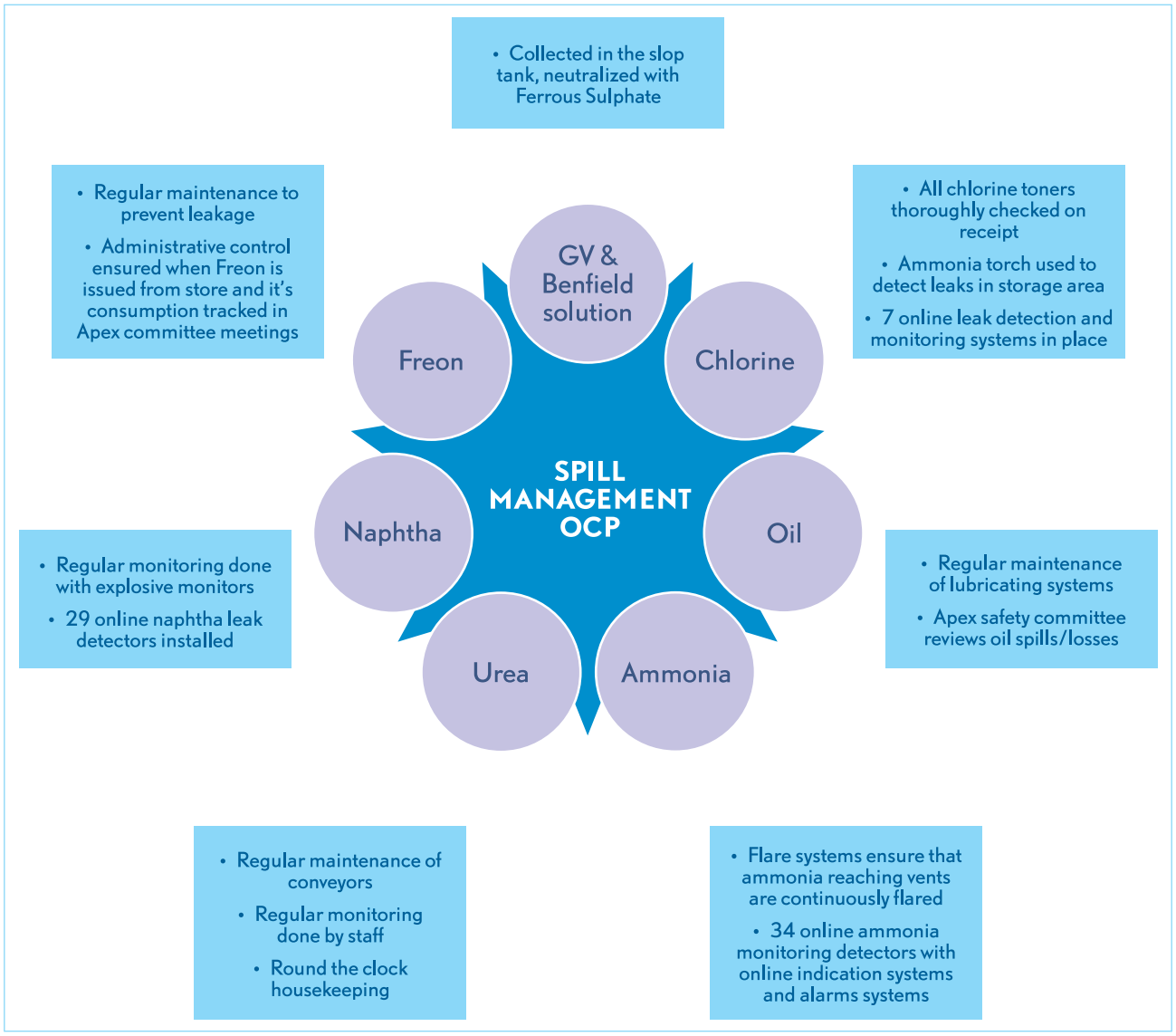


Type of waste	Treatment and Disposal	2013-14 Amount (Kgs)	2014-15 Amount (Kgs)	2015-16 Amount (Kgs)
Sharp waste	Autoclaved and Buried	6.41	9.061	13.399
Contaminated waste	Autoclaved ,chemically treated and buried	7.44	9.402	13.098
Disposable waste	Treated chemically and buried	8.59	8.007	13.701

Table 10: Disposal of biomedical waste

Name of Waste Disposed	Type of waste	Unit	FY 2013-14	FY 2014-15	FY 2015-16
Spent Oil	Hazardous	MT	37.03	35.046	14.65
Spent Catalyst	Hazardous	MT	224.42	107.271	0
Ferrous Scrap MS drum	Hazardous	MT	1.23	0.93	1.11
FRP Container Scrap	Hazardous	MT / No.	-	2.45 MT	63 No.
Lead Acid Battery	Hazardous	MT	2.395	11.601	15.417
E-waste	Hazardous	MT	-	2.92	2.01
HDPE Scrap	Non-Hazardous	MT	61.93	54.97	45.80
Paper	Non-Hazardous	MT	9.68	15.44	11.14
MS Scrap	Non-Hazardous	MT	320.48	499	276.55
PVC	Non-Hazardous	MT	6.52	6.73	6.67
Resin	Non-Hazardous	ltr	13825	8275	10100

Table 11: Major categories of waste disposed off



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

We also generate small quantity of biomedical waste at our occupational health centre, which we dispose of in an environment friendly way as per the required norm. We strictly adhere to all laid down laws for storage and disposal of wastes.

Spill Management System

We have a well-defined environmental operation control procedure (OCP) to prevent and manage spills. We regularly conduct integrity checks for reactors, vessels, flanges, valves and pipelines for leaks. In order to keep a regular check, the drains are monitored at specified intervals, and these observations are recorded and reported to the management.

Any spill that threatens the environmental quality of water, land or air is reported. We carry out root cause analysis and take corrective and preventive actions to ensure that such events do not occur again. We have a well-defined spill management systems in place for all possible threats that include GV (geomarco vetro coke) and Benfield solution, chlorine, ammonia, urea, oil, freon, naphtha. During the reporting period, we did not have any significant spills.

Social Aspects

For us at Chambal, sustainable development has been an article of faith since the days of our inception as an organisation. We are committed to taking a holistic, multi-disciplinary and long-term approach to creating positive social impact in the communities we are engaged with. A key element of that vision is making efforts to reduce our environmental footprint. As a corporation, we value transparency, ethics integrity, rule of law, natural justice, social responsibility and human rights.

Occupational Health & Safety

THE OUTLOOK

Fertiliser manufacturing units, particularly ammonia producing plants, are among the most complex in the chemical industry (from the point of view of health and safety) as they involve handling of hazardous substances and face operational hazards such as explosions and spillage, and that any careless and irresponsible actions may have tragic implications.

That's why at Chambal, we accord top priority to 'Occupational Health & Safety' and have a zero-tolerance for any incidences related to it. Our goal is to build an accident-free organisation, so that our employees can work happily in a safe and healthy environment. Rigorous and elaborate health and safety policies and mechanisms are in place, which ensure that there is full compliance of safety norms at all levels of the organisation.

OUR APPROACH

Occupational Health: Minimizing Occupational Hazards

We accord the highest priority to the health of our employees and contract workers. Their health is assessed and monitored through periodic medical examinations. A well-equipped medical centre at Gadepan works round-the-clock to provide health services to employees, their families, associated

contractor workforce and people residing in the vicinity of the plants. New medical equipment and services are continuously added to upgrade the facilities at the health centre. Health assessments of employees working in hazardous environments are done once every six months. The production and process departments prepare a list of personnel who are exposed to occupational hazards such as noise, urea dust and ammonia vapours. The identified personnel undergo relevant medical screening, depending on the nature of the exposure. If health assessment results persistently demonstrate deviations, the employee is relocated to some other area, devoid of the hazard. Chambal also carries out a physical medical examination of all its employees working in non-hazardous areas once a year. For all employees, blood and other investigations are advised once in two years for those below 45 years of age, and once a year, for those above 45 years of age. During the reporting year, necessary training was imparted to the employees, their families and contract work-force to enhance their awareness about health related matters. Some of our employees are certified first-aiders.

In FY 2015-16, there were no reported cases of chronic obstructive pulmonary disease (COPD) and noise induced hearing loss (NIHL). In the reporting year, 656 employees and 3819 contract workers underwent health check-ups. All food handlers (in the staff canteens and kitchens of guest facilities) are examined once every six months, and are dewormed and vaccinated against typhoid.

Occupational Safety: Proactive Behaviour

The management's commitment towards best-in-class occupational health and safety standards is articulated in the Health, Safety, Security, Environment and Quality (HSSEQ) policy, that emphasises on continual improvement and is based on management systems developed in accordance with internationally recognised standards, supported by continued investments in state-of-the-art technology and quality human resources.

We believe that a safe and healthy work environment is a basic requirement for ensuring employee well-being and that best practices in OH&S enhance the Company's overall performance. As a first step, all Safety and Health related requirements are integrated at the design stage itself. The design reviews cover building and structural stability, fire and life safety measures, electrical systems, segregation of man-material movements, work place lighting, ventilation and hygiene requirements, noise and dust controls, water and energy use optimisation, traffic safety, etc. We strive to achieve following objectives to minimize safety related incidences:

- Proactive identification and assessment of hazards.
- No loss of human life by achieving zero industrial accidents.
- Strong focus on behaviour based safety.
- Robust disaster management and handling mechanism.

Parameters	2013-14	2014-15	2015-16
No. of Injuries (reportable)	7	2	0
No. of Fatalities	0	0	0
Lost Days	486	70	97
Injury Rate[5]	0.28	0.086	0
Lost Day Rate[6]	19.9	3.02	4.39
Near-misses Reported	439	423	358
Make-to-Good	362	466	416

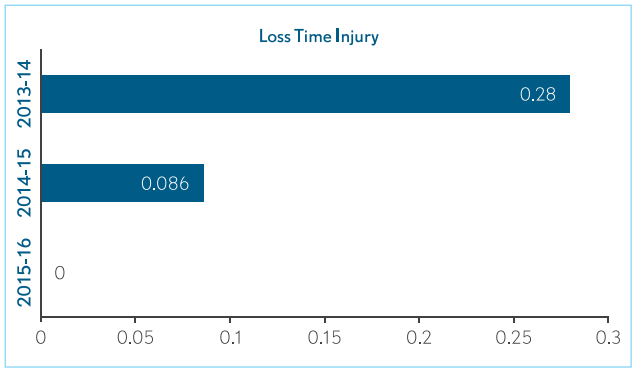
Table 12: Safety Statistics

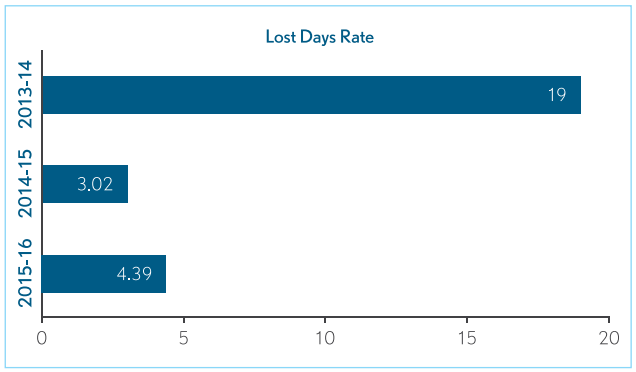
Safety Management Systems

"Safety First" is our motto, and has priority, even over our economic goals. This aspect is reflected in our day to day operations. The senior management continuously monitors the progress and performance of the Company on the parameters of health, safety and environment protection. We strive for continuous improvement through benchmarking studies and other industry delineated methodologies. We have made rigorous efforts

[5] *Injury Rate = (Total No. of reportable injuries X 200000) / Total No. of hours worked (permanent + contractual)*

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





to deeply engrain a safety culture in our people, especially those who are involved in plant operations. At Chambal, a strong occupational health and safety management system, OHSAS-18001:2007 is in place to ensure safety of employees, contractor workforce as well as equipment and machinery.

We have implemented the process safety management system (PSM) developed by Occupational Safety & Health Administration, USA in our operations, which is helping us proactively identify, assess and control hazards. Process incidents are continuously reviewed as per PSM guidelines and trainings, and audits are regularly conducted for overall improvement of safety management systems.

Emergency Handling

We have a well-defined onsite disaster management plan which also involves the local government and other industries in the area. Mock drills and fire drills are regularly conducted to test emergency preparedness. Services of emergency equipment are provided to district authorities on various occasions as per their demand. Prompt services for fire-fighting are also provided to surrounding villages, and various fire-fighting and emergency handling equipment have been added to further improve the capability. The onsite emergency plan and mutual aid and response group (MARG) shows our commitment and preparedness towards any crisis situation. We are in regular touch with nearby industries so that there is mutual learning and sharing of resources.

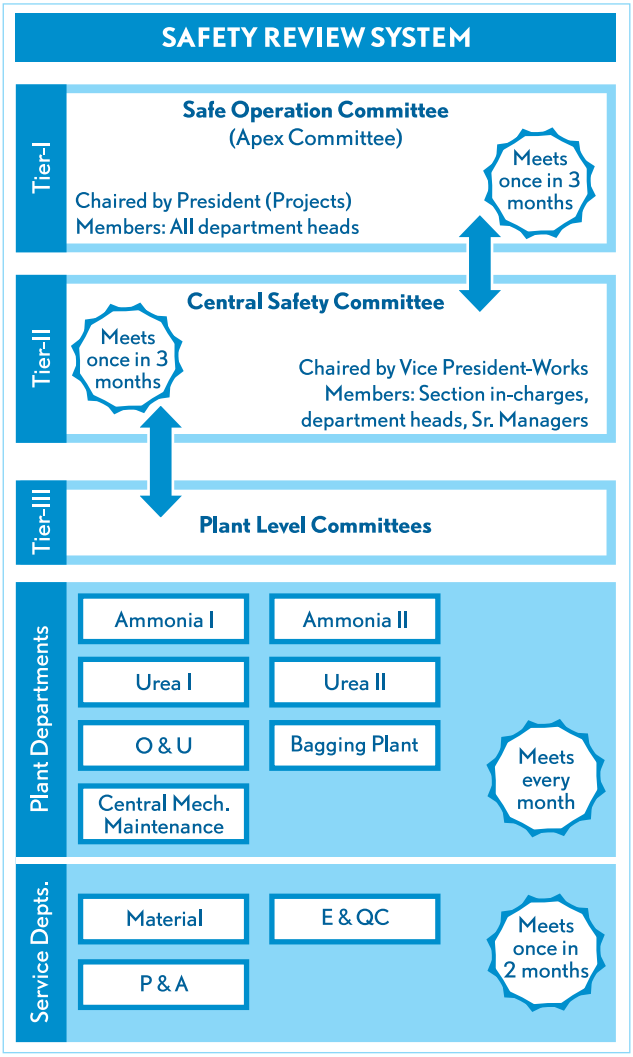
Safety Training

To maintain and improve upon the well-established safety systems, extensive trainings were conducted by internal and external experts on rescue, fire-fighting and emergency handling, electrical safety,

material handling, and road safety. In the reporting year, we initiated an e-learning programme on safety for employees at Gadepan. Furthermore, the workers of associated contractors were involved in safety promotional activities and training programmes.

Safety Review System

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



Key Facts in 2015-16
No fatalities.
No lost time due to injury.
New Initiative: "Safety Management Observation Tool".
Extensive safety training programmes for contract workers, a substantial increase from the previous year.

Each committee and its constituent members have clearly delineated roles and responsibilities for implementation n, review and monitoring of health and safety aspects of the organization. The safety system is also regularly reviewed by the managing director. EHS performance is reported to the Board of Directors.

Near-Miss and Make-to-Good

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

Safety of Contract Workers

For us, the well-being and safety of our contract workforce is a key concern. Our agreements with contractors include provisions on various safety related issues. For example, we reserve the right to levy penalties for any unsafe act or violation of safety norms on the contractors. To identify lapses and areas of improvement, review meetings with contractors are conducted every quarter.

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

Other Safety Initiatives

We are associated with international and national safety institutions of repute such as National Safety Council of US, British Safety Council, International Fertiliser Industry Association, National Safety Council of India and other Government organisations. In order to create more awareness on Safety & Environment, various campaigns were organized throughout the year like, National Safety Day, Road Safety Week, Fire Services Day, World Environment Day, etc. involving employees, their families and contractor workforce at the Gadepan Plant.

Leaders' Safety Walk and observations:

In order to take further steps towards our journey to safety excellence, and make safe behaviour and workplace conditions a part of the work culture, we have introduced a system known as the 'Safety Management Observation Tool. In this system, all senior managers and above visit a particular area in the plant (once a month) and closely observe the behaviour of persons with regard to safety; and also identify unsafe conditions if any. This tool is based on the world-class Du-Pont safety observation programme.

Employment

THE OUTLOOK

The world over, human resource management is undergoing rapid change, triggered by factors that are external and internal to an organisation. The external factors include government regulations, international politics, world economy, technology trends, job redundancies, work-life balance and the demand for wage parity and workforce diversity. The internal factors comprise unions, organizational culture, conflicts and professional bodies. Both these set of factors are significantly impacting career choices, job satisfaction levels, employee and employer expectations, attrition rates and productivity.

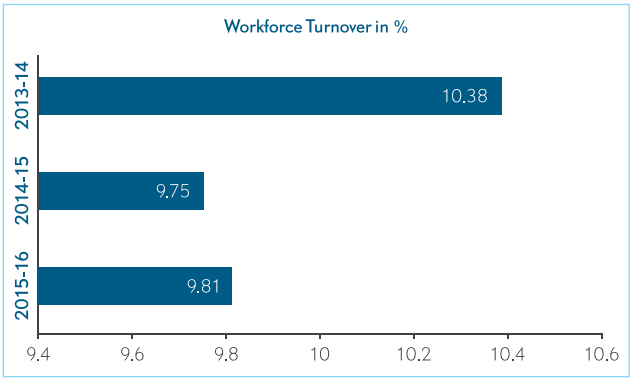
OUR APPROACH

Employee Satisfaction

Our position as a leading agri-products company in the country since the past two decades is largely attributed to our skilled, experienced employee workforce, and enlightened HR policies. At Chambal, we recognise our employee's efforts in carving a leadership niche for the organisation and its products in a competitive and highly regulated environment. We recognise the sharp changes in the dynamics of human resource management and therefore address it by providing growth opportunities and meeting their career aspirations, thereby making it most preferred employer in the industry.

Employee Retention

We regularly recognize the contribution of our highly motivated workforce to the performance and



Management Level	FY 2013-14		FY 2014-15		FY 2015-16				
	Male	Female	Male	Female	Male	Female	Less than 30 years	Between 30 to 50 years	More than 50 years
Senior Management	19	1	18	1	16	1	0	3	14
Middle & Junior Management	495	4	501	6	496	4	78	348	74
Workmen/ Non Management	373	10	363	8	345	8	132	166	55
GETs / TMOs / MTs	20	0	15	0	11	0	16	0	0
Trainees	3	0	14	0	31	0	31	0	0
TOTAL	**910**	**15**	**911**	**15**	**899**	**13**	**257**	**517**	**143**

Table 13: Composition of workforce (excluding contract workers) by category, gender and age

Employee Turnover in 2015-16						
Management Level	Age Group			Gender		Region
	Less than 30 years	Between 30 to 50 years	More than 50 years	Male	Female	India
Senior Management	0	0	2	2	0	2
Middle & Junior Management	17	27	8	51	1	52
Workmen	32	4	0	36	0	36
TOTAL	**49**	**31**	**10**	**89**	**0**	**90**

Table 14: Employee Turnover[7]

New Hires in 2015-16						
Management Level	Age Group			Gender		Region
	Less than 30 years	Between 30 to 50 years	More than 50 years	Male	Female	India
Senior Management	0	0	0	0	0	0
Middle & Junior Management	33	5	0	38	0	38
Workmen	47	0	0	0	0	47
TOTAL	**80**	**5**	**0**	**38**	**0**	**85**

Table 15: Employee Hired[8]

[7] *Number of employees who left the organization voluntarily or due to dismissal, retirement, death in service.*

[8]

growth of Chambal. Our healthy work environment and attractive compensation packages have enabled us to attract and retain high calibre employees. The Chambal team is a perfect blend of youth and experience, and has an average age of 38 years.

Employee Benefits

Our remuneration packages offer employees a range of benefits, guarantees and privileges, which ensure financial and social stability, and improve their living standards on a continuous basis. The Chambal employee senior staff superannuation fund provides pension benefits to management employees. We also have facilitated the new pension system (NPS) launched by the Pension Fund Regulatory and Development Authority in 2012-13, for all management-grade employees who were interested in the scheme.

The provident fund scheme is managed by Chambal through a trust. Employees who have completed five years of service are eligible for gratuity and the Company's employees' group gratuity trust fund provides for gratuity benefits. Life insurance benefit to each employee is also covered under gratuity and superannuation schemes. All employees are eligible for the group personal accident, group health insurance and group term solution schemes. In case of accidents, the personal accident scheme ensures compensation for treatment expenses, permanent/ partial disability, permanent/ temporary loss of earning capacity including salary component and death coverage. The health insurance scheme covers hospitalization expenses of employees and their family members. The term solution scheme insures the life of each employee. We value employees who have spent many years at the Company and are now enjoying a well-deserved retirement. All retired employees and their spouses are covered under a group health insurance policy, up to the age of 85 years.

Furthermore, all management-grade employees are supported for membership of one professional body, wherein the annual membership fee is borne by the Company.

Round-the-clock health services are provided to employees, their families, associated contractor workforce and people residing in the vicinity of the plants. New medical equipment and services are continuously added to upgrade the facilities at the health centre.

Protecting Human Rights

We are committed to preventing human rights abuses like child labour and forced/ compulsory labour in all our operations. An elaborate process of background verification, medical fitness, address and age verification is followed along with compliance of other statutory requirements by the industrial relations (IR) department for contract workers. In the reporting year, no case of 'child labour/ forced labour' has been reported.

Although we are vigilant against human rights abuses by our suppliers, we currently do not have a defined formal policy in this regard. We have not entered into any significant investment agreement in the reporting year.

An Equal Opportunity Employer

At Chambal, meritocracy and equal opportunity are the cornerstones of our selection and career advancement programmes. As a caste, colour, gender and religion neutral organization, all our policies concerning recruitment, compensation, training and promotion are solely based on merit and performance of an individual. We are highly vigilant about ensuring that our contractors discharge their legal obligations with regard to workers' rights and

welfare. We ensure that requisite laws with regard to decent work practices and labour welfare, viz. Equal Remuneration Act, Minimum Wages Act, Workmen Compensation Act, and Maternity Benefit Act are complied with, in letter and spirit. In the reporting year, no case of discrimination was reported.

Chambal has a well-established mechanism to prevent sexual harassment at the work place. An Internal Complaint Committee has been formed as per the requirements under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder. In 2015-16, no case of sexual harassment was reported.

Labour Management Relationship

The worker situation at Gadepan where our production facilities are situated remains cordial due to our proactive approach in reaching out to and addressing the concerns of workers, staff and officers in the organization. We have an effective system of formal and informal channels/ platforms like committee meetings, interaction with HR/IR department where our employees are able to voice their views and concerns. The required welfare measures are implemented on a continual basis to ensure a healthy work environment. We fully subscribe to the Right to Freedom of Association under the UN Universal Declaration of Human Rights.

Our comprehensive benefits package, training and development programmes, salaries as per the acts and compliances and our proactive approach of communication helped us in ensuring that we never faced a demand of formation of union due to embedded formal and informal channels of interaction. The Company follows Industrial Dispute Act 1947, which specifies minimum notice period(s) of 21 days regarding significant operational changes. As on March 31, 2015, we have 15 reinstatement claim cases pending for adjudication before the Labour Court, Kota. Of these, 14 cases are related to contract workers and one case pertains to an ex-employee.

Training & Education

THE OUTLOOK

At Chambal, we believe that our capability to create enduring value for stakeholders is dependent on creating a pool of committed and quality human resource personnel. Therefore, nurturing talent, making significant investments in learning and development, retaining top brains within the organisation, and caring for the well-being of employees are integral parts of the Chambal's work culture.

Under our continuous learning programme, all employees and contract labour undergo a rigorous, yearly assessment. Based on periodic assessments, regular training programmes / refresher courses on health, safety and environment.

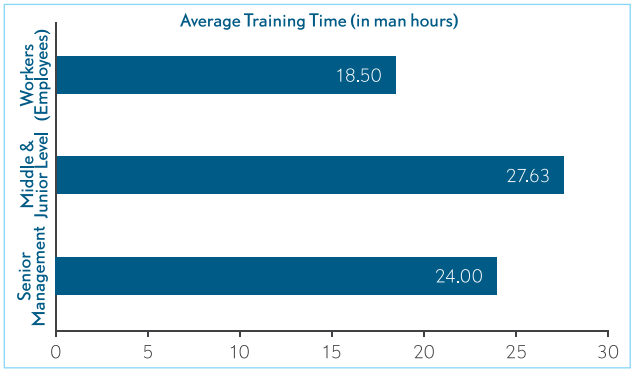
OUR APPROACH

A separate Tech Training Cell is in place to focus on enhancing the technical skills and behavioural development of the workforce. This cell also takes care of mentoring programmes, induction and

the rotational training of newly inducted trainees. Behavioural training is taken care by the Human Resource department where trainings which are directly linked with competencies of the employees are conducted. Experiential learning is the heart of our learning and development initiatives.. Furthermore, we regularly train our contractual workforce inculcating practical skills like emergency handling, first aid, workplace safety, firefighting, environment management and general health, and hygiene. During the reporting year, 710 HSE (health, safety and environment) training programmes were conducted, in which 14104.5 man-hours of training was provided to the contract workforce at our Gadepan plants. Some training programmes conducted during FY 2015-16 are listed below.

Behavioural Training
Business Writing Skills
Campus To Corporate
Communication Skills
Effective Communication Strategies
Enhancing Professional and Personal Effectiveness
Executing with Impact
Good To Great
Innovative Action at the Workplace
Internal Communication
Journey To Success
Leading For Success
Mastering Business Writing Skills
Me to We
Personal Effectiveness
Priority Centric Execution
Six Thinking Hats
Steps Towards Success
The Master Communicator
Think Straight Think Through
Time Management Tricks and Tools
Will to Win
Winning Edge Communication Strategies
Yes I Can!

Health Safety & Environment Training
Safety Induction (New employers)
Confined Space Safety
Effective Auditing of IMS
Environment Awareness
Fire Fighting and Emergency Handling
First Aid Certification
HSSEQ REFRESHER
Pollution / Accident Investigation / DMP / Solid Waste
PSM
PSM Refresher
Quality Risk Assessment
Safety in Material Handling
Safety Leadership
Technical Training
Mark Vie Control Systems
Advance MS Excel
AMM-II OTS HARDWARE INSTALLATION
AMM-II OTS INSTRUCTOR TRAINING
Balancing Fundamentals
Centrifugal Pump
Centrifugal Pump: Operation and maintenance (CBT- programme)
Cooling Water and Boiling Feed Water Treatment
GE –Measurement Solutions (Bentley Nevada, F&PT , CS & MS)
HT Motors
Level Instruments
Root Cause Analysis
SAP Refresher
VFD-POWERFLEX
Vibration Level 2



All management-grade employees are supported for membership of one professional body, wherein the annual membership fee is borne by the Company. We also have a self-development scheme for management employees, who are encouraged to enrol in professional training courses. Under this scheme, 50 percent of the tuition fee, subject to a maximum of ` 50,000, is reimbursed by the Company.

Local Communities

THE OUTLOOK

While shareholders and investors continue to be important for an organisation, a new influential stakeholder –in the form of the local community – has emerged. Organisations are being valued and rated (not just for their top and bottom lines) but for the 'social impacts' they are making on the ground. Has the organisation changed the life and well-being of local communities? Has the organisation been able to engage the local communities and win their support in implementing social programmes?

OUR APPROACH

At Chambal, we believe in a bottoms-up model of development. We proactively get engaged in activities on the ground to win the trust and understanding of various local communities. Our full-spectrum of Corporate Social Responsibility (CSR) programmes are designed to bring sustainable changes in the field of education, healthcare, infrastructure for our local communities, with the active involvement of the local communities.

- Socio-economic development of the local community.
- Engage the community as a key stakeholder in the development process.
- Improving the living standard of the communities in the regions where we operate.
- Strengthening of trust with the local communities/stakeholders.

Understanding our responsibility towards the local community, we are engaged in various social development activities since inception of the company. Many initiatives, which started on a small scale have, over the years, become big in scale and depth. We are presently catering the needs of the people living in 26 villages of Kota and Baran districts of Rajasthan.

All our development programmes are being channelled through KKBMS. This society is responsible for the implementation of our key CSR initiatives. Since we have a good understanding of the local region, and our goodwill among the village communities is high, we have aligned many of our social programmes with those of the Government: Skill India, Swachh Bharat Abhiyan, Beti Bachao-Beti Padhao, Sarva Shiksha Abhiyan, and Rashtriya Madhyamik Shiksha Abhiyan. Working together with the Government on the ground ensures that the impact of different social programmes is meaningful and scaled up.

EDUCATION

For us, education is an important social intervention. We are creating a positive impact on the lives of children and youth by extending them support - from pre-school education to job-oriented courses at Industrial Training Institutes (ITIs).

We have adopted 36 balwadis of 26 villages of district Kota in partnership with Pratham Education Foundation. The balwadis play an important role in preparing the children for pre-primary education. As a part of our CSR initiative, we have adopted seven schools during the year, taking the total number of adopted schools to 39 Government Primary, Upper Primary, Secondary and Senior Secondary Schools in 26 villages in the vicinity of our plants in Kota and Baran districts. The objective of this programme is to improve the education standards in these schools. Pratham Education Foundation, a renowned non-government organisation (NGO) has been engaged to improve the learning standards of students from nursery to class VIII. Kumar Classes – a renowned coaching institute from Kota has been engaged for remedial education for students of secondary and senior secondary classes.

A significant improvement has been observed in the learning outcomes of students in these schools post adoption by the Company. The performance of students went up significantly; achieving 99 percent in class XII board examination, and 96 percent in class X board examination. The renovation of six adopted schools was carried out during the year. Further, girls' toilets were constructed in six schools in the Sultanpur block. We also provided stationery, school bags, note books and winter clothing to around 3500 students.

CFDAV school (nursery to class 10) is being run in the Gadepan complex in collaboration with the DAV Trust and Management Society. The school is open for all meritorious students from adjoining villages. Over the years, the enrolment of students from adjoining area has increased manifold.

Education	2014-15	2015-16
	No. of Students	No. of Students
Pre-schooling - Balwadi	522	610
Primary Education (1-5)	2116	3204
Primary Education (6-8)		
Secondary (9-10)	383	781
Senior Secondary (11-12)	149	374
Total Students	**3170**	**4969**

Government School: A Success Story

Today, when every parent is running for a seat in private schools for their children, the scene in a remote village of Bhonra (near Chambal plant) is different. Here, parents from the neighbouring area are pulling out children from private schools and getting them enrolled in a government school. Such is the popularity of The Government Senior Secondary School, Bhonra.

The teachers have gone through proper planning and put children in charge of classes inculcating in them the values of team work and leadership skills. "Once we think students are ours, nothing will become a burden," said one teacher. During these years, there is a complete transformation in the approach of teachers due to our interventions. Students and teachers of Government Senior Secondary School, Bhonra are the torchbearers of the programme. It is their continued efforts that has made possible Chambal's objective of 'spreading quality education for underprivileged children in rural pockets of India'.Just five years back, the school was running from a dysfunctional building, hardly suitable for schooling activities. Today, the same building is a fully functional one, and has all the facilities for school-going children.

In FY2016, the school not only achieved 100 percent results in the board examination but also made arrangements for preparing students for engineering and medical examinations by way of remedial classes organised by Motion IIT institute. Our goal is to produce doctors and engineers from this remote location. A learning enhancement and readiness programme is also being run by Pratham for primary class students. Unlike other government schools, Bhonra has tried to incorporate a few programmes from private schools - annual week, sports week, cultural week and all other festivals.

SKILL DEVELOPMENT

We support a number of initiatives for imbuing young men and women with relevant trade skills to increase their employability in the market. To fulfil this objective, we have adopted four industrial training institutes, which have an aggregate seat strength of 1200. To keep pace with changing job market, and offer the youth a larger pool of job opportunities to choose from, we are continuously adding new course at the institutes. A large number of students at these ITIs are from rural areas. The ITIs are proving to be a beacon of hope for the rural youth, who can now think in terms of well-paying jobs and sustainable employment.

INDUSTRIAL TRAINING INSTITUTES (ITIs)

Our first adoption was ITI Sangod under the public-private partnership (PPP) model with the Government of Rajasthan.

Sangod is now considered a model ITI, and has received national recognition for excellence. In

2015-16, Sangod bagged the ASSOCHAM Best ITI Award under the PPP model.

Sangod has notched up a good placement record in the last two years. These youth are getting jobs in some of the well-known companies like Hero Moto Corp, VSun Mobiles, Gillette, Maruti Suzuki, Indian Railways, and LAVA mobiles.

Encouraged by the success of ITI Sangod, we adopted ITI Sultanpur in 2014-15, and subsequently, ITI Baran and ITI Jhalawar during the Resurgent Rajasthan campaign in 2015 under the 'Upgradation of 1396 ITI under the PPP model' scheme.

LIVELIHOOD AND EMPOWERMENT VOCATIONAL TRAINING CENTRES (VTCs)

The objective of establishing VTCs is to impart vocational skills to rural youth who have dropped out of the formal schooling system, so that they can improve their chances of making a gainful living. We have started four vocational training institutes in the villages around Gadepan. In the current financial year, 280 young men and women were

The Big Leap: From a Rural Government school Hero Motocorp

This is the story of Dheerap Kevat who defied all odds, and extreme poverty to secure himself a corporate career.

Dheerap belongs to Rolana, a small village located a few kilometres away from our factory. His father died when he was just eight years old, leaving behind his mother and a four-year old sister. His mother brought up both the kids by working in an aanganwadi (crèche). Though they were living a 'hand-to-mouth' existence, the mother didn't allow their difficult circumstances to come in the way of Dheerap attending a Government school.

Dheerap was a hardworking, conscientious student. He cleared the class 10 examination, and got admission at ITI Sangod on merit. Such was his determination that, even though the institute was a good 20 km away from his village, Dheerap never missed or was late for class.

Little wonder then, that he completed his course with flying colours, and was selected by Hero MotoCorp in a campus interview.

For Dheerap and his family, this has proved to be a life-changing event. His hard work and ability has assured him a sustainable professional career; and given him the means to rescue his family from the abyss of subsistence living.

Not surprisingly, Dheerap has become a role model for children in his village. Inspired by his example, children (and their parents) have realized the importance of finishing school education, and acquiring professional skills.

Dheerap (including 20 other students who were selected by Hero MotoCorp) were felicitated by Ms. Vasundhara Raje, chief minister of Rajasthan at the inaugural function of Chambal adopted ITI Jhalawar.

The Three Simliya Engineers

We take great care to ensure that all our CSR programmes are need-based and that they are sustainable. One example was the idea of starting a vocational training course that would provide gainful self-employment to qualified unemployed youth in the Gadepan region. This is how a new CSR programme was seeded.

We started by conducting a need assessment survey, and identified that the hot and humid climate exacerbated by regular power cuts and fluctuations generally caused damage to electrical products installed at homes and r farms in the region. The nearest mechanic could only be found only in Kota, which is 40 km away. Identifying this opportunity, we initiated a vocational training course in house wiring for the rural folks.

The stories of all those who did this course, and became gainfully employed are too many to narrate here. But we will tell one story that of the three unemployed engineers who took advantage of this opportunity and made a career for themselves.

The three engineers belong to a BPL family from Simliya, a small village near our plant. Though their economic conditions were poor, all the three managed to complete their senior secondary and polytechnic engineering course, but only to find themselves unemployed. Nothing was going their way until they joined Chambal's house wiring course.

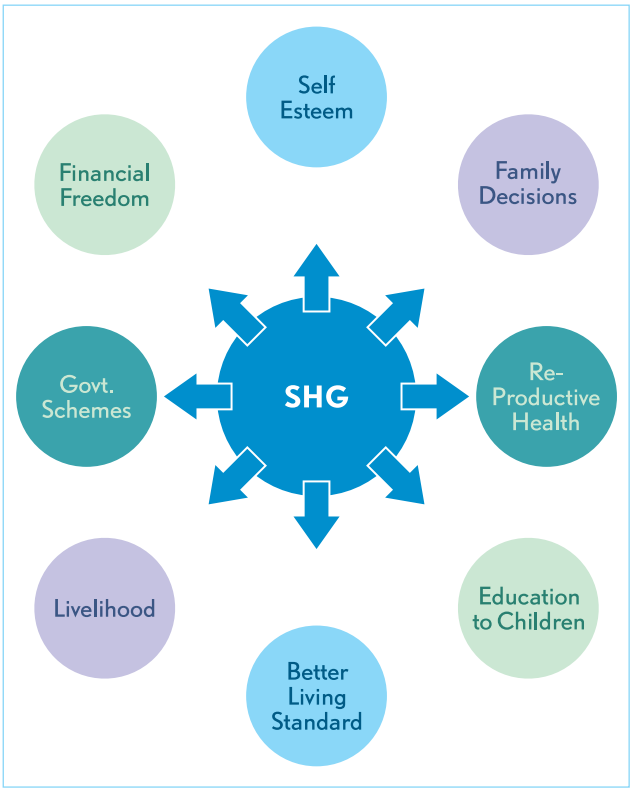
Since they were very poor, even commuting to the centre and buying essential materials essential for the course proved to be a huge challenge. But they didn't lose heart and started taking small jobs of wiring in the village to make some money. As they had just started learning and were unable to fix problems on their own, they found a unique way of fixing the problem. They would take the faulty equipment to the teacher at the vocational training centre and seek his guidance in solving the problem.

The programme came to an end after three months but it was a new beginning for the Similya engineers. As they grew proficient in their skills, they found the confidence to take on full-fledged electrical jobs. Today, they have managed to start a shop of their own, and each one is earning around ` 500/month, an amount three times of their family earnings.

trained in different vocational skills at these centres. Apart from empowering youth through vocational training programmes, we also run four community information training centres to impart basic digital literacy skills.

SELF-HELP-GROUPS (SHGs)

Our self-help-group programme, which creates supplementary incomes for rural women, is aimed at providing social dignity and economic independence to them through micro-enterprises and self-employment. SHG members are trained in vocational activities such as beauty parlour, tailoring, bangle making, and pottery.



Total number of SHGs	31
Total women	310
Total corpus	12.14 lakh
Villages	9

Table 17: Self Help Groups (SHGs)

We also work with NGOs and the government to empower local communities. The idea being to help the local communities leverage benefits of different government schemes by helping them become facilitators. Consequently, under the village contact drive, government schemes are being awarded to local communities.

A self-help group (SHG) is a village based financial intermediary committee usually composed of 10–20 local women or men. The concept of self-help groups first took root in rural India and become a successful initiative to empower women through micro loans, helping them adopt new and sustainable livelihood activities. Under our livelihood initiatives, there are 31 SHGs in operation.

This is the story of Ganesha, from Kundanpur, a SHG member.

Ganesha was financially weak and unable to meet the daily needs of her family. Six months back she managed to start a very small-scale goat farming business. (In the rural areas of Rajasthan, the goat is likened to an ATM, which can provide sustained financial support). Realizing the value of a goat, Ganesh bought two of these animals for about ` 8000 by taking a loan from her SHG. She has been able to realize financial resources to the tune of around ` 32,000 after her first sale. This has not only boosted her family income but also her confidence. She has become a role model among other members of the SHG in her village. On being asked about her future plans, she choked up and tears rolled off her face. These were tears of gratitude and happiness. "Many of us have started supplementing the income of our families; my accomplishment gives me a sense of dignity and feeling of happiness", she said.

INFRASTRUCTURE AND SANITATION

We believe in sharing our business success with the local communities where we are operating. The local communities are facing lack of quality infrastructural support like all-weather roads, drinking water facilities, irrigation systems and community halls. These services are needed to improve the quality of life in the rural areas. During the year under review, we constructed eight cement concrete roads / pavements in the villages near Gadepan under the PPP scheme. Under the Swachh Bharat Mission, 130 individual toilets were constructed in which the government contributed ` 12,000 per toilet and rest of the expense had to be borne by us. We also conducted a year-long IEC campaign in the Sultanpur block of Kota district that resulted in the construction of around 2500 toilets.

Pachra Ki Jhonpadiyaan: Declaring an end to open defecation one village at a time

I am a farmer who inherited my parent's land, livelihood, living area and unfortunately, the habit of defecating in the open. Not one of the 300 houses in our village had individual toilets. As a result, my wife, children, including me, and other villagers, always defecated in the open, on the land behind the village. We were also quite ignorant of the link between diseases and open defecation. And, quite frankly, hygiene was the least of our priorities. All that changed when I built a dedicated latrine within the four walls of my house to relieve ourselves.

Shambhu ,Farmer from Pachda Ki Jhonpadiyan

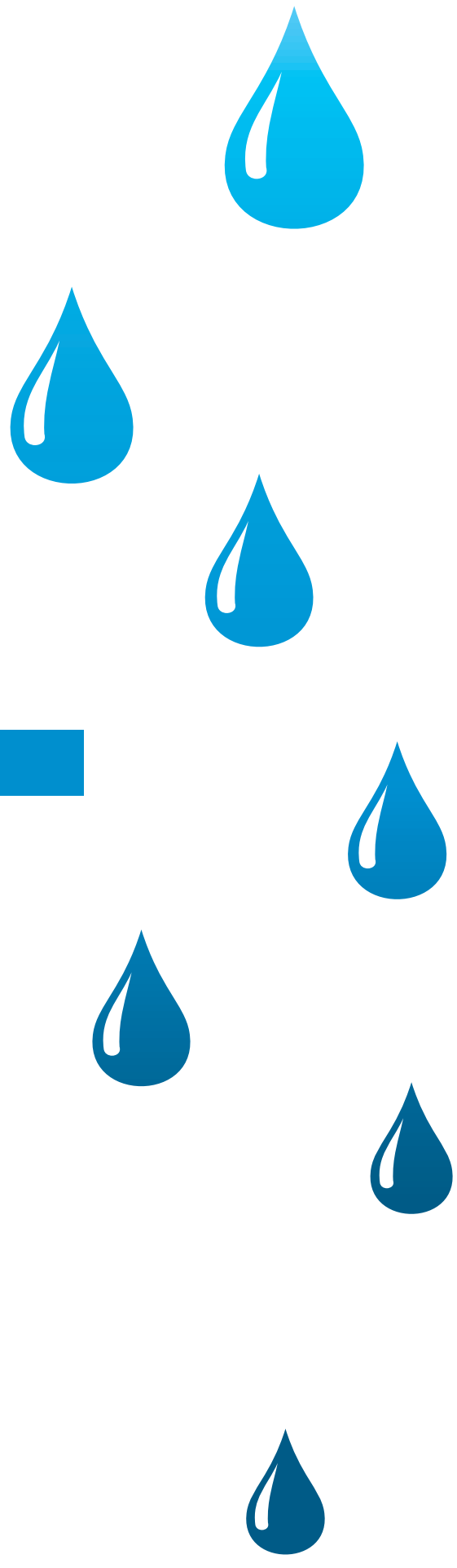
Pachra Ki Jhopariya is all set to become the first open defecation free village in the Hadauti region of Rajasthan.

HEALTHCARE

We are committed to the safety, well-being and good health of the communities residing around our plants. To better realize this objective, we have partnered with the school health annual report programme (SHARP), a national NGO working in the health sector. SHARP is working with us in schools, villages and ITIs.

The focus of our intervention is both prevention and cure. Health camps and health awareness camps are regularly organised on subjects as diverse as menstrual health, perils of tobacco consumption, and nutrition. Mobile vans-cum-emergency vehicle are available for the local community on a 24 x 7 basis. Moreover, the local communities can access the Company health care centres located in the Gadepan region for their healthcare needs. Additionally, they can avail the services of visiting specialists in fields such as paediatrics, gynaecology, skin, dentistry and ENT.

Sustainability in Supply Chain



Sustainability in Supply Chain

There are numerous reasons why companies start a supply chain sustainability journey. Primary among them is to ensure compliance with laws and regulations and to adhere to and support international principles for sustainable business conduct.

Though a supply chain sustainability policy is yet to be formulated by the government, we have taken the lead in defining and documenting it. The focus is to ensure quality, timely procurement, and lowest price as well adherence to all statutory norms and guidelines. Our procurement policy encourages open and fair competition. The following documents provide guidelines as well as financial limits for all activities related to procurement and material handling, while emphasizing on economic, social and environmental integrity throughout the chain.

- Purchase Procedure
  This document clearly defines the process to be followed for procurement of material/ services. This includes vendor selection/registration, floating of enquiries, placement of orders and vendor(s) rating, etc.
- Stores Procedure
  This document outlines the process to be followed after receipt of material at Gadepan which includes documentation of inward receipt, inspection, and issue of material, sale of scrap/surplus material, inventory control, and sending material for repair/refurbishment and preservation of inventory.
- Limits of Authority Manual
  This manual defines financial limits/delegations which are to be followed while procurement of material/services.

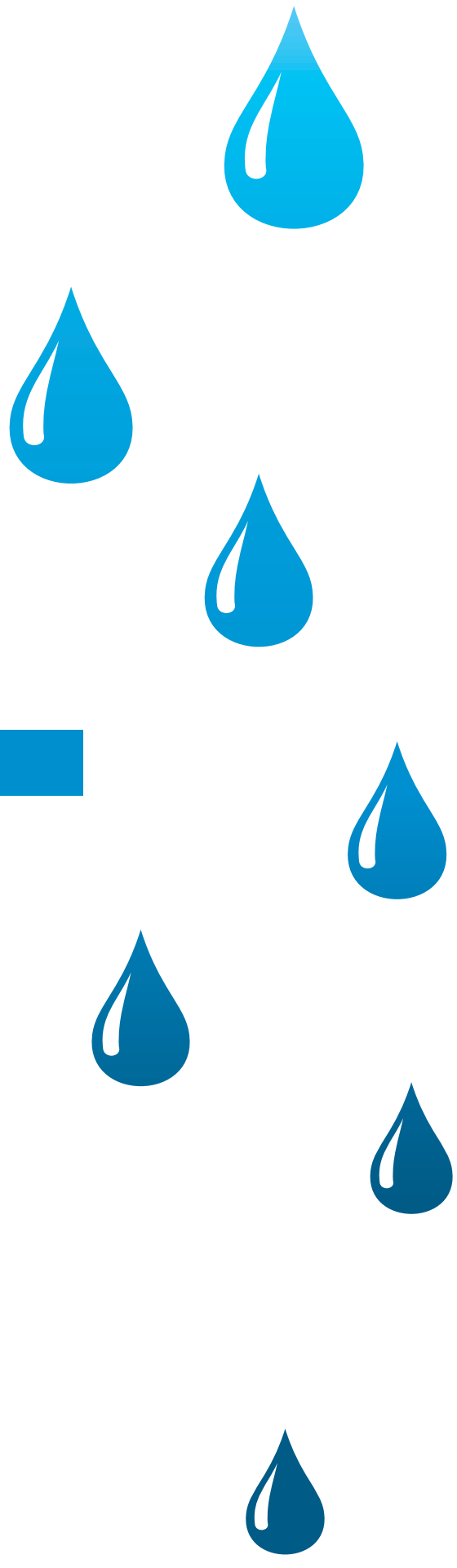
All the above processes are integrated, and SAP is used for seamless functioning of the materials department. The Purchase Order communicated the fact that Chambal is certified for ISO 9001, 14001 and OHSAS 18001, and that all vendors have to follow the highest standards during manufacturing and also exercise controls with respect to occupational health, safety, environment and legal considerations. A special document with respect to supplier conduct principles is attached with each order wherein guidelines are provided to the supplier with regards to labour laws, child labour, wages, working hours, non-discrimination, health/ safety, environment protection, ethical dealings, etc. The vendors are also advised to maintain documentation to demonstrate compliance(s) as and when requested by Chambal. It is also ensured that payments are released to vendors as per contractual terms so that long term relations are maintained.

Chambal is very concerned about safety, labour laws and all statutory / legal compliances while awarding contracts for services to be executed at Gadepan. These are specified clearly in Annexure-A and B of each contract. The performance of contractors is evaluated on a periodic basis, and regular meetings are held with them to give them both positive and negative feedback, so that they can focus on rectifying their weaknesses.

It is thus our endeavour to ensure optimal sourcing in a cost-efficient manner without compromising on quality and compliance to statutory compliances. A similar vigilant process and principles of sustainability are followed at every stage in the life-cycle of raw material/product sourcing, including packaging, dispatch, warehousing and transportation. The total number of vendors engaged during FY 2015-16 were 1039, with a total contract value of approximately ` 500 crore, excluding the gas cost and the traded products.

For us, our vendors and contractors are members of Team Chambal - our partners in progress. They have played a key role in our success. On many occasions, we have also found their inputs to be invaluable - leading to technical improvements, higher machine efficiencies, and even a reduction in costs.

Other Statements



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Glossary of Terms

ADL	Agriculture Development Laboratory
ASSOCHAM	Associated Chambers of Commerce and Industry of India
BOD	Biological Oxygen Demand
BSE	Bombay Stock Exchange
CF DAV	Chambal Fertilisers DAV School
CFC	Chlorofluorocarbon
CFCL	Chambal Fertilisers and Chemicals Limited
CO2	Carbon Di Oxide
COPD	Chronic Obstructive Pulmonary Disease
CREP	Corporate Responsibility for Environment Protection
CSR	Corporate Social Responsibility
DAP	Di Ammonium Phosphate
DMA	Disclosure on Management Approach
DWT	Dead Weight Tonnage
EC	Economic Performance Indicators
EHS	Environment Health and Safety
EN	Environment Performance Indicators
ENT	Ear, Nose and Throat Specialist
ETP	Effluent Treatment Plant
EVD	Economic Value Distributed
EVG	Economic Value Generated
EVR	Economic Value Retained
FAI	Fertiliser Association of India
FCO	Fertiliser (Control) Order
FICC	Fertiliser Industry Coordination Committee
FICCI	Federation of Indian Chamber of Commerce and Industry
FY	Financial Year
Gcal	Giga Calories
GET	Graduate Engineer Trainee
GHG	Greenhouse Gases
GJ	Giga Joule
GRI	Global Reporting Initiative
GRI G4	Global Reporting Initiative, Generation Four
GV	Geomarco Vetro Coke
HDPE	High Density Polyethylene
HR	Human Rights Performance Indicators
HR	Human Resource
HSE	Healthy, Safety and Environment
HSEQ	Health, Safety, Environment & Quality System
ICC	Indian Chemical Council
IFA	International Fertiliser Industry Association
IMACID	Indo Maroc Phosphore S.A.
INR	Indian Rupee
IR	Industrial Relations
ISO	International Organization for Standardization
ITI	Industrial Training Institute

KG	Kilogram
KKBMS	KK Birla Memorial Society
KRES	KBR Reformer Exchange System
LA	Labour Performance Indicators
LLP	Limited Liability Partnership
LNG	Liquefied Natural Gas
MARG	Mutual Aid & Response Group
MOP	Muriate of Potash
MS Scrap	Mild Steel Scrap
MT	Management Trainee
MT	Metric Tonne
N2O	Nitrous Oxide
NADEP	A compost method developed by Naryan Devrao Pandri Pandey
NG	Natural Gas
NGO	Non-Government Organization
NIHL	Noise Induced Hearing Loss
NIP	New Investment Policy
NOx	Oxides of Nitrogen
NPS	New Pension Scheme
NPS	New Pricing Scheme
NSE	National Stock Exchange
OCP	Operation Control Procedures
ODS	Ozone Depleting Substances
OEM	Other Equipment Manufacturer
OHSAS	Occupational Health & Safety Advisory Services
OSHA	Occupational Safety and Health Administration
PAR	Performance Analysis Review
PAT	Profit After Tax
PBT	Profit Before Tax
PMS	Performance Management System
PPP	Public Private Partnership
PSM	Process Safety Management
PVC	Polyvinyl Chloride
RLNG	Re-gasified Liquefied Natural Gas
S & D	Supply and Distribution
SEBI	Securities and Exchange Board of India
SHGs	Self Help Groups
SHARP	School Health Annual Report Programme
SM3	Standard Cubic Meter
SO	Social Performance Indicators
SPM	Suspended Particulate Matter
SSP	Single Super Phosphate
STP	Sewage Treatment Plant
tCO_2	Total Carbon Di Oxide
TMOs	Trainee Marketing Officers
TSS	Total Suspended Solids
UN	United Nations
USD	US Dollar
VFD	Variable Frequency Drive

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