

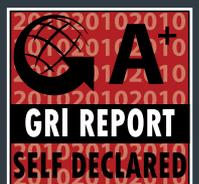


CHAMBAL FERTILISERS  
AND CHEMICALS LIMITED

Sustainability Report 2012-13



small children  
big dreams



## Chambal Sustainability Policy

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

### Guiding Principles

Towards this commitment, the Company shall:

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

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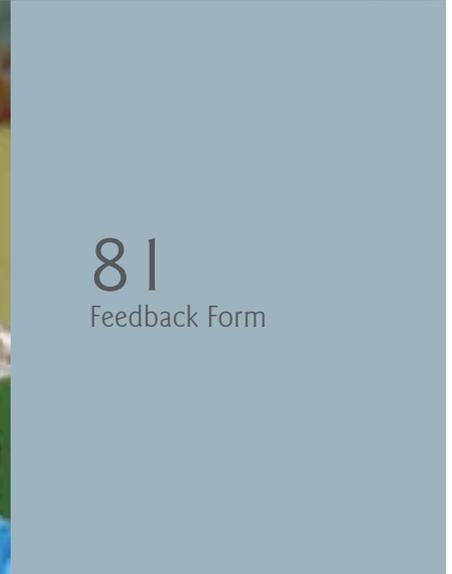
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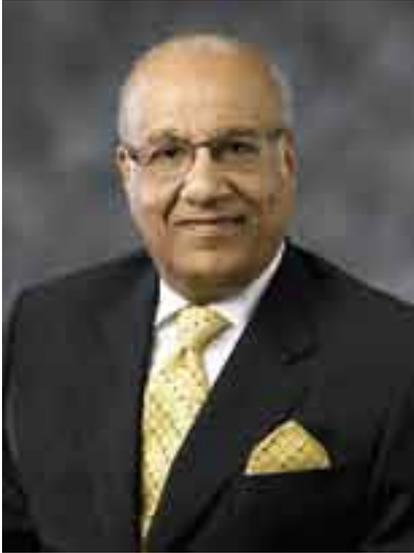


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## Chairman's Message



### Dear Stakeholder,

The social challenges arising out of environmental degradation, inequitable growth, unbridled consumption and endemic illiteracy are now widely acknowledged as the major threats for the future sustainability of economies. To usher in a secure, sustainable and prosperous world, the need of the hour is a new development model that effectively addresses the above challenges on a war footing. Equally imperative is the need for all the elements of society to participate in this great task of nation re-building.

In other words, the responsibility for creating a development paradigm that ensures the well-being of present and future generations by building sustainable societal and environmental capital is as much a responsibility of the business community as it is of governments and other organs of civil society.

At Chambal, we have taken up the above responsibility by crafting the 'Live Responsibly' initiative. This is basically a commitment to create lasting shareholder value and wealth; build social capital; preserve and enrich natural resources; and find more just and inclusive ways of living, working and doing business.

Our fourth consecutive Sustainability Report presents our efforts in creating value across the economic, environmental and social dimensions of the Triple Bottom Line. This year, the theme of our report is 'Small Children, Big Dreams'. The theme focuses on our efforts in nurturing and developing human capital in the catchment habitations of our manufacturing plants through skills development, vocational training and most importantly, by enhancing the quality of primary education.

In the reporting year, your Company posted reasonably good results in the face of difficult business conditions. Our agri-business division saw a healthy growth. Production and sales of urea was 2.09 million MT and 2.03 million MT respectively. The shipping business continued to be under stress and signs of recovery are not yet visible. The textile business improved its performance and achieved encouraging results.

Chambal registered a revenue of ₹ 7341 crore on a standalone basis as against ₹ 6462 crore during the previous fiscal. Profit After Tax at ₹ 306 crore, grew by 24%. Our continued focus on traded goods over the last few years has borne rich fruits. Revenue of traded products shot up by 11.5%.

Your Company has made an abiding commitment to the safety and health of its people.



We carefully adhere to international levels of safety and occupational health standards. The commitment in this regard has been validated by numerous certifications and national safety awards.

We have continued with our commitment to improve the quality of life for the farming community in our marketing areas and in particular, the community living in close proximity of our plants. Over the years, this commitment has seen us address development issues like rural infrastructure, afforestation, animal husbandry, healthcare, education, water harvesting, vocational training and women's empowerment at the grassroots level. While we continue to work vigorously in these areas, our focus in the last two years has been on providing better primary education.

At Chambal, we have taken steps to enhance the education quotient

of children. Under our Uttam Roshani programme, we have initiated well-targeted primary education, skill-development and vocational training programmes. These initiatives are now operational in 24 schools in 22 villages in and around our Gadepan factory complex, benefiting about 2000 children.

As an organisation, we have adopted high corporate governance standards – strong ethical values, high level of integrity, transparency and accountability – in all our activities. This, we believe, is essential to retain the trust and confidence of all our stakeholders and achieve long term business success.

This Report titled 'Small Children, Big Dreams' shares 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 an external agency – Ernst & Young LLP.

Lastly, I would like to reiterate our commitment to helping little children in rural communities to lead better lives and dream of a better future. I would also like to reaffirm our commitment to building a Company that's a good corporate steward and that consistently delivers growth and profitability.

With best wishes,



**Saroj K. Poddar**  
Chairman

## Small Children, Big Dreams

In a 'knowledge' and 'technology' driven world as the 21st century is widely claimed to be, the key driver for securing the future of children (and nations) is education.

A good education empowers a child to build a gainful career, raise the family's standard of living and lead a life of dignity and respect. In short, it enables children and their families to lead a better life and dream of a better future.

For India, the challenge is particularly acute as there is a yawning gap between demand and supply in the education domain. According to one government study in 2011, there was a deficit of 60 million seats at the primary school level. Even this figure could be quite optimistic as many (rural and urban) schools effectively exist only on paper.

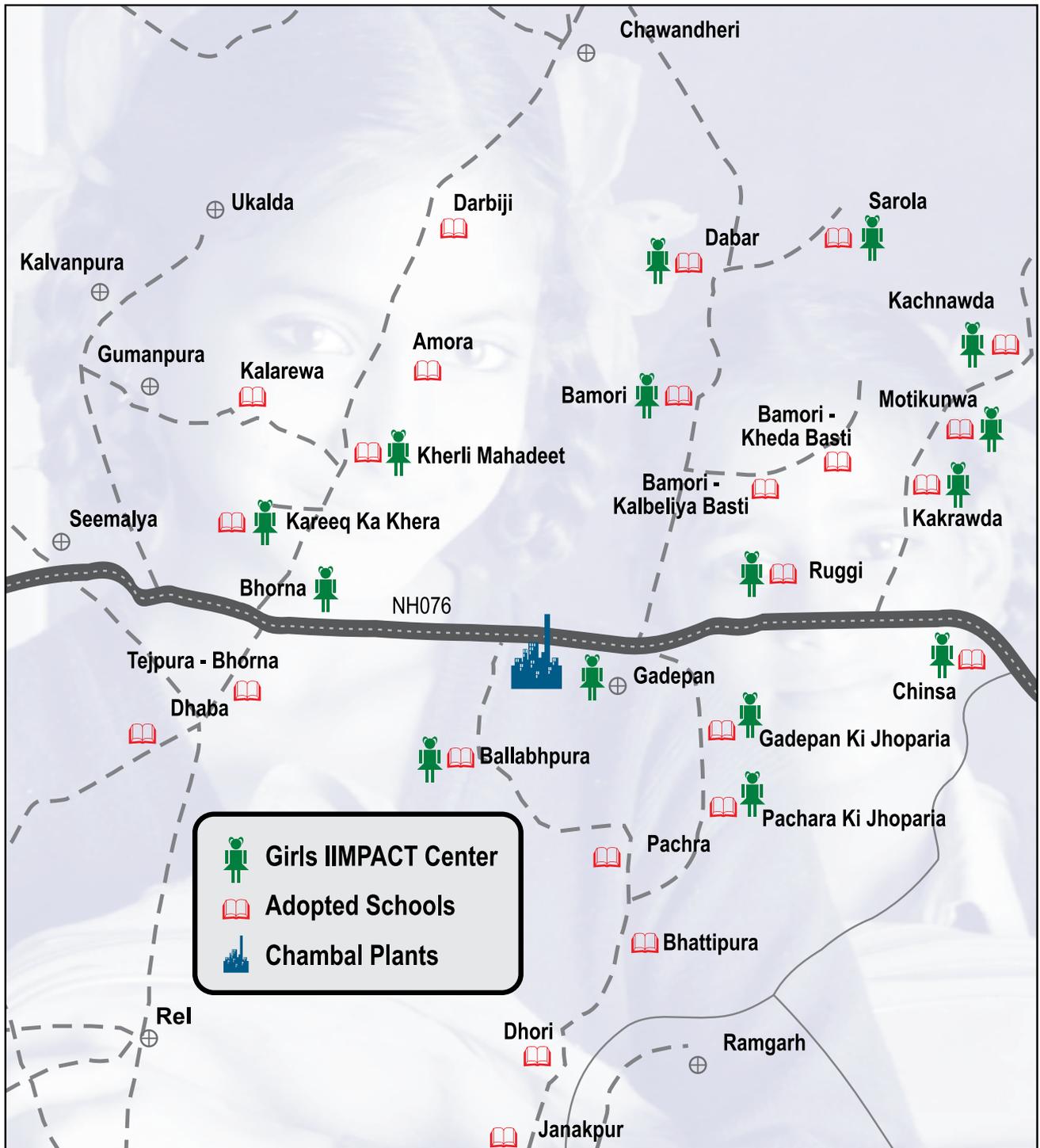
The situation is equally dismal when it comes to higher education, skills development and vocational education infrastructure. Against a working-age population of over 550 million in 2011, the total skills development capacity stood at less than 4.3 million per annum.

At Chambal, we are committed to enhancing the education quotient of children, so that they are in a strong position to realize their dreams, however big. Under our Uttam Roshani programme, we have initiated inclusive primary education, skill development and vocational training programmes. These initiatives are now operational in 24 schools and 15 learning centres in 22 villages in and around our Gadepan factory complex, benefiting about 2000 children across social strata and gender divides.

This year, our Sustainability Report flags our efforts in strengthening primary education in a small corner of Rajasthan.



About 2000 children are busy realizing their dreams at Chambal-aided schools





## Ensuring all children of school-going age enroll and stay in school

### Making education of children the key concern for parents

The primary education system across the country is bedevilled by low enrollment, poor attendance and high drop-out rates.

Chambal is trying to address these critical challenges in its sphere of influence through a pull-and-push strategy. The 'pull' strategy involves making the school an enjoyable learning experience, so that children eagerly look forward to coming there every day.

The 'push' strategy involves making village elders, community leaders and of course parents, stakeholders in the primary school and convincing them about the need to send their children to school.

Chambal has adopted 24 primary and upper primary government schools in 22 villages under the public-private partnership scheme of the Government of Rajasthan, so that quality education can be extended to a large population of children.





## Enhancing hygiene habits and sanitary conditions in villages

### Education as a trigger for changing deep-rooted mind-sets

Chambal is successfully leveraging the school system as a change agent. The idea is to change attitudes and habits, especially in the areas of personal hygiene and sanitation.

Since children, themselves can be effective change agents and influence others in the village, they are given basic lessons in grooming, health and cleanliness. Special educative campaigns revolve around washing hands with soap, bathing every day, putting away waste in dustbins, washing vegetables and fruits, using latrines, keeping houses and its environs clean.

Chambal has teamed up with Gramin Vikas Trust, an NGO to construct toilets under Government of India's public-private-community partnership scheme. This sanitation programme, has seen about 800 toilets being built during the last two years.





## Enriching the learning environment by strengthening the school infrastructure

Education as a  
tool for motivating  
children to excel  
in life

**C**hambal is securing the future of school-going children by upgrading the existing school infrastructure, adding new facilities and building the skill sets of teachers.

The interventions include constructing classrooms, boundary walls, pavements, toilets and playgrounds; providing classroom furniture, blackboards and other teaching aids; repairing and renovating buildings; and building hand pumps and tube wells.

Capacity-building programmes for teachers have been introduced to ensure that teachers remain academically relevant, skilled and motivated to do the best for children under their care.





## Boosting a child's prospects in life

Education as a  
means to secure  
the future

In a technology-driven world, the need for technically-qualified manpower with industry-relevant skills is of paramount importance.

Chambal is working industriously to fulfil this need in a fairly backward and rural part of Rajasthan.

Chambal has adopted an industrial training institute – ITI-Sangod – under the public-private partnership scheme of the Government of Rajasthan. The objective is to strengthen infrastructure and introduce technical courses that are in sync with industry demand and employment needs; and forge a strong, mutually rewarding industry-academia relationship.

Since 2010-11, when Chambal took over its reigns, ITI-Sangod has taken important steps towards evolving into a model Industrial Training Institute in the state.





## Drawing more girl-children into the education system

### Education as a stepping stone for building equity

To usher in real social equity and empower India's future generations, the primary education system needs to open its gates to all children, irrespective of social strata and gender.

The key thrust of Chambal's education initiative is making primary education accessible to all – especially the underprivileged sections like girl-children in a village community.

To ensure that girls are 'ready' for school, Chambal, in partnership with NGO-IIMPACT, has initiated capacity – building programmes for them in specially constituted village learning centres. Additionally, girls are being provided scholarships, free mid-day meals, uniforms and books; and exclusive toilets have been set aside for them. The impact of these programmes on the weaker sections of society has been impressive: school enrollment has shot up and drop-out rates have significantly reduced.





Education  
as the way  
to building  
a healthier  
society

## Strengthening the health and fitness quotient of children

**W**ellness or good health is the key for leading an active, happy and successful life. The foundations of wellness in a person are best laid at an early age.

Chambal is laying the foundation of a healthy society in the village communities lying in close proximity to its plants by focusing on the healthcare needs of children and their families.

School children (and villagers) are being sensitized about proper diet and nutrition, fitness regimens and the need to maintain high standards of personal and community hygiene.

Chambal's healthcare initiatives include regular medical check-ups, ambulance and doctors on call, vaccination drives and free medicines.





# Report Parameters

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

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

## Purpose and Audience of Reporting

Through this fourth edition of our Sustainability Report, we wish to communicate with our stakeholders about our sustainable development policies, practices and performance for the period April 1, 2012 – March 31, 2013.

Chambal Fertilisers initiated reporting its sustainability performance in FY 2009-10. Our last Sustainability Report titled 'Securing the present and the future' was published for FY 2011-12 and conformed to A+ Application level of GRI.

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

## Defining the Report Content

There has been no significant change in the reporting scope or boundary limits over the last reporting year. The reporting principles and methodology continue to remain in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting (2006) – GRI G3 Guidelines.



In addition, this report is in compliance with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business enunciated by the Ministry of Corporate Affairs, Government of India. The nine principles of the guidelines have been mapped against the disclosures in this report, in the relevant sections.

## Indicator Selection and Application Level

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

## Boundary, Scope and Data Collection

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

The Economic Performance data reported is drawn from the Company's audited Annual Accounts for FY 2012-13 unless otherwise stated.

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

In order to show trends, most of the performance indicators have been presented for three years – FY 2010-11, FY 2011-12 and FY 2012-13.

This report was made possible through the collaborative efforts of our various departments: Production, Environment, Utilities,

Safety, Technical, Materials, Supply & Distribution, Marketing, Finance, Legal & Secretarial, Human Resources, CSR and Corporate Communications.

## Assurance

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

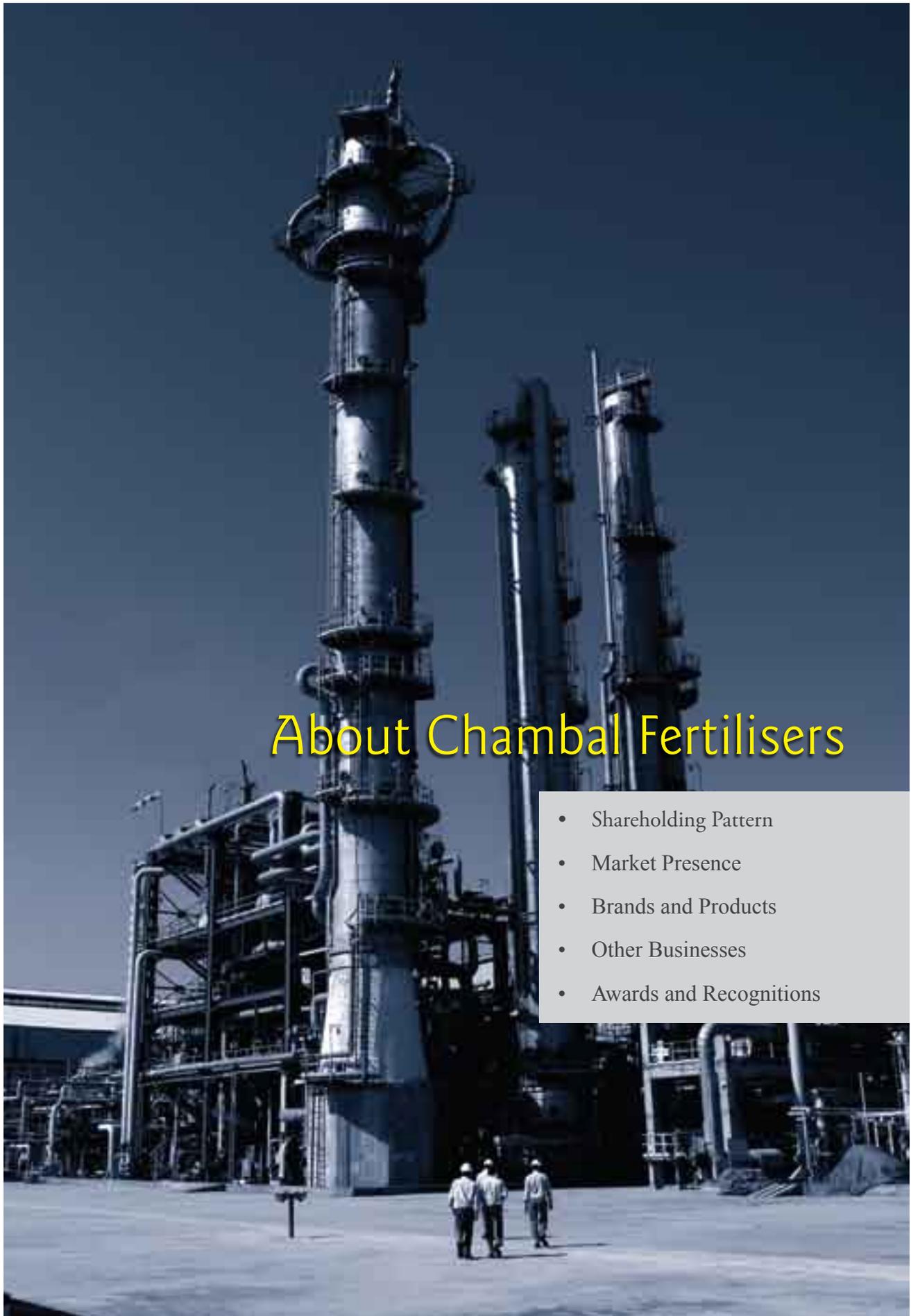
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Any query with respect to this report may be addressed to Corporate Communications at the above address or e-mail at [live.responsibly@chambal.in](mailto:live.responsibly@chambal.in)

## Disclaimers

- The terms 'Chambal', 'the Company', 'the organization', 'we', 'us', refers to Chambal Fertilisers and Chemicals Limited and are used purely for convenience sake and are not intended to mislead the reader.
- Forward looking statements mentioned in this report are provided to bring forth our sustainability plans and activities. These statements are based on our current understanding of macro-economic and sustainable development issues as widely debated in the world. Undue reliance on these forward looking statements is not advised because these statements reflect management's current analysis of future events, which might not prove to be exact in this rapidly changing world.



## About Chambal Fertilisers

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

## About Chambal Fertilisers

Chambal Fertilisers and Chemicals Limited is one of the largest private sector fertilizer producers in India. It was promoted by Zuari Industries Limited in 1985. Its two hi-tech nitrogenous fertilizer (urea) plants are located at Gadepan in Kota district of Rajasthan. The two plants produce over 2 million MT of urea per annum. The first plant was commissioned in 1993 and the second in 1999. These plants use state-of-the-art technology from Denmark, Italy, United States and Japan. In 2013, Chambal ventured in production of Single Super Phosphate (SSP) by setting-up a 600 MT per day capacity manufacturing facility at Gadepan.

### Shareholding Pattern

The equity shares of the Company are listed at the National Stock Exchange of India Limited and BSE Limited. Its shareholding pattern as on March 31, 2013 is given in Graph 1.

### Market Presence

Chambal Fertilisers caters to the needs of the farmers in eleven

states in northern, eastern, central and western regions of India and is the lead fertilizer supplier in the state of Rajasthan. The Company has a vast marketing network comprising 13 regional offices, 1700 dealers and 20,000 village level outlets.

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

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

### Brands and Products

Chambal's flagship product – urea is marketed under the brand name Uttam Veer and is very popular among farmers in its area of operation.

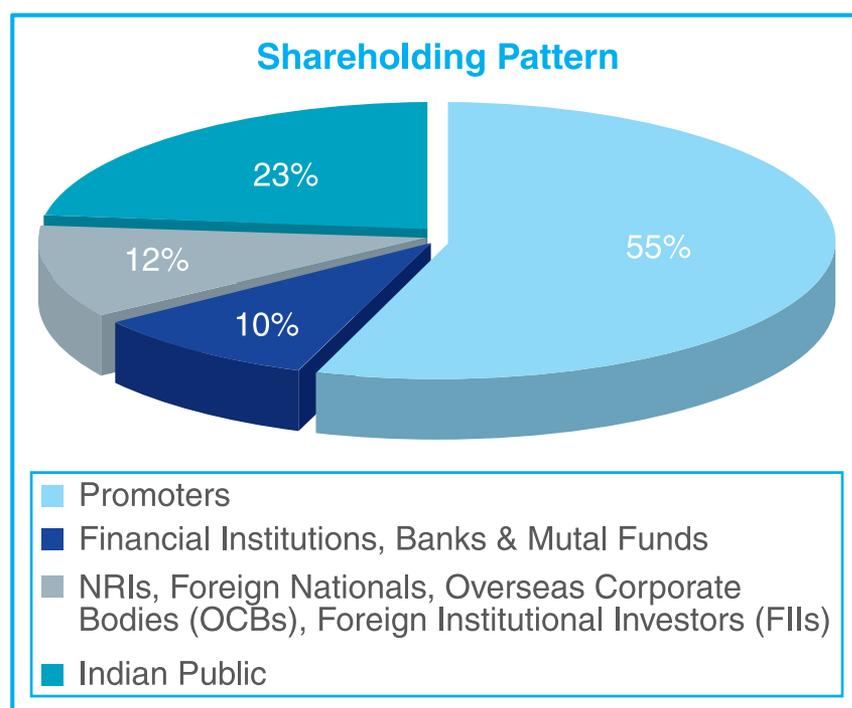


Chambal Fertilisers caters to the needs of farmers in eleven states in northern, eastern, central and western regions of India and is the lead fertilizer supplier in the state of Rajasthan.

Apart from fertilizers, Chambal also offers a range of products for each stage of the crop cycle. Its complete basket of integrated crop solutions to farmers includes DAP (Di-Ammonium Phosphate), MOP (Muriate of Potash), SSP (Single Super Phosphate), insecticides, herbicides, fungicides, seeds and other micro nutrients. Most of these inputs are sourced from reputed suppliers and sold under the 'Uttam' umbrella brand. The Company is a leader in the pesticide business in north India.

### Other Businesses

Over the years, Chambal Fertilisers has not only consolidated its position in agri-business, it has also diversified into other sectors. Its shipping division under the name India Steamship operates 5 Aframax tankers with a combined capacity of over 5,00,000 DWT. The Company's textile division – Birla Textile Mills – is located at Baddi, in Himachal Pradesh. The mill has a state-of-the-art spinning unit with a capacity of over 83,000 spindles.



Graph 1: Shareholding pattern

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

BUSINESS DIVISIONS



AGRI-BUSINESS



TEXTILE BUSINESS  
Birla Textile Mills

BUSINESS DIVISIONS

DIVERSIFIED PORTFOLIO

BUSINESS DIVISIONS



SHIPPING BUSINESS  
India Steamship

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

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

JOINT VENTURE AND SUBSIDIARIES

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

In addition, Chambal Fertilisers has a joint venture in Morocco for manufacturing phosphoric acid and has subsidiaries in the software sector.



At the forefront of Chambal's vision to provide integrated crop solutions to farmers is its Uttam Bandhan programme, one of the largest technology-based interventions by a private sector fertilizer Company.

Awards & Recognitions 2012-13

FAI Runners Up award for 'Best Overall Performance of an Operating Fertilizer Unit for nitrogen' for 2011-12.

FAI Environment Protection Award for three consecutive years – 2011-12, 2010-11 and 2009-10.

CII National Award for Excellence in Water Management for 2012.



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

## Integrated Crop Solutions

Fertilisers



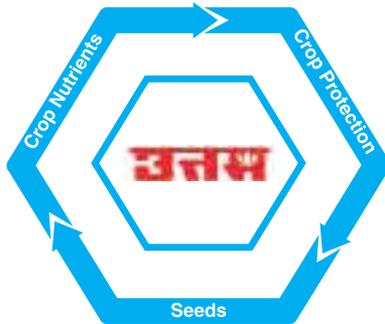
Weedicides



Speciality Products



Insecticides



Seeds



Fungicides





## Opportunities, Threats and Risk Management

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

# Opportunities, Threats and Risk Management

## I. Global Sustainability Trends

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

## II. Risk Management Framework

We understand that continuous assessment of our 'risk profile' will determine the level of our economic success. Our presence in various businesses requires us to identify, measure and manage our risks effectively, and to allocate necessary resources for the same.

At Chambal, the key responsibility of 'Risk Management' vests with the Board of Directors. Our robust 'Risk Management Policy framework' helps us to identify our inherent key and non-key risks. The policy

is reviewed on a half yearly basis and the changes along with the revised policy are informed to the Board.

## III. Fertilizer Industry Structure and Developments

### a) Raw Material

Natural gas is the main input for production of urea. The natural gas supplies in India are through two sources – a) Domestically produced natural gas and b) Re-gasified liquefied natural gas (RLNG). The liquefied natural gas (LNG) is imported and re-gasified in India. LNG imports are made in India through long term and spot contracts. Gas prices, in the last few years, have seen a rising trend due to increase in crude oil prices and increased demand of LNG in Japan post Fukushima nuclear disaster.

Both fertilizer plants of Chambal are operating with natural gas in the form of feed and fuel. The Company sources natural gas from multiple sources and has long term gas supply agreements with the suppliers. Chambal resorts to spot purchase of gas in the event of shortfall in gas supply to maintain production schedules. RLNG cost



Chambal keeps itself abreast of global sustainability concerns like energy consumption, eco-friendly packaging, responsible labelling and voluntary programmes like Responsible Care, and IFA (International Fertilizer Association) guidelines.

has increased due to increase in its prices as well as sharp decline of the Rupee against the US Dollar.

### b) Demand – Supply Scenario

The urea demand-supply gap in the country has been gradually increasing in the absence of new investments in the sector. India imported around 8 million MT of urea during 2012-13, which was about 27% of the total urea consumption in the country. Urea import prices were volatile during the year and varied between USD 394 and USD 536 per MT. In order to reduce the dependence on imports, the Government of India has recently announced a New Investment Policy 2012 for attracting fresh investments in urea sector.

### c) Developments in Government Policies

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

The announcement of New Investment Policy 2012 (NIP) for





urea is being perceived positively by the urea industry and there is a lot of enthusiasm for fresh investment in the urea sector. Many existing players have chalked out plans to expand their urea production capacity through brown-field expansion plans. The setting up of new plants will largely reduce the urea demand – supply gap. NIP provides a structure of an Import Parity Price (IPP) linked 'floor and ceiling price' based on the delivered gas price, for the calculation of amount of subsidy payable to urea units. The NIP will only cover those units whose production starts within five years from the notification of the policy. Further, the dispensation of guaranteed buy-back under the policy will be available to the units for a period of eight years from the start of production. The new policy has created a conducive environment for new investment in the urea sector as the policy provides a cover for increase in gas prices.

The Government of India proposes to give fertilizer subsidy directly to

the farmers as against routing it through fertilizer producers. The task force constituted to implement the direct subsidy to farmers has suggested a three-phase roadmap for this purpose. Under Phase-I, the data regarding supply of fertilizers up to the retailer point has to be captured in the system. Phase-II envisages payment of fertilizer subsidy to the retailers and the subsidy is proposed to be paid directly to the farmers under Phase-III. The Government of India has already rolled out Phase-I during the year and the subsidy payment has been linked to acknowledgement of receipt of material by the retailer. The roll out of Phase-II is yet to be announced.

#### IV. Opportunities & Threats

After the announcement of the 2012 New Investment Policy for manufacture of urea, the Company plans to expand existing capacities at Gadepan to produce additional 1.3 Million MT per annum urea through a brown-field expansion project (Gadepan-III project). The Board of Directors has already

approved setting up of the project. We are expecting certain clarifications from Government of India on the approvals required. The implementation of Gadepan-III project will place the Company in a different league and will further strengthen its position in the urea segment.

Implementation of the nutrient-based subsidy by the Government of India has given a major impetus to



The fertilizer plants of Chambal are operating with natural gas in the form of feed and fuel. The Company sources natural gas from multiple sources and has long term gas supply agreements with the suppliers.



the trading activity of the Company. Our strong marketing network and brand image gives us an advantage in ramping up the sales volumes of our traded products.

We have set up a 600 MT per day capacity Single Super Phosphate (SSP) production facility at

Gadepan. SSP is also used as a substitute to Di-Ammonium Phosphate (DAP) and has very good potential in view of the prevailing high retail prices of DAP.

If there is substantial capacity addition in the urea sector during

the next few years, it may result in an over-supply situation. Further, the glut in the phosphatic fertilizer market due to high product prices may also put pressure on the trading business of the Company.

#### V. Risks and Concerns

The urea segment of the fertilizer industry operates in the Government-controlled regime placing high dependence on urea pricing policy of the Government of India. Further, in a rising interest cost environment, a delay in payment of subsidy by the Government causes serious financial burden on the industry as was observed in year 2012-13.

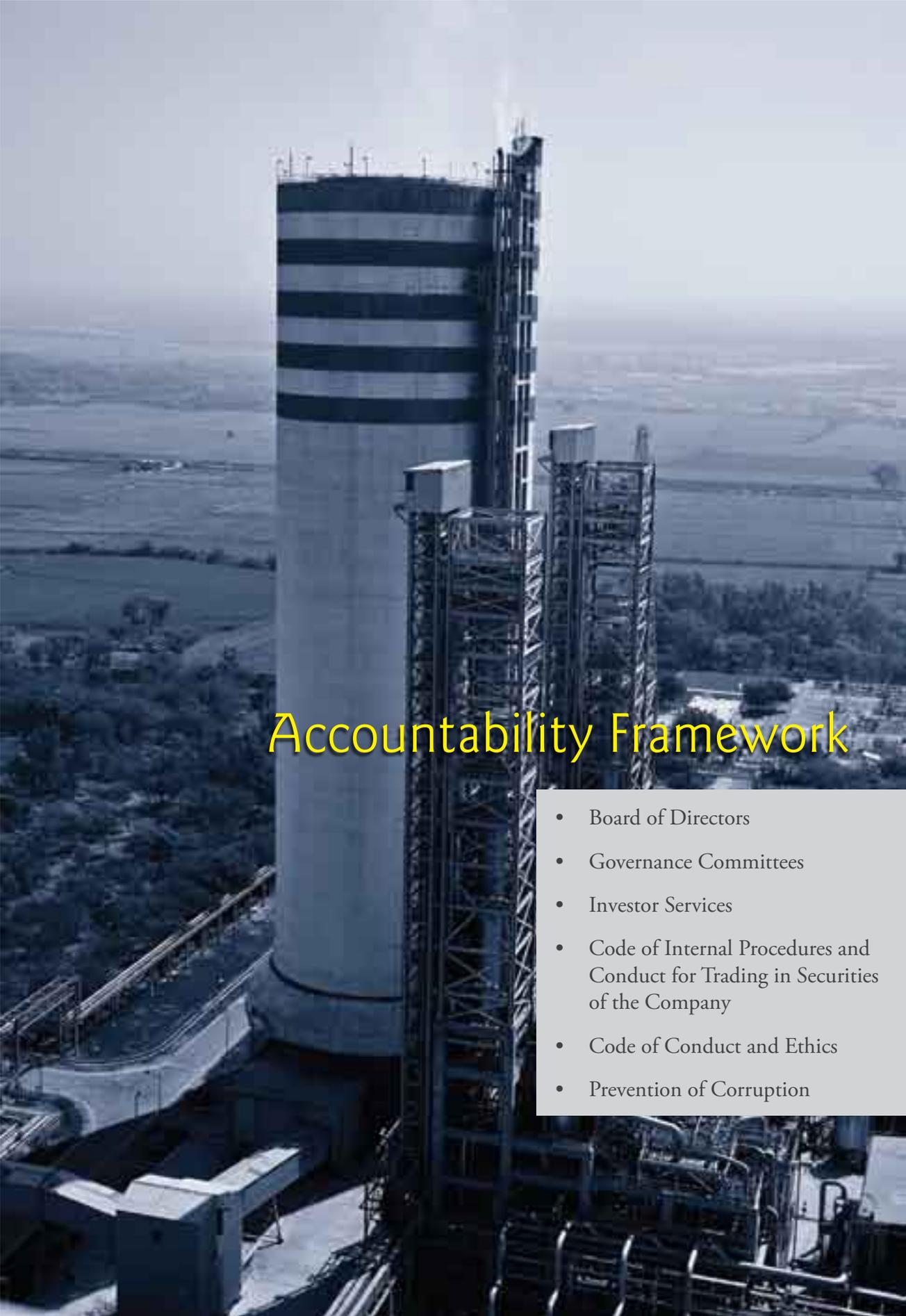
High volatility in foreign exchange rates, likely reduction in demand of DAP due to high market prices, higher interest costs due to delay in payment of subsidy by the Government and the extended credit period in the market may impact the profitability of our trading activities.

#### VI. Outlook

It is quite unlikely that urea will face any challenge in terms of sales volumes in the near future in view of a demand-supply gap. The positive monsoon predictions are likely to support the growth plans of the Company in traded products and SSP.



The Company has set up a 600 MT per day Single Super Phosphate (SSP) production facility at Gadepan.



## Accountability Framework

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

# Accountability Framework

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

human and capital resources to translate opportunities into reality, create awareness of our corporate vision and spark dynamism and entrepreneurship at all levels.

Above all, we believe corporate governance must balance individual interests with corporate goals and operate within the accepted norms of propriety, equity, fair play and a sense of justice. Accountability and transparency are key drivers to improve decision-making and the

rationale behind such decisions, which in turn, strengthens stakeholder confidence.

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

**Board of Directors**



Mr. S K Poddar  
Chairman



Mr. S S Bhartia  
Co-Chairman



Mr. Anil Kapoor  
Managing Director



Mr. R N Bansal  
Independent Director



Mr. D Basu  
Independent Director



Mr. K N Memani  
Independent Director



Mr. C S Nopany  
Director



Mr. Marco Wadia  
Independent Director



Ms. Radha Singh  
Independent Director

As on 31<sup>st</sup> March 2013, the Board consisted of nine Directors, including the Managing Director and eight Non- Executive Directors, of which five are Independent Directors.

### Governance Committees

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

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

#### 1. Audit Committee

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

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

#### 2. Investors Grievance Committee

Investors Grievance Committee approves matters relating to

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

#### 3. Banking and Finance Committee

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

#### 4. Project Monitoring Committee

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

#### 5. Remuneration Committee

Remuneration Committee recommends appointment of Managing Director(s)/ Whole Time Director(s)/ Manager and reviews and approves remuneration including compensation package, annual increments, incentives and additional perquisites of the Managing Director(s)/ Whole Time Director(s)/ Manager and Senior Executives of the Company.

#### 6. Compensation Committee

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

#### 7. Quarterly Results Review Committee

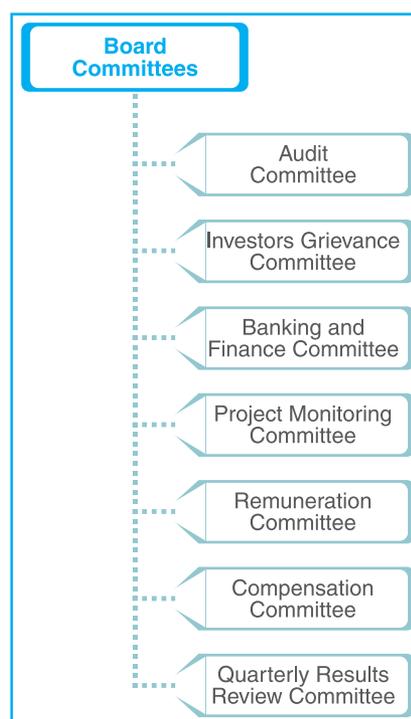
Quarterly Results Review Committee deals with all the matters pertaining to approval of the unaudited quarterly results of the Company.



At Chambal, the Board of Directors strives to create an environment, which is conscience-driven, accountable and ensures that the management and employees act with integrity and responsibility.

### Investor Services

As on 31 March 2013, Chambal had a base of 1,77,831 shareholders. M/s Zuari Investment Ltd. is the company's Share Transfer Agent. They have an online system for transfer of shares in physical form and provide other services to the shareholders. In addition, the company also has an in-house Investor Service Centre, which provides prompt service to the investors through quick redressal of investor grievances. The motto of 'high investor satisfaction' is being



pursued through proactive actions like reaching out to investors regularly and timely reminder to investors about unclaimed corporate benefits.

#### Code of Internal Procedures and Conduct for Trading in Securities of the Company

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has a Code of Internal Procedures and Conduct for trading in securities of the Company. The Code, inter-alia, prohibits purchase/ sale of shares of the Company by directors, officers, designated employees and their dependents while in possession of unpublished price sensitive information in relation to the Company.

#### Code of Conduct and Ethics

In order to maintain the highest standards of ethics and governance while conducting of our business and dealings, we have adopted a 'Code of Conduct and Ethics'. The Code acts as a guiding document for suggestive behavior in dealing with the Company, fellow directors, employees

and the external operating environment. The purpose of this code of conduct is to promote conduct of business in an efficient and transparent manner and to meet obligations to shareholders and all other stakeholders. This code of conduct is also a tool in carrying out the Company's social responsibility in a more effective manner. It is applicable to the Board of Directors and members of the core management team including members of management one level below executive directors and all functional heads. The Code covers issues like regulatory compliance, conflict of interest, bribery and corruption, safety, environment and health and financial and operational integrity.

All board members and senior executives of the Company affirmed their compliance with the Code of Conduct and Ethics during 2012-13. A certificate to this effect forms a part of Annual Report for the year 2012-13.

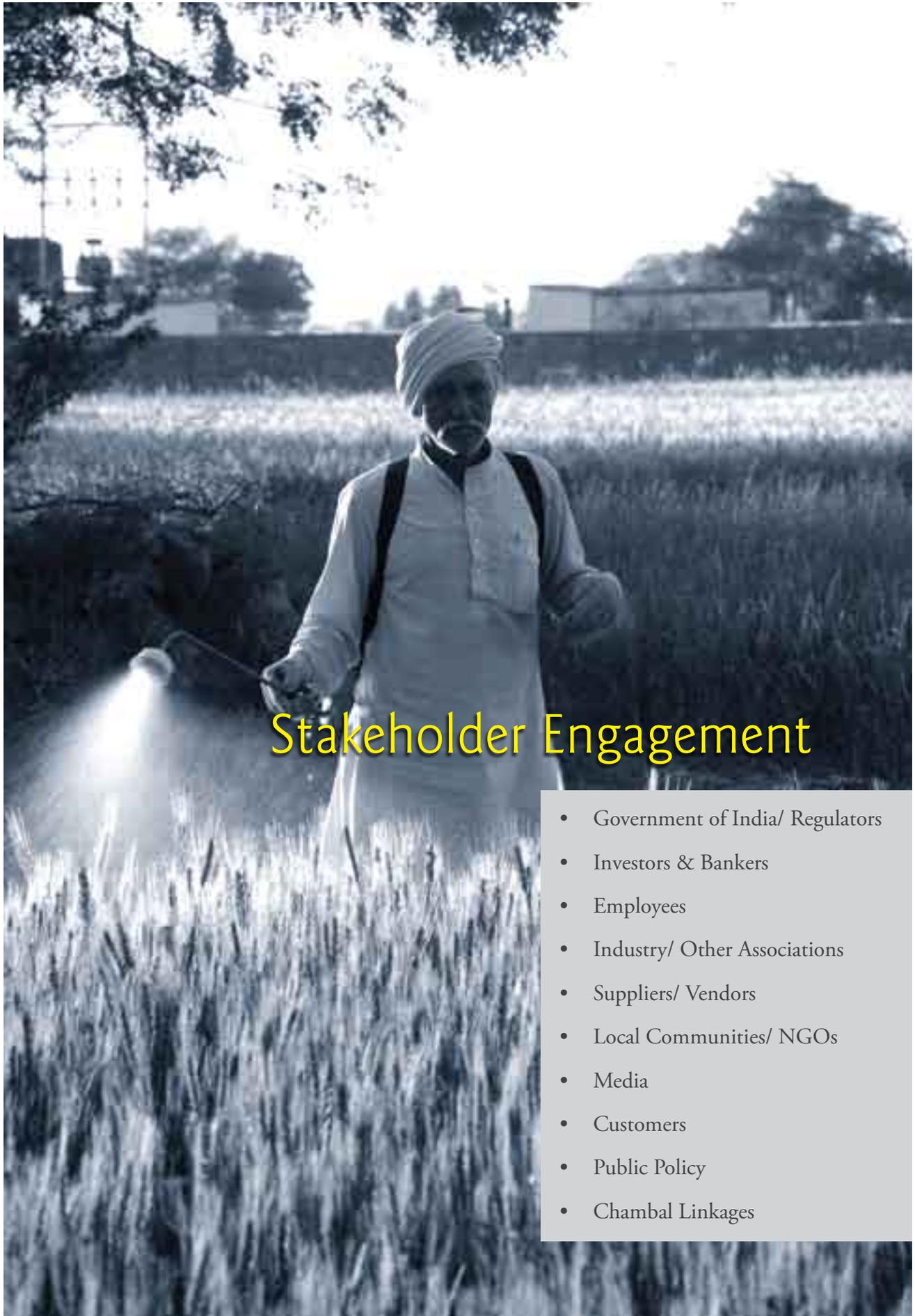
The code is available at [www.chambalfertilisers.com/images/pdf/Code\\_of\\_Conduct.pdf](http://www.chambalfertilisers.com/images/pdf/Code_of_Conduct.pdf)

#### Prevention of Corruption

At Chambal we firmly believe that we have to set exemplary standards of ethical behaviour and have 'zero tolerance' for corruption at the workplace. In addition to the 'Code of Conduct and Ethics', we have an adequate internal system in place to control corruption. This system comprises authorization levels, supervision, checks and balances, financial limits of authority and procedures through documented policy guidelines and manuals, which provide that all transactions are authorized, recorded and reported correctly and compliance with policies and statutes are ensured.

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





## Stakeholder Engagement

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

# Stakeholder Engagement

We believe that stakeholder engagement is central to sustainability. It enables us to think broadly about issues, their impacts and also helps us in formulating mutually beneficial strategies. Open and honest communication, through both traditional and innovative channels with our stakeholders, provides us with valuable insights regarding emerging trends, business risks and opportunities.

We encourage our stakeholders to continuously engage in dialogue with us, so that we can maximize the value we create for them. We also inform them regularly about our various activities. The way we engage with each of these stakeholder groups, depends on the nature of our relationship with them. The key stakeholders, main discussion issues and engagement methods are listed in the table below.



Stakeholder Sub-Group	Method/Type of Engagement	Key Issues / Agenda	Frequency
<b>Government of India/ Regulators</b>			
Ministry of Chemicals and Fertilisers, Ministry of Environment and Forests, Ministry of Petroleum & Natural Gas, etc.	One to one interaction	Policy issues, Project clearances, Gas supply issues	As per statutory/ business requirement
Rajasthan State Pollution Control Board, Factories Inspectorate, Railway Board, etc.	One to one interaction/ circulars/ responses/ plant visits/ report submissions		As per statutory/ business requirement
<b>Investors &amp; Bankers</b>			
Shareholders	Advertisement in leading National/ regional dailies, business newspapers, Chambal website/ Stock Exchange portals, Shareholders Annual General Meeting, mail/ e-mail/ phone, earning (Analyst) calls	Financial results announcement, Important company developments, company performance, annual reports/ half yearly results/ reminder for unpaid dividend, shareholders queries, etc.	As per statutory/ business requirement
Financial Institutions/ Bankers (Consortium of 11 banks)	One to one interaction, Consortium meetings/ Audits	Information submission, working capital funding	Regular

<b>Employees</b>			
Dy. General Managers and above	Performance Analysis Report Meetings	Review of business performance	Monthly
All Employees	Engagement Survey, Performance Management systems , Training programs	Performance improvement action plan, career development plans, training needs	Periodical
	Intranet, SAP Portal, In-house magazine, e-mail Newsletter, employee functions/ picnics/ get-togethers	Company information/ policies/ help desks/ industry news, celebrations	Regular
<b>Industry / Other Associations</b>			
Industry/ Other Associations	Meetings, seminars, conferences, one to one interaction	Need based , industry networking, employee related, trainings, safety promotion activity	Regular
<b>Suppliers/ Vendors</b>			
Contractors/ Service Providers/ Suppliers/ Vendors	One to one interaction/ training programs/ vendor appraisal	Need based/ Quarterly performance review	As per business requirement/ Regular
<b>Local Communities/ NGOs</b>			
4 Gram Panchayats covering 22 villages in the vicinity of Chambal Plants at Gadepan (Rajasthan)/ NGOs	Primary and technical education, health & hygiene activities, tree plantation, agriculture, rural infrastructure development, vocational training programs/ women empowerment through self help groups, etc.		Regular
<b>Media</b>			
Media	Advertising campaign, corporate interviews/ press releases, website, etc.	Company/ product information	As per business requirement

Customers			
Farmers	Plant Visits, One to one Interaction, SMS service/ Phone helpline, Website, Newsletter, Meetings, Training programmes, Promotional campaigns	Crop/ product related information	Regular
Business Partners/ Retailers/ Dealers	Training Programmes/ Meetings/ Surveys		Regular

Table 1: Stakeholder groups and modes of engagement

### Public Policy

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





## Triple Bottom-line Performance — Economic Footprint

- Agriculture Sector
- Integrated Nutrient Management
- Chambal Fertilisers' Growth Story
- Performance Snapshot

## Triple Bottom-line Performance – Economic Footprint

After a moderate growth in the two years post the global economic crisis, world trade in both goods and services reached and surpassed pre-crisis levels in 2011. However, recent deceleration in world growth and trade, and forecast of a gradual upturn in global growth by international institutions, foretell a weak and slow recovery for world trade<sup>1</sup>.

While India's recent slowdown is partly rooted in external causes, domestic causes are also important. The strong post-financial-crisis stimulus led to stronger growth, but also led to higher inflation due to supply-side constraints. Monetary policy was tightened, even as external headwinds to growth increased. The consequent slowdown, especially in 2012-13, has been across all sectors of the economy.<sup>1</sup>

### Agriculture Sector

Indian agriculture is broadly, a story of success. It has done remarkably well in terms of output growth, despite weather and price shocks in the past few years. Fast agricultural growth remains vital for jobs, incomes, and food security.<sup>1</sup>

India does not fare well, however, in terms of agricultural yields



or productivity. Improvement in yields holds the key for India to remaining self-sufficient in food-grains. Another challenge is how to maximize agricultural income while adopting a more sustainable agricultural strategy. The concerns here are land and water degradation due to soil erosion, soil salinity, water-logging, excessive application of nutrients, and overexploitation of water resources in some parts of the country. Improvement in yield, which is the key to the long-term growth, depends on efficient use of quality seeds, fertilizers, pesticides, micronutrients, and irrigation.<sup>1</sup>

### Integrated Nutrient Management

India meets 80 per cent of its urea requirement through indigenous production but is largely import dependent for meeting its requirements of the potassic (K) and phosphatic (P) fertilizer requirements. Over-use of nitrogenous and limited use of P and K fertilizers are matters of great concern and need appropriate price incentives by reducing fertilizer subsidies so that sustainable practices are encouraged.<sup>1</sup>

### Chambal Fertilisers' Growth Story

Chambal Fertilisers has three business segments—agri-business,

	2010-2011 Million ₹	2011-2012 Million ₹	2012-2013 Million ₹
<b>Economic Value Generated (EVG)</b>	47526	66165	74311
<b>Economic Value Distributed (EVD)</b>	-	-	-
Operating Costs	40866	57947	67003
Employee benefits and wages	1145	1339	1406
Payment to providers of capital	1889	1993	2090
Payment to government (Indian)	1284	3252	1646
Community Investments	8	79	36
<b>Economic Value Retained</b>	2333	1554	2131

Table 2: Economic Contribution at a glance

<sup>1</sup> Economic Survey of India 2012-13

textile and shipping – with agri-business being the largest. Activities under the agri-business division include manufacture of urea and Single Super Phosphate (SSP) and trading of fertilizers and other agri-inputs. This division has registered a robust overall growth during the reporting year. The shipping business continues to be under stress and signs of recovery are not yet visible. The textile business has improved its performance and achieved encouraging results in FY 2012-13.

In the reporting year, Chambal produced 2.09 million tonnes of

urea against 2.15 million tonnes in FY 2011-12. In spite of better plant production rate per day of urea, production was lower due to lesser number of stream days. The sale of urea was also lower due to lesser production. The Company sold 2.03 million tonnes of urea during 2012-13 as compared to last year's sale of 2.13 million tonnes. In the second half of the reporting year, the Company commenced production at its new Single Super Phosphate (SSP) manufacturing facility at Gadepan (Kota) and sold 0.31 lac MT of own manufactured SSP.



India meets 80 per cent of its urea requirement through indigenous production but is largely import dependent for meeting its requirements of the potassic (K) and phosphatic (P) fertilizer requirements.

Performance Snapshot				
	FY2010-11	FY2011-12	FY2012-13	Unit
<b>Production</b>				
Urea	2.10	2.15	2.09	Million MT
Single Super Phosphate	-	-	31250	MT
<b>Sales<sup>2</sup></b>				
Urea	2.04	2.13	2.03	Million MT
Single Super Phosphate <sup>3</sup>	-	-	30709	MT
<b>Traded Items – Sales</b>				
Di-ammonium Phosphate	401487	524981	599212	MT
Muriate of Potash	98278	52480	59878	MT
Single Super Phosphate	72311	108174	150230	MT
Pesticides	1929	2433	2725	Million INR
Micro-nutrients and Zinc	537	796	874	Million INR
Seeds	439	557	425	Million INR
<b>Profit Before Tax (PBT)</b>	4408	5596	4567	Million INR
<b>Profit After Tax (PAT)</b>	3252	2473	3056	Million INR
<b>Employees</b>	878	932	949	Number
<b>Energy</b>	4588682	4534277	4664039	Gcal
<b>Specific Energy Consumption</b>				
Gadepan I	5.55	5.51	5.59	Gcal/MT Urea
Gadepan II	5.44	5.37	5.39	Gcal/MT Urea
<b>GHG Emissions</b>	1065306	1074692	1114569	MT CO <sub>2</sub>
<b>Specific Water Consumption</b>	4.92	4.82	4.96 <sup>4</sup>	m <sup>3</sup> /MT Urea
<b>Water Discharge</b>	1144069	1454738	1643312	m <sup>3</sup>
<b>Air Emissions</b>				
Urea Dust	783.12	759.87	741.79	MT
Ammonia	613.56	598.28	685.10	MT
NOx	413.14	424.84	405.21	MT

Table 3: Performance at a glance<sup>5</sup>

<sup>2</sup> Ammonia Sales for the FY 2010-11, 2011-12 and 2012-13 was 18000 MT, 13000 MT and 26000 MT respectively

<sup>3</sup> Own manufactured

<sup>4</sup> Specific water consumption in FY 2012-13 is higher than previous year due to shut down, plant upsets and increased hardness of incoming raw water as compared to previous years.

<sup>5</sup> Economic data pertains to the entire company



Chambal Fertilisers has three business segments – agri-business, textile and shipping – with agri-business being the largest

During the last few years, We have leveraged our goodwill and brand image by strengthening our trading activities. This strategy has borne fruits with the agri-division recording excellent performance on the revenue and profitability fronts.

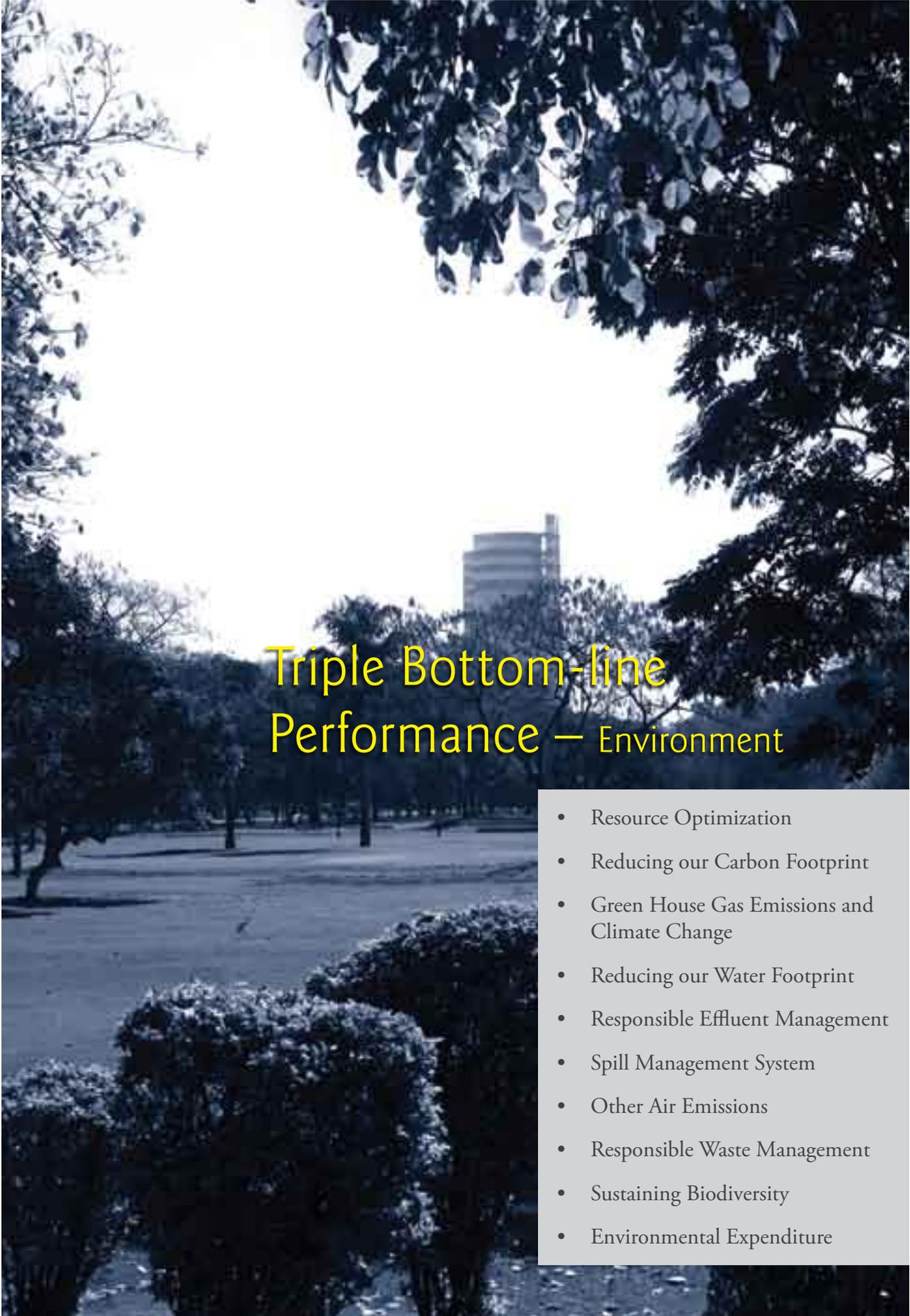
In FY 2012-13, the revenue of traded products increased by 11.5% to ₹ 3044 crore from ₹ 2729 crore in the previous year. The Company sold 5.99 lac MT of Di-ammonium Phosphate – DAP (previous year 5.25 lac MT) and 3.03 lac MT of complex and other fertilizers (previous year 3.19 lac MT) in the financial year 2012-13. The sales of pesticides have gone up to ₹ 273 crore as against ₹ 243 crore achieved last year. In FY 2012-13, turnover from sales of seeds was ₹ 41 crore as against ₹ 56 crore during the previous year.

During the reporting year, Chambal expanded its marketing network by setting-up a marketing office at Bathinda, Punjab, in addition to the existing office at Chandigarh.

Economic Value Generated by the Company in 2012-13 was ₹ 74311 million as compared to ₹ 66165 million in the previous

year, an increase of 12.3%. The Company Board recommended a dividend of ₹ 1.90 per equity share in the reporting year. The total dividend outgo for 2012-13 will be ₹ 925.2 million (including dividend distribution tax). Total subsidy income of the Company in 2012-13 increased to ₹ 35166 million from ₹ 32,156 million in 2011-12.

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



## Triple Bottom-line Performance — Environment

- Resource Optimization
- Reducing our Carbon Footprint
- Green House Gas Emissions and Climate Change
- Reducing our Water Footprint
- Responsible Effluent Management
- Spill Management System
- Other Air Emissions
- Responsible Waste Management
- Sustaining Biodiversity
- Environmental Expenditure

## Triple Bottom-line Performance – Environment

At Chambal, we believe that conservation of natural resources and preservation of the ecosystem in which we operate is critical to our long-term success. We are committed to investing in eco-friendly technologies and practices across the business value chain. The key objectives of our environment preservation and regeneration programme are optimizing resource efficiency, managing waste, controlling pollution, re-charging ground water and using green energy where ever possible. Raw materials, water, emissions and energy consumption continue to be material issues for our organization. We constantly monitor and analyze our performance on these critical issues.

### Resource Optimization

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

Natural gas is the primary raw material for manufacturing



ammonia, which in turn, is used to produce urea. In addition to natural gas, the Company consumes some process chemicals in significant quantities. Judicious use of resources is a fundamental economic principle for us and we strive continually to use our materials efficiently.

Our primary product, urea is supplied to the farmer in HDPE bags. To minimize consumption of chemicals, the Company is following a well-defined resin replacement road map; and monitors and tracks chemical consumption regularly. We also have trained operators for carrying

out correct operational procedures. The material consumption figures with respect to urea and ammonia production are given in Table 4.

### Reducing our Carbon Footprint

The fertilizer industry is a highly energy-intensive sector. The industry relies on both direct (natural gas, naphtha, coal, furnace oil, etc.) and indirect (electricity from the state grid) sources of energy. Manufacturing of urea entails consumption of fossil energy such as natural gas, naphtha not only as fuel but also as feedstock. Natural gas being the cleanest fossil fuel is preferred over naphtha.

Material	Unit	FY 2010-11	FY 2011-12	FY 2012-13
Natural Gas	000' SM <sup>3</sup>	834947	851344	833844
Hydrochloric Acid	MT	1534	1544	1793
Sulphuric Acid	MT	736	929	1045
Lye	MT	727	663	710
Poly Alumina Chloride	MT	117	134	136
Neem Oil	Ltr.	-	551854	572673
Packaging Bags	Nos'	42083601	42986085	41806532
Production	Unit	FY 2010-11	FY 2011-12	FY 2012-13
Ammonia	Million MT	1.22	1.24	1.22
Urea	Million MT	2.10	2.15	2.09

Table 4: Resource Consumption

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

For the reporting year, Chambal's specific energy consumption was 5.591 Gcal/MT and 5.396 Gcal/MT of urea at Gadepan I and Gadepan II plants respectively.

In 2012-13, our direct energy consumption for Gadepan-I plant was 2.48 million Gcal (10391647 GJ) and for Gadepan-II plant 2.18 million Gcal (9119409 GJ). During the reporting year, we used 7165.38 Gcal (30000 GJ) of naphtha which is about 0.15% of our total direct energy consumption.

We have our own natural gas based captive power plants; hence we buy only small amounts of electricity from the grid. In 2012-13, our indirect energy consumption was 3907.28 Gcal (16359 GJ), which is approximately 0.07% of our total energy consumption.<sup>6</sup>

### Green House Gas Emissions and Climate Change

The fertilizer industry recognizes that it contributes directly and indirectly to emissions of greenhouse gases (GHGs), particularly carbon dioxide (CO<sub>2</sub>) and nitrous oxide (N<sub>2</sub>O), through the production, distribution and use of fertilizers.

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

Replacement of low temperature shift converter and Methanator catalyst with new catalyst in Ammonia-I plant.

Modification of Methanator outlet nozzle to reduce the pressure drop across reactor in Ammonia -I plant.

Complete overhauling of Gas turbine-II along with the replacement of rotor (upgraded) and 1<sup>st</sup> & 2<sup>nd</sup> stage buckets.

Table 5: Energy Efficiency Initiative in FY 2012-13

Our strategy for reducing GHG emissions is focused on increasing our energy efficiency in the short term; and incorporating proven emission-reducing technologies in our operations in the medium and long terms.

The major sources of emissions in fertilizer production are use of fossil fuel (natural gas, naphtha, etc) as feedstock and fuel. We primarily use natural gas – the cleanest of fossil fuel, as feedstock and fuel. Naphtha is used only on account of unavailability of natural gas, which is very rare. Use of natural gas has helped us to keep our GHG emissions low. Almost all the CO<sub>2</sub> formed during ammonia production is reused in urea production. Thus, GHG emissions from our operations are primarily due to natural gas or naphtha consumed as fuel. During the reporting period, GHG emissions from the use of natural gas, naphtha as fuel and using electricity from the grid were 1.11 million tCO<sub>2</sub>.

In the reporting period, we estimated 759.8 MT CO<sub>2</sub> emissions from employee transportation by buses/ cars (including personal vehicles) and other company operated vehicles in the plant area. Though these emissions are not significant in quantum, this exercise is a small effort from our side in understanding GHG impacts beyond the production process.

We are mitigating climate change by reducing energy consumption, use of cleanest fossil fuel and by developing a green cover around us. The green cover around our plant premises helps

in sequestering CO<sub>2</sub> emissions from the atmosphere. In order to understand the GHG benefit of extensive green cover at Chambal, we conducted a preliminary study to estimate amount of CO<sub>2</sub> sequestered by trees. This exercise reaffirms our endeavour to mitigate climate change.

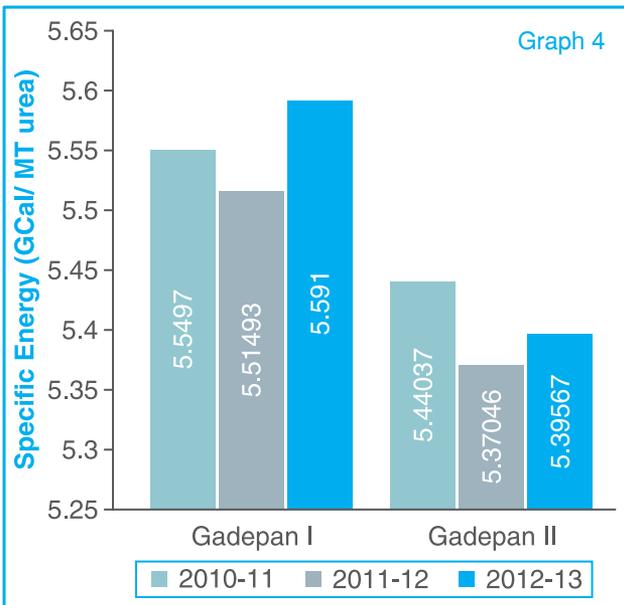
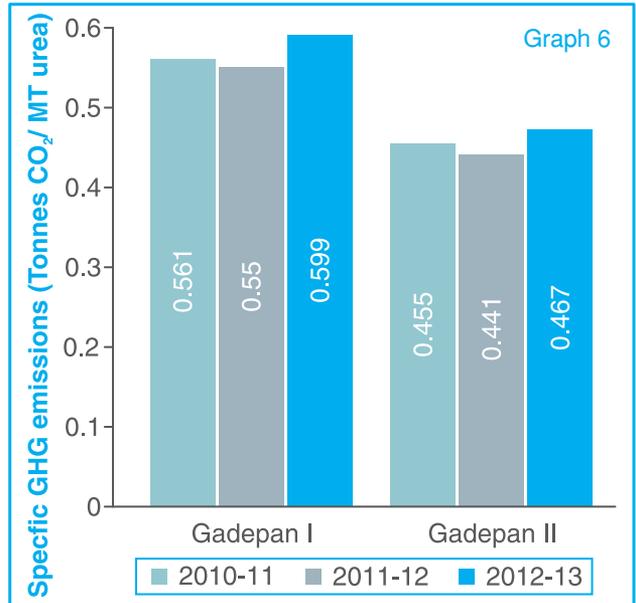
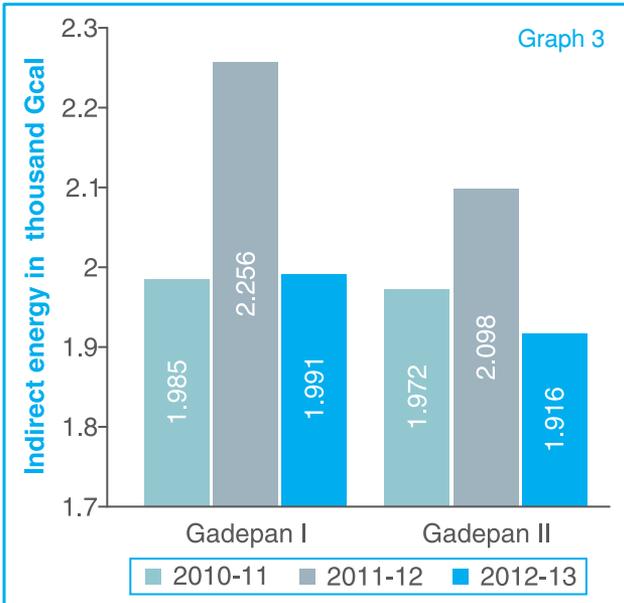
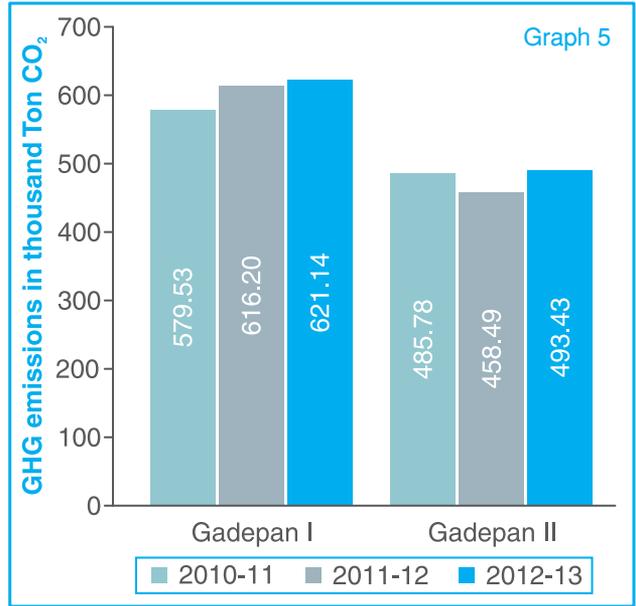
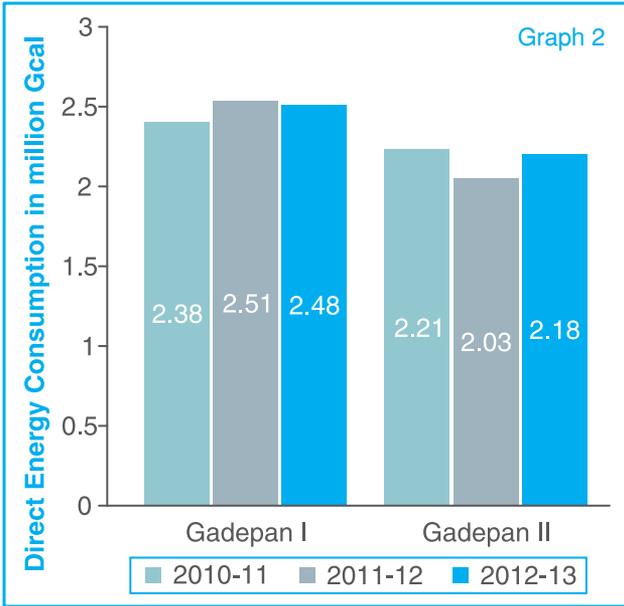
### Reducing our Water Footprint

For Chambal, water is a precious resource as both our fertilizer plants are located in a water-scarce state. To overcome this challenge, we have been working tirelessly for more than a decade to reduce our water consumption per MT of urea as well as implement rainwater harvesting in the region. We are committed not to use ground water for our operations. Treated waste water is being used in maintaining the green belt through a 65-km long irrigation network spread all



At Chambal, we believe that conservation of natural resources and preservation of the ecosystem in which we operate is critical to our long-term success. We are committed to investing in eco-friendly technologies and practices across the business value chain.

<sup>6</sup> Total Energy Consumption = Energy used as fuel and purchased energy



*Graph 2: Direct Energy Consumption (Energy as fuel)*

*Graph 3: Indirect Energy Consumption (Electricity purchased)*

*Graph 4: Specific Energy Consumption*

*Graph 5: Total GHG Emissions<sup>7</sup>*

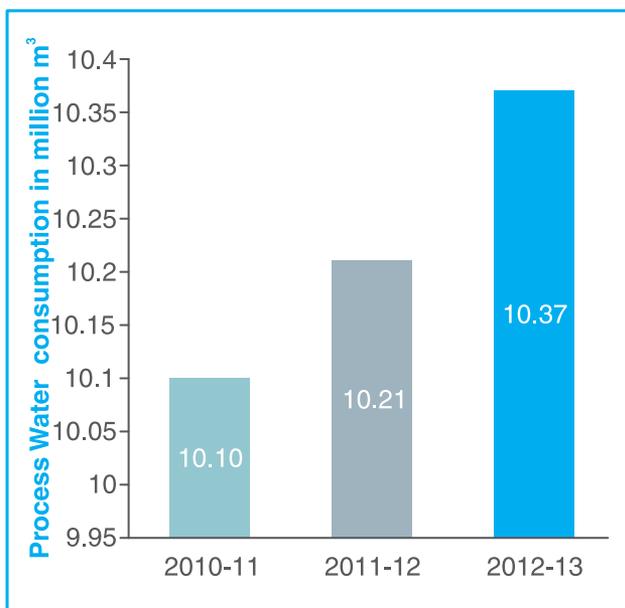
*Graph 6: Specific GHG Emissions*

<sup>7</sup> Excludes GHG emissions due to venting and flaring during plant upsets/ trips and plant process.

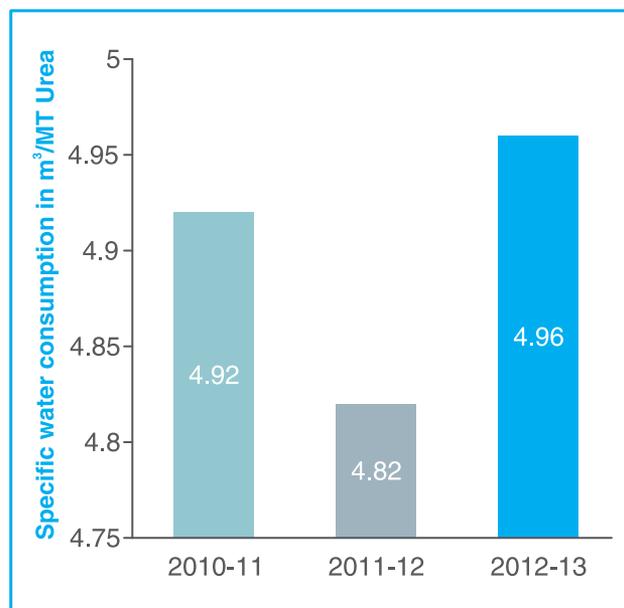
over the Gadepan complex, which in turn, is helping us save fresh water. In 2003-04, we constructed a check-dam (Anicut) on the nearby Kalisindh River (capacity 7 million m<sup>3</sup>). Another check-dam (capacity 3.4 million m<sup>3</sup>) built on the Parwan River for rainwater harvesting was commissioned in FY 2011-12.

As a result of our continuous efforts like harvesting, recycling and reusing, water consumption of our two units at Gadepan is much below the limit prescribed by the Corporate Responsibility for Environment Protection (CREP) guidelines. The Indian fertilizer industry has been permitted a maximum water consumption of 8 cubic meters per tonne of urea for gas-based urea plants, as per the CREP Guidelines. During the reporting year, our specific water consumption was 4.96 cubic meters per MT of urea as against 4.82 cubic meters per MT of urea during 2011-12.

In 2012-13, our total water withdrawal from the Kalisindh River was 10814215 m<sup>3</sup> as against 10733995 m<sup>3</sup> in the previous year. In 2012-13, we replaced drinking water/fire water header and tightened our operation controls. These measures resulted



Graph 7: Water Consumption in Plant Process



Graph 8: Specific Water Consumption<sup>8</sup>

<sup>8</sup> Specific water consumption in FY 2012-13 is higher than previous year due to shut down, plant upsets and increased hardness of incoming raw water as compared to previous years.

in 14.53% reduction in drinking water consumption and 4.85% reduction in fire water compared to previous year.

### Responsible Effluent Management

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

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

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

Parameter	Unit	FY2010-11	FY2011-12	FY2012-13	Permissible Limits (mg/l)
Biological Oxygen Demand	mg/l	7.9	8.0	11.3	30
Chemical Oxygen Demand	mg/l	63.7	52.8	42.9	250
Nitrate Nitrogen	mg/l	6	6.2	7.2	10
Total Ammonical Nitrogen	mg/l	5.7	6.5	8.2	50
Total Dissolved Solids	mg/l	1548	1768	1872	2100
Total Kjeldahl Nitrogen	mg/l	16.4	16	28.7	100
Total Suspended Solids	mg/l	79	81	75.1	100

Table 6: Effluent discharge quality and their permissible limits

Parameter	Unit	FY 2010-11	FY 2011-12	FY 2012-13
Biological Oxygen Demand	MT	9.0	10.3	13.8
Chemical Oxygen Demand	MT	72.9	67.7	52.2
Nitrate Nitrogen	MT	6.9	8	8.8
Total Ammonical Nitrogen	MT	6.5	8.3	10
Total Dissolved Solids	MT	1771	2268	2280
Total Kjeldahl Nitrogen	MT	18.8	20.5	34.9
Total Suspended Solids	MT	92.1	103.7	91.5

Table 7: Effluent Load<sup>9</sup>

Parameter	Unit	FY 2010-11	FY 2011-12	FY 2012-13
Biological Oxygen Demand	Kg / '000 MT Urea Production	4.29	4.8	6.6
Chemical Oxygen Demand	Kg / '000 MT Urea Production	34.71	31.55	24.98
Nitrate Nitrogen	Kg / '000 MT Urea Production	3.29	3.73	4.21
Total Ammonical Nitrogen	Kg / '000 MT Urea Production	3.09	3.87	4.78
Total Dissolved Solids	Kg / '000 MT Urea Production	843.26	1056.88	1090.90
Total Kjeldahl Nitrogen	Kg / '000 MT Urea Production	8.95	9.55	16.70
Total Suspended Solids	Kg / '000 MT Urea Production	43.85	48.32	43.78

Table 8: Specific Effluent Load<sup>9</sup>

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

In the reporting year, 73.4% 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 fresh-water for irrigation for horticultural purposes. During FY 2012-13, we used 1495809 m<sup>3</sup> of treated effluent water for irrigation. We discharged 147503 m<sup>3</sup> of waste water into the Kalisindh River during the 2012-13 rainy season. We ensure that the quality of the discharge is within the norms specified by the regulatory authorities.

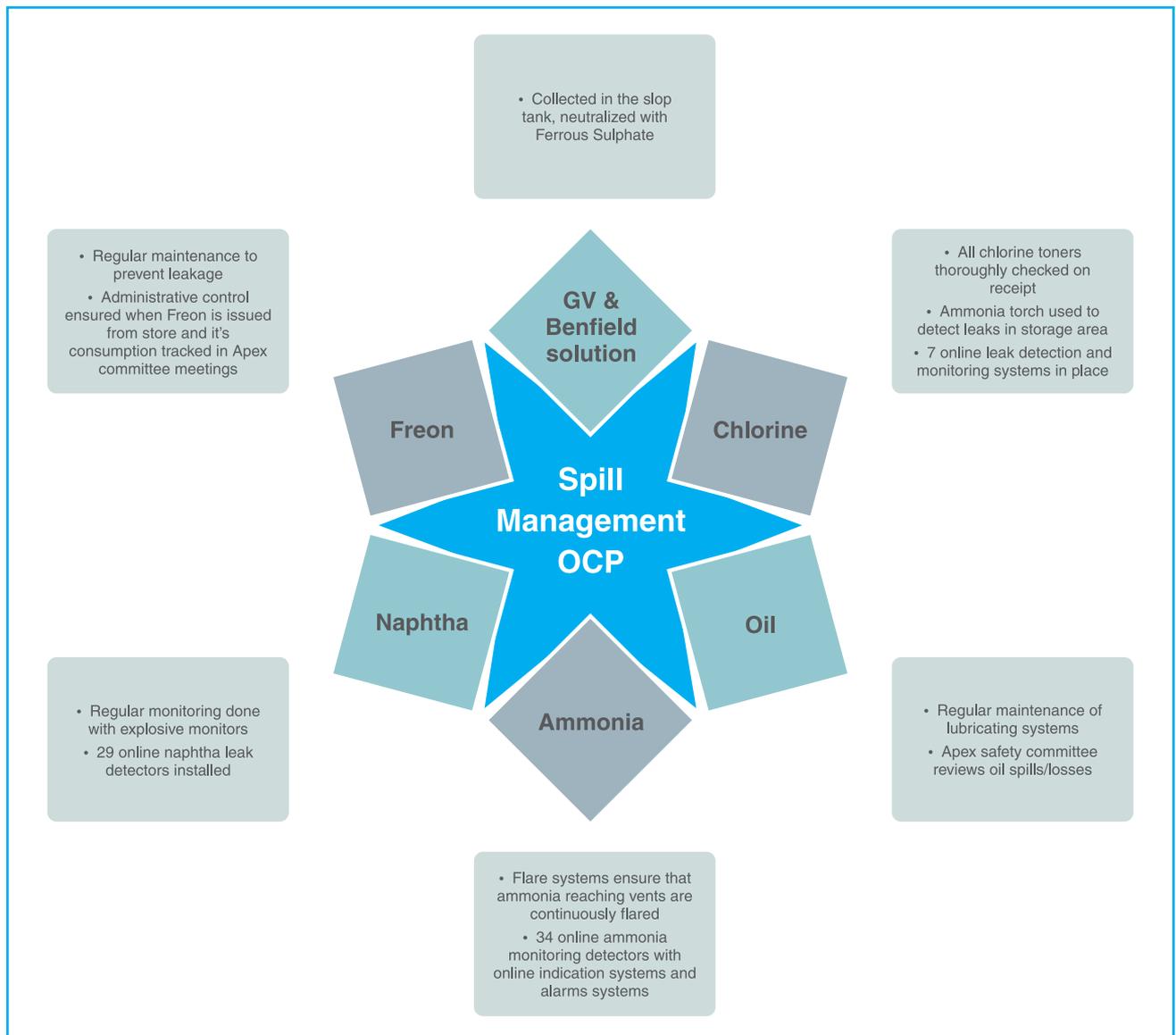
manage spills. The Company regularly conducts integrity checks for reactors, vessels, flanges,

valves and pipelines for leaks. In order to keep a regular check, the drains are monitored at specified



### Spill Management System

Chambal has a well-defined environment operation control procedure (OCP) to prevent and



intervals and these observations are recorded and reported to the management. For each spillage, we carry out root cause analysis and take corrective and preventive actions to ensure that such events do not occur again. GV (geomarco vetro coke) and Benfield solution, chlorine, ammonia, urea, oil, freon and naphtha, are a few of the substances for which we have well-defined spill management systems in place. During the reporting period, we did not have any significant spills.

### Other Air emissions

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

- Use of Sulphur free fuel NG/RLNG
- Low 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



### Responsible Waste Management

Chambal has a comprehensive Waste Management Manual under Health, Safety, Environment & Quality (HSEQ) system which has the following elements:

- Categorization of wastes as hazardous and non-hazardous for differentiated management;
- Identification at the lowest component level;
- Linking all possible sources of generation and location of generation;
- Concept of waste bins based on categories, and placing them nearest to generation point;

- Methodology of shifting to larger categorized bins to collect wastes from smaller bins; and
- Identification of recyclers/re-users and methodology of lifting segregated components from bins directly for final disposal.

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

	FY 2010-11	FY 2011-12	FY 2012-13
Kg CFC-11 equivalent (ODS emission)	30.86	15.62	30.42

Table 9: Ozone Depleting Substance (ODS) Emissions

Parameter	Unit	FY 2010-11	FY 2011-12	FY 2012-13
NOx	MT	413.14	424.84	405.21
Urea Dust	MT	783.12	759.87	741.79
Ammonia	MT	613.56	598.28	685.10

Table 10: Air Emission Load (Yearly average values)

Parameter	Unit	FY 2010-11	FY 2011-12	FY 2012-13
NOx	Kg/ MT Urea production	0.20	0.20	0.19
Urea Dust	Kg/ MT Urea production	0.40	0.35	0.35
Ammonia	Kg/ MT Urea production	0.30	0.27	0.33

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

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

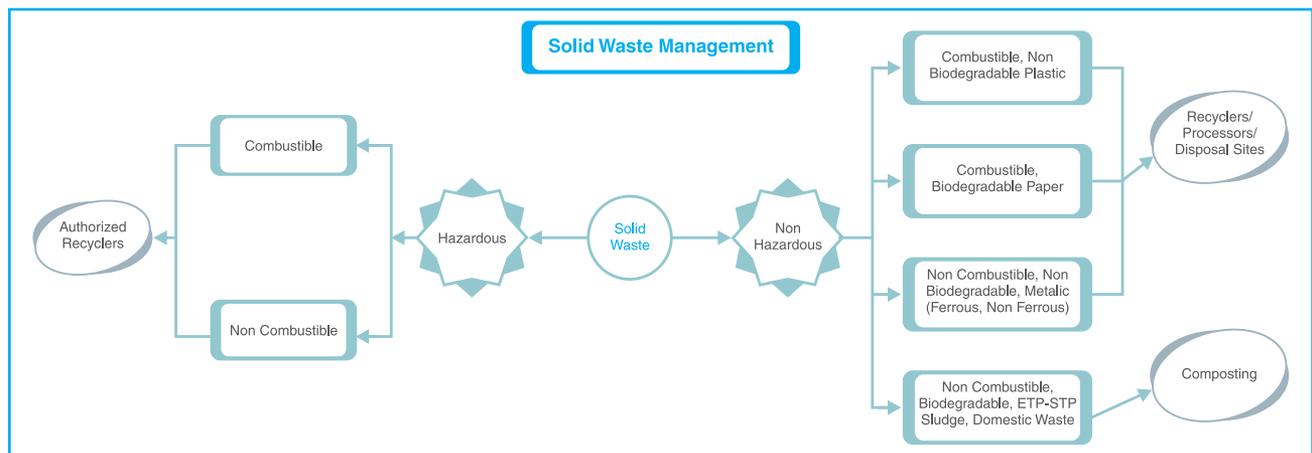
Inside the factory premises, we have colour coded and labelled waste collection bins and storage areas, and for many wastes, we have restricted access to authorized personnel. The wastes generated

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

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



As a result of efforts like harvesting, recycling and reusing, water consumption of our two units at Gadepan is much below the limit prescribed by Corporate Responsibility for Environment Protection (CREP) guidelines.



Type of waste	Treatment and Disposal	2010-11 Amount (Kgs)	2011-12 Amount (Kgs)	2012-13 Amount (Kgs)
Sharp waste	Autoclaved and Buried	4.91	3.81	5.19
Contaminated waste	Autoclaved ,chemically treated and buried	5.42	5.29	6.28
Disposable waste	Treated chemically and buried	5.32	4.73	7.15

Table 12: Disposal of Biomedical waste

Name of Waste Disposed	Type of waste	Unit	FY 2010-11	FY 2011-12	FY 2012-13
Spent Oil	Hazardous	MT	25.74	36.43	36.83
Spent Catalyst	Hazardous	MT	163.81	71.1	193.82
Ferrous Scrap MS drum	Hazardous	MT	1.06	1.28	1.25
Lead Acid Battery	Hazardous	MT	0.77	1.54	3.019
E-waste	Hazardous	MT	-	-	2.576
HDPE Scrap	Non-Hazardous	MT	59.07	61.38	48.1
Paper	Non-Hazardous	MT	7.63	7.66	13.63
MS Scrap	Non-Hazardous	MT	86.63	118	115.73
PVC	Non-Hazardous	MT	9.79	7.32	3.79
Resin	Non-Hazardous	Lit	-	21000	45700

Table 13: Major categories of waste disposed off

## Sustaining Biodiversity

Since different species contribute directly to the well-being of the 'ecosystem', the healthy survival of future generations and in order to meet development goals, it is critically important that diversity of species be protected. Our vision and commitment to work for the greater environmental good has led us to initiate some significant bio-diversity conservation measures. We have set up a fund in collaboration with Hadoti Naturalists Society (a local body) and the forest department, Government of Rajasthan to conserve wildlife and preserve the habitat of endangered species at Sorsan Preserve, which is located about 10 km from our manufacturing facility in Rajasthan.

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

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

To sensitize employees and their families on environment issues, we regularly organize nature walks, poster competitions, nukkad nataks, tree plantations and bird watching trips. In addition to mailing-out weekly sustainability tips and celebrating 'Earth hour', in FY 2012-13, we discontinued printing of Chambal diaries under our 'Go Digital' campaign. We also carry out interactions with Bombay Natural History Society (BNHS) on environmental issues. Officials of BNHS visit the campus from time to time and give suggestions and advice on improving the flora in the campus.



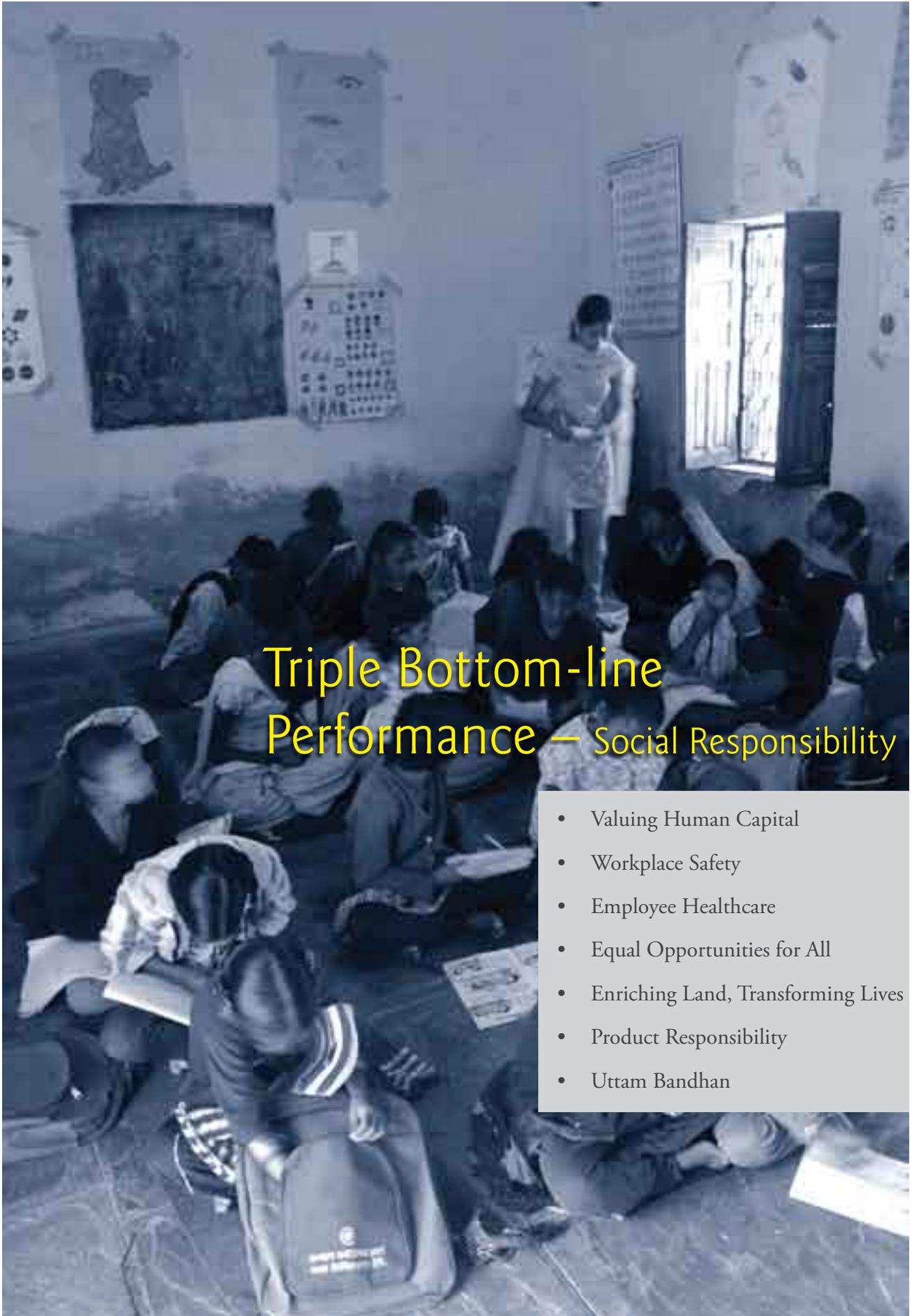
## Environmental Expenditure

The Company incurred expenses for actions related directly and indirectly to the environment, as well as other expenses connected with ecological fees and taxes. Direct environmental investments are also made, such as those related to environmentally-friendly technologies. The expenditure on various initiatives towards waste disposal, emissions treatment, and environmental management incurred during the financial year 2012-13 was ₹ 2.03 million.

Our proactive approach towards conserving our environment is also reflected in our securing ISO 14001:2004 and OHSAS 18001:2007 certifications.

Type of Expenditure	Description of Expenditure	Direct and Variable cost incurred in ₹ Million		
		FY 2010-11	FY 2011-12	FY 2012-13
Waste disposal, emissions treatment and remediation costs	Cost of treating wastewater or disposing solid waste/ sludge to an external contractor or destination plus operating and maintenance cost	2.63	0.44	0.58
	Clean-up costs including cost of remediation of spills etc.	-	2.64	0.48
Prevention and environmental management costs	Cost for employing external agencies for lab testing and sampling	0.23	0.25	0.22
	Annual costs of ISO 14001 and other such certifications for management systems	0.03	0.06	0.27
	Purchase of green fuel, recycled materials or any other such purchase to reduce environmental footprint	0.06	0	0
	Consent to operate and other environmental compliances	0.54	0.48	0.48
	<b>Total</b>	<b>3.49</b>	<b>3.87</b>	<b>2.03</b>

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



## Triple Bottom-line Performance – Social Responsibility

- Valuing Human Capital
- Workplace Safety
- Employee Healthcare
- Equal Opportunities for All
- Enriching Land, Transforming Lives
- Product Responsibility
- Uttam Bandhan

# Triple Bottom-line Performance – Social Responsibility

## VALUING HUMAN CAPITAL

Chambal is committed to a workplace environment that helps employees realize their career potential and enhance their quality of life. We have a well-defined human resource development programme which has incorporated some of the world's best HR practices to help us fulfill the above twin objectives. These practices cover a large number of areas such as empowerment, continuous learning, leadership capacity building, meritocracy and equal opportunity.



Chambal is running two high-tech plants at Gadepan, Rajasthan which requires qualified and trained manpower. Therefore, retention of trained and experienced

manpower is critical for operations of the plants. Our human resource strategy is aligned to our business needs and seeks to ensure that appropriate talent acquisition and retention plans are in place and are reviewed periodically.

was 36 years as against 35.35 years in 2011-12. As on March 31, 2013, the total employee strength of our agri-business division was 949. Further, the Company engaged on an average 964 contract workers during the reporting year.



Graph 9: Workforce turnover in percentage

As a part of our talent retention strategy, we have come out with suitable interventions, including retention bonus and stock options for key personnel.

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

We have a team of professionals who are energetic, motivated and a perfect blend of youth and experience. In the reporting year, the average age of our employees

Management Level	FY 2010-11		FY 2011-12		FY 2012-13				
	Male	Female	Male	Female	Male	Female	Less than 30 years	Between 30 to 50 years	More than 50 years
Senior Management	19	1	17	1	18	1	0	8	11
Middle & Junior Management	455	5	492	5	507	6	136	333	44
Workmen/ Non Management	340	10	359	10	377	10	195	162	30
GETs/ TMOs/ MTs	19	1	21	0	25	0	25	0	0
Trainees	28	0	27	0	5	0	5	0	0
<b>Total</b>	<b>861</b>	<b>17</b>	<b>916</b>	<b>16</b>	<b>932</b>	<b>17</b>	<b>361</b>	<b>503</b>	<b>85</b>

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

<sup>10</sup> The increase in workforce turnover is due to increased demand of trained manpower both in India and abroad.

Employee Turnover <sup>11</sup> in 2012-13						
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	1	1	2	0	2
Middle & Junior Management	26	27	2	55	0	55
Workmen/ Non Management	26	7	3	36	0	36
GETs/ TMOs/ MTs	6	0	0	6	0	6
<b>TOTAL</b>	<b>58</b>	<b>35</b>	<b>6</b>	<b>99</b>	<b>0</b>	<b>99</b>

Table 16: Employee turnover

India or overseas, 100% of our senior management employees are from India.

### Empowering the Workforce

We are committed to empower our employees and continuously develop their knowledge and skill sets, so that they realize their true potential and drive the company's growth. To develop a strong pipeline of future leaders and provide growth opportunities to all our employees, Chambal proactively encourages job rotation and job enrichment. Career progression of all our employees is based on a well-structured and time-bound Performance Management System (PMS).

### Training and Development

Chambal believes that well-trained manpower is the key to the Company's success. Training

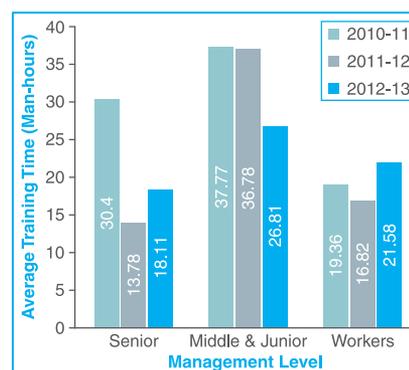
and development of our people is aligned with the Company's business needs, and is an on-going process. The training needs of our employees are captured through the annual PMS. These needs are then categorized and evaluated for organizing customized training programmes. Apart from in-house training programmes,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

We also have a self-development scheme for our management grade employees to enhance their knowledge and skills by encouraging them to enroll in professional training courses. Under this scheme, 50% of the tuition fee subject to a maximum of ₹ 50,000 is reimbursed by the Company.

Furthermore, we regularly train our contractual workforce on various subjects like emergency handling, first aid, workplace safety, fire fighting, environment management and general health and hygiene. During 2012-13, 434 HSE (Health, Safety and Environment) training programmes were conducted, in which 11548 man-hours of training was provided to contract workforce at our urea plants.

### Employee Benefit Schemes

We have various employee benefit schemes to secure the financial future of our staff. The Chambal employee senior staff



Graph 10: Average training time

superannuation fund and Chambal non-management employees' superannuation fund provides for pension benefits to the concerned employees. In the reporting year, the Company has facilitated the New Pension Scheme (NPS) launched by the Pension Fund Regulatory and Development Authority. Chambal tied-up with ICICI Securities Limited as the 'point of presence' for all management grade employees who are interested to join NPS.

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



### Drop that 'Sir' or 'Madam' Campaign

Chambal plans to slowly reduce the barriers of formality created by hierarchy and designations and be a more cohesive and vibrant team.

As a first step to usher in this change, we undertook a Drop that 'Sir' or 'Madam' Campaign in FY 2012-13. The idea was to stop referring to each other in the Company as 'Sir' or 'Madam'.

<sup>11</sup> Number of employees who left the organization voluntarily or due to dismissal, retirement, or death in service.

SOME TRAINING PROGRAMMES CONDUCTED IN 2012-13		
BEHAVIORAL TRAINING PROGRAMMES	Campus to Corporate - Goal Setting	505 Enhanced – 505E Digital Governors
	Campus to Corporate - Time Management & Team Building	Applied Metallurgy
	Communication Skills	Boiler Operation and Maintenance
	Decision Making	Centrifugal Compressors and Steam Turbines
	Effective Communication Strategies	Control Valves and Accessories
	Innovation and Creativity	Cooling Water Treatment System
	Interviewing Skills	Experion R300 - C300 Engineering
	Leadership Development	FAI Training Programme for Sr. Maintenance Engineers
	Managerial Enrichment	Fertiliser Industry Orientation Programme
	Mentor-Mentee Relationship	Gas in India- Augmenting Supply: Issues, Challenges and Way Forward
	Negotiation Skills	Hands-on training on final A2A Toolkit for Ammonia Plants in India
	Personality Development	HT Motor Maintenance
	Strategy for Successful Sales Manager	Industrial Tribology and Lubrication management
	Time Management	Infrared Thermal Imaging of Industrial Equipments & Systems
ENVIRONMENT, HEALTH AND SAFETY TRAINING PROGRAMMES	Chemical Weapons Convention	LV Switchgear Maintenance
	CII-British Safety Council Program on Advanced OHSMS Auditing	NDT Applications and Advanced Techniques in Oil and Gas industry
	Electrical Safety	Perform Achieve and Trade (PAT)
	Fire Prevention and Protection	Piping System Layout, detailing, Isometrics and BOQ programme
	First Aid Certification	Process Modifications for Green Technology and Energy Integration
	HAZOP and HAZAN	SAP Refresher and MS Project
	Industrial Safety and Health	Training Program on 'ABB HV motors and Services'
	Industrial Safety and Prevention in Occupational Hazards	Ultrasonic Technology Implementation Programme
	IRCA accredited EMS Lead Auditor Training- ISO 14001:2004	Water Conclave 2012
	NDRF Disaster management Program	
	Occupational Health for Paramedical Staff	
	Productivity, Safety and Occupational Health	
	Safe Preparation of Scaffolding and Height Safety	
	Safety and Health for Supervisory Personnel Working in Hazardous Process Industries (Certificate course)	
	Safety and the Law	
	Safety for Sustainable Manufacturing Growth	
	Safety in Confined Spaces	
	Safety in Material Handling	
	Safety in Usage of Pressure Vessels and Lifting Machinery	
	Safety Management in Industries and Fire Prevention	
Technical Development and its effects on Industrial Safety		
Testing & Examination of Lifting, Machinery, Tackles & Pressure Vessels		

benefit to each employee is also covered under gratuity and superannuation schemes.

All employees are eligible for group personal accident, health

insurance and 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, while under the term solution scheme, life of each employee is insured. All retired employees and their spouses are covered under group health insurance policy up to the age of 85 years.



In addition, we provide home, vehicle and furniture loans to employees according to eligibility at low interest rates. All management grade employees are supported for membership of

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

### WORKPLACE SAFETY

Fertilizer manufacturing units, particularly those manufacturing ammonia are amongst the most complex plants in the chemical industry. It involves handling of various hazardous substances and facing operational hazards such as explosions and spillage.

#### Safety Management Systems

At Chambal, a strong occupational-health and safety management system OHSAS-18001:2007 is in place to ensure safety of employees and the contractor workforce. The township at Gadepan is also OHSAS-18001:2007 certified. We have implemented Process Safety Management System (PSM) developed by the Occupational Safety and Health Administration, USA (OSHA) in our operations for proactive identification, assessment and control of hazards. PSM is not mandatory but was adopted by us to fulfill our quest for highest safety standards in our operations. 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

The Company has a well-defined 'Onsite Disaster Management Plan' which also involves local administration and other industries



in the area. Regular mock drills and fire drills were conducted to check the emergency preparedness. The Company executives regularly visit near-by industries and consultations are held with them to share information and learn from each other's experience. Prompt fire fighting services have also been made available to surrounding villages.

#### Safety Trainings

Internal and external expert faculties conducted extensive trainings on rescue, fire fighting and emergency handling, electrical safety, material handling and road safety to maintain and improve upon the well established safety system. E-learning on different safety topics has been initiated for executives to strengthen the safety culture. The workers of associated contractors were involved in safety promotional activities and trainings

to enhance the safety work culture and reduce injuries.

#### Safety Review System

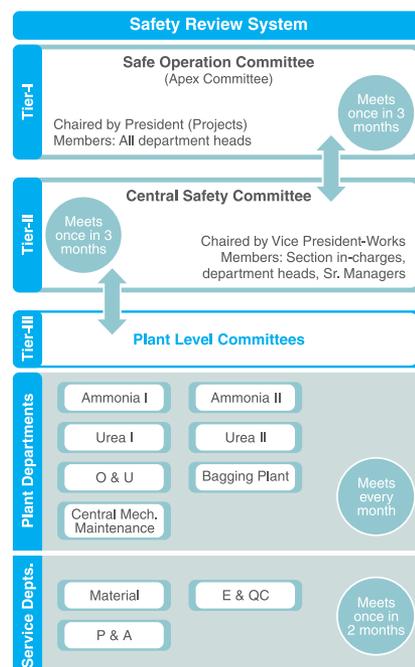
We have a three-tier 'Safety Review System' which consists of plant, management and safe operations committees. We have set up 10 committees (having representation from all the concerned departments) at the plant level. These committees meet on a monthly or bi-monthly basis to review the safety systems. The Safe Operation Committee is the apex safety committee that comprises all department heads, headed by president-projects and meets once every three months.

Parameters	2010-11	2011-12	2012-13
No. of Injuries	1	0	1
No. of Fatalities	0	0	0
Lost Days	91	0	19
Injury Rate <sup>12</sup>	0.050	0	0.046
Lost Day Rate <sup>13</sup>	4.55	0	0.872
Near-misses reported	342	454	518

Table 17: Safety Statistics

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

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





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.



### Encouraging Proactive Safety Behavior

An overall safety improvement project has been undertaken for our bagging plant in association with a consultant. The concept of Behaviour Based Safety (BBS) was introduced last year and is working satisfactorily through selected BBS champions, which include representatives from employees and contractors' staff.

### Other Safety Initiatives

We are associated with world-class safety institutions like National Safety Council of USA, British Safety Council and International Fertilizer Association, etc. In association with the National Safety Council of India, National Safety Day, Road Safety Week, Fire Service Day and World Environment Day campaigns were organized involving employees, their families and contractors' staff. Safety awareness materials are regularly distributed to employees, their families and contractor workers. In the reporting year, we also issued a tour and travel advisory for the safety of all our multi-location employees.

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

### Near-Miss and Make-to-Good

To encourage safety awareness among employees and contractor workforce, a scheme of 'near-miss' and 'make-to-good' reporting is in place. All near misses, minor injuries and incidents were reviewed, analyzed, and corrective actions were taken. In the reporting year, 518 'near-miss' and 329 'make-to-good' cases were reported.

### Safety of Contract Workers

For Chambal, the well-being and safety of our contract workforce is a top priority. Our agreements with contractors include provisions on various safety related issues e.g. right to levy penalties for any unsafe act or violation of safety norms by the workers.

We also have a system of nominating senior employees as 'safety stewards' for each of our contractors with the aim to promote safety awareness

amongst workers. To identify lapses and areas of improvement, review meetings with contractors are conducted every quarter.

At the plant entrance, risks and precautions are explained to each worker. During execution, the jobs are supervised by job in-charges and other senior officers to ensure safety compliance. Whenever any violation is observed, the concerned workmen and job supervisors are counselled and violation, if any, is recorded. All the safety violations are recorded under three categories – unsafe act, unsafe condition and unsafe practice. In 2012-13, 196 safety observations were made during the 18-days annual plant shutdown in April, 2012; and 740 during the rest of the year. Out of these, 660 were classified as 'unsafe acts' and 276 as 'unsafe conditions. The management analyzed the causes of these incidents and appropriate actions were taken to prevent recurrences in the future.

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

### EMPLOYEE HEALTHCARE

We accord highest priority to the health and hygiene of our employees. Surveys, assessments and trainings are a regular feature and the plant and processes are continuously upgraded to improve work place and health standards.

The medical centre at Gadepan works round the clock to provide health services to employees, associated contractor work force and their families and people residing in the vicinity of the plants. New equipment and services are added to continuously upgrade quality of healthcare. Many officers of the Company have been imparted training on first aid and occupational health.

### For Employees @ Corporate Office

In FY 2011-12, we tied-up with two leading doctors (one of whom is a gynaecologist), to provide free medical consultation to all employees at our corporate office in New Delhi.

A doctor now visits the office once a week to provide medical consultation to the employees.

In the reporting year, a free eye screening camp was organized for all our employees at the corporate office.

Health assessments of employees working in hazardous environments are done once in 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 under intimation to the respective department/ functional head.

We also carry out physical medical examination of all our employees working in non-hazardous areas once a year. For all other employees (other than those located at the plant) the frequency of health assessments is once in two years for those below 45 years of age and once a year for those above 45 years of age.

We regularly make our employees and their families aware about lifestyle diseases such as diabetes,

hypertension and osteoarthritis; encourage adoption of preventive measures and provide facilities for treatment. The annual medical examination of employees has brought to light a marginal increase in stress related diseases like diabetes, hypertension, acid peptic and sleep related disorders. Our medical officers regularly advise such employees to reduce stress levels by lifestyle management and maintain a work-life balance.

In FY 2012-13, there were no reported cases of Chronic Obstructive Pulmonary Disease (COPD) and Noise Induced Hearing Loss (NIHL). 686 employees and 5027 contract workers underwent health checks in the reporting year. All food handlers (in the staff canteens and kitchens of guest facilities) are examined once every six months and are de-wormed and vaccinated against typhoid.

### Health, Safety, Environment & Quality (HSEQ) Audits

At Chambal, the HSEQ system is continually improved by conducting hazards and risk assessments and periodic audits by teams of trained internal auditors and external agencies of repute. Surprise visits are made to the plant and canteen to ensure highest standard of housekeeping and hygiene.

The ammonia storage, ammonia feed pump areas and carbamate pump area safety systems have been upgraded based on the audit recommendations. 'Fitness for Service' inspection for critical piping is under progress. To improve the safety culture among our marketing team, all our regional marketing offices in the fertilizer division have been audited and staff has been trained on safety issues. Performance of the HSEQ system is regularly reviewed at various levels to ensure its effectiveness and continual improvement. Furthermore, fire safety training and mock drills were conducted for corporate office employees.

### EQUAL OPPORTUNITIES FOR ALL

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



Compensation Act and Maternity Benefit Act, etc. are implemented.

We have a prevention of sexual harassment policy in place for all employees (direct, contract, temporary, part-time and trainees). An internal complaint committee of three members and headed by a senior female employee, is responsible for carrying out detailed investigations. The committee has been directed to furnish all findings to the managing director within a month of receipt of the complaint, while maintaining due confidentiality. In 2012-13, no case of sexual harassment was reported.

### Ensuring 'Child Labour / Forced Labour Free' Operations

We are committed to prevent human rights abuses like child labour and forced / compulsory labour in all our operations. An elaborate process of background verification, medical fitness, address and age verification is followed along with compliance of other statutory requirements by the industrial relations (IR) department for contract workers. IR department, after completing all formalities, issues a request letter to the security department, which cross-checks all the information furnished by the contractor and generates photo identity cards for the workers. In the reporting year, no case of 'child labour / forced labour' has been reported.

Although we are vigilant about human rights abuses by our suppliers, we are in process of defining a formal policy for the same. Also, the Company has not entered into any significant investment agreements in the reporting year.

### Industrial Relations

Chambal has cordial relations with workers, staff and officers in the organization. We have an effective system of formal and informal channels/ platforms like committee

meetings and interaction with HR/IR departments where our employees are able to share their thoughts. The required welfare measures are implemented on continual basis to ensure a healthy work environment. We fully subscribe to the Right to Freedom of Association of UN Universal declaration of Human Rights. We have never faced a demand by any of our employee groups to form a union due to embedded formal and informal channels of interaction.

The Company follows the Factory's Act 1948, to specify minimum notice period(s) regarding significant operational changes. As on March 31, 2013, we have 15 reinstatement claim cases pending for adjudication before the Labour Court, Kota. Of these, 14 cases are related to contract workers and 1 case pertains to an ex-employee.

### ENRICHING LAND, TRANSFORMING LIVES

Chambal is playing a catalytic role in creating sustainable development in rural India through its multi-pronged programmes:

- Uttam Roshani – Improving the quality of life for the community residing in the vicinity of its fertilizer plants at Gadepan (Kota), Rajasthan by enabling them to be self-reliant and by positive interventions in the infrastructure, healthcare and education domains.

- Uttam Bandhan – Promoting sustainable farming practices and boosting crop productivity, in its marketing territories through its soil testing facilities and farmer advisory services.

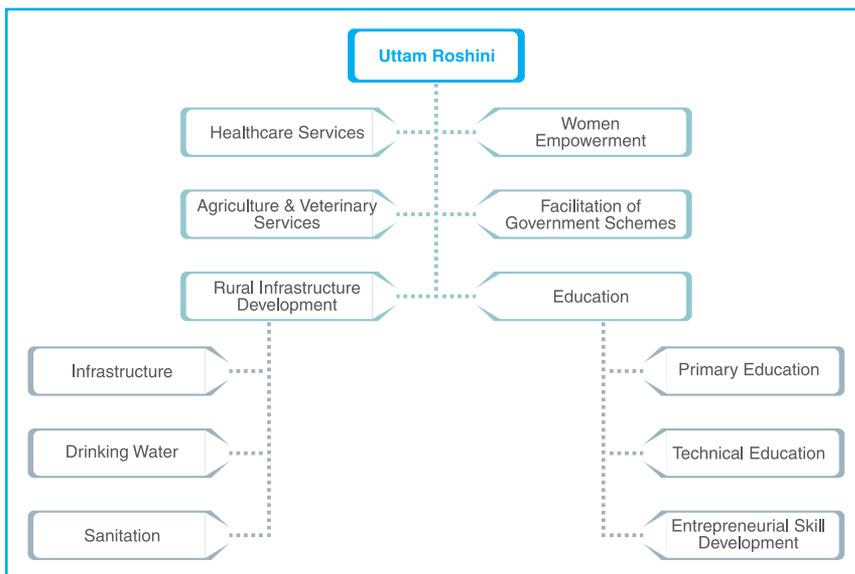
### Uttam Roshani – Partnering with Community

Chambal's full-spectrum CSR programme, Uttam Roshani has been designed to realize larger societal objectives such as sustainable economic, social, educational and environmental development. The Company considers people residing in its vicinity to be important members of its family; therefore, our CSR activities are focused on the 22 villages abutting our fertilizer plants in Rajasthan.



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





In the reporting year, Chambal took the following initiatives to improve the quality of education in a time-bound manner and impact the drop out rates of children.

- Fifteen schools renovated and in balance 9 schools, renovation is in progress.
- Girl's toilets constructed/renovated in 22 schools
- Electrification completed in 24 schools with the support of JVVNL Kota.

To address the diverse needs of the community, six Uttam Roshani interventions were designed after conducting a 'need assessment survey'. These interventions are implemented with active participation of the local community and in consultation with the local administration at village, block and district levels.

public-private partnership scheme of the Government of Rajasthan in 2011-12. Currently, the focus is on the overall development of these schools by improving infrastructure, constructing girls' toilets, providing electricity and water, uniforms, stationery, woollens, etc.

In 2011-12, Chambal formed the K K Birla Memorial Society (KKBMS) to initiate and sustain CSR activities. This society is now responsible for implementation of all Uttam Roshani programmes.

## 1. EDUCATION

### Primary Education

**a) Government Schools:** To promote education among underprivileged children, Chambal adopted 24 primary and upper primary government schools of nearby 22 villages under the

### Key Changes after Chambal Intervention

- Enrolment increased by approximately 20%.
- Attendance increased by approximately 20-25%.
- Study material (bags, notebooks) and woollen clothes distributed to around 1800 students of 24 schools.
- Sports items were distributed in 24 schools.
- Focus on learning English language in these schools
- Library in each school is being established.
- Sports, drawing, cultural competitions and parent meetings are regularly organized to improve participation of children and community.

Class	SC	ST	OBC	General	SBC	Minority	Total
1	92	17	78	36	18	3	244
2	132	45	76	52	10	5	320
3	141	25	88	48	26	8	336
4	102	25	43	40	17	2	229
5	96	32	52	42	6	4	232
6	61	23	28	22	1	6	141
7	61	14	25	23	1	2	126
8	70	44	31	37	0	5	187
<b>Total</b>	<b>755</b>	<b>225</b>	<b>421</b>	<b>300</b>	<b>79</b>	<b>35</b>	<b>1815</b>

Table 18: Details of students enrolled in 24 schools in 2012-13

- Facilitated construction of boundary walls in schools with the support of 'Sarva Shiksha Abhiyan'.
- Provision of drinking and running water was facilitated with the help of Government departments.
- Regular community sensitization and mobilization done through puppet shows, door-to-door campaigns, community meetings, enrolment drives and nukkad natak.

The Company is also promoting diversity by enrolling students from varied backgrounds in these schools (see Table 18 on page 63).

**b) Village Leaning Centre for 'Drop-out' students:** Girl-child education is a major challenge in rural India. It is estimated that over 450 girl-children dropped out of schools in 22 villages in our CSR area. In 2011-12 Chambal engaged IIMPACT (an NGO of IIM Alumni) for capacity-building of these drop-outs and potential school drop-out girls and bring them back into the mainstream government schools. Chambal has started this pilot scheme at 15 learning centres

in 15 nearby villages and plans to open another 12 centers in FY 2013-14. Similarly, 7 remedial learning centres have also been established to facilitate weak and drop-out boys.

**c) Chambal Fertiliser DAV School:** To promote quality education, Chambal encourages children from nearby villages to study in CF DAV School located in its Gadepan township. During the last 4 years, the percentage of students from nearby villages has gone up considerably. Free mid-day meals are provided to all students of this school. In 2011-12, CF DAV School was upgraded to class 10<sup>th</sup> and was affiliated with the Central Board of Secondary Education (CBSE).

**Technical Education**

In 2010-11, Chambal adopted Industrial Training Institute (ITI), Sangod in Rajasthan under the public-private partnership scheme of the government. In 2012-13, the building of this ITI was renovated and new equipment and computers were installed for providing the training. A new block of building is under construction.

During the reporting year, four new trades were introduced after taking necessary approval from the National Council for Vocational Training, thus increasing the total trades to seven. The student strength has increased from around 100 to 280. In 2011-12, the Company helped ITI in placing 94 students with some blue-chip companies. In the reporting year, 50 students of ITI – Sangod, were placed with various companies.

To provide a platform for knowledge and information sharing, ITI Sangod has launched its own dedicated website [www.itisangod.com](http://www.itisangod.com)

**Entrepreneurial Skill Development**

The decrease in per capita land holding size due to increase in population and less availability of agricultural land has rendered income from agriculture insufficient to meet the needs of farmers. In order to achieve financial security, diversification to non-farm based activities becomes imperative for farmers. Since Gadepan is a rural area, most of its youth have limited opportunities for livelihood. To help unemployed youth, we have established a Vocational

	2009-10	2010-11	2011-12	2012-13
Students from nearby villages in CF DAV School	29%	37%	45%	51%

Table 19: Percentage of students from nearby villages in CF DAV School

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



Training Centre in collaboration with the Government of Rajasthan and an NGO, Gramin Vikas Trust. This centre will facilitate training in various entrepreneurial skills like electrical wiring, tailoring, two wheeler repair, make-up and hair cutting. It is heartening to observe that most people trained in these skills are now gainfully self-employed. In 2012-13, we trained 75 female candidates in tailoring at this centre. The Company plans to open 2 similar centres in nearby areas in 2013-14.



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

The Company also provides emergency ambulance services to the community on a 24x7 basis. Apart from the above services, periodic health camps for various diseases were organized during the reporting year. The Company also organized a blood donation camp in association with the Kota Blood Bank Society (KBSS) where

Self-Help Groups (SHGs) are a unique method to implement developmental schemes at the grassroots level by combining self-management with access to low cost finances. Chambal's SHG initiative focusses on women's empowerment.

our employees and their family members donated blood.

## 2. HEALTHCARE

Villages near our plant do not have access to medical infrastructure. Chambal has a mobile healthcare unit with a doctor and a nursing assistant, which visits nearby villages every day. Health checks are conducted and medicines are provided free of cost. Medical cases requiring specialized treatment are referred to the Government hospital at Kota. People residing in 19 villages in the vicinity of our plants regularly benefit from this service.

## 3. WOMEN'S EMPOWERMENT

Self-help Groups (SHGs) are a unique method to implement developmental schemes at the grassroots level by combining self-management with access to low cost finances. SHGs also help the marginalized community come together to solve their problems through the participatory approach. Our SHG initiative is focused on women in the villages in the vicinity of our plants at Gadepan. These SHGs have been formed with the objective of micro-financing and inter-lending. In addition, selected women are regularly skill-trained for bag/ paper bag making, dona-pattal making, food processing, spice/ pickle making, tailoring, etc.

During the reporting year, training programmes were conducted for

Healthcare Programme	2010-11 (Nos.)	2011-12 (Nos.)	2012-13 (Nos.)
Patients treated by Gramin Arogya Sewa Mobile Healthcare Unit	22485	34741	31266
Patients treated at Health Centre	1553	2862	3053
No of times ambulance was provided to community members in emergency situations	171	222	238
Children covered under Pulse Polio immunization programme	75	51	182

Table 20: Healthcare related activities

Healthcare Camps	2010-11 No. of patients	2011-12 No. of patients	2012-13 No. of patients
Camp for skin related diseases	263	217	306
Eye check-up Camp	942	647	752
Family Planning Camp (Tubectomy & Vasectomy)	61	15	35
Blood Donation Camp (Units)	152	196	159

Table 21: Healthcare related activities



SHG members on topics like-accounts and record keeping, strengthening and management of SHGs, role and responsibilities of SHGs and the bank linkage process.

#### 4. AGRICULTURE AND VETERINARY SERVICES

Agriculture and livestock development form the backbone of rural livelihood. Chambal is committed to educating the farmers about the latest developments in the field of agriculture and animal husbandry. We have established an Uttam Krishi Clinic in the vicinity of our plants in Kota.

The Uttam Krishi Clinic provides the following services to the rural community:

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

The Company regularly organizes veterinary camps (for vaccination and treatment of animal health related problems) in collaboration with the state government veterinary department, Kota.

#### 5. FACILITATION OF GOVERNMENT SCHEMES

Central and state governments in India have many schemes for the

Numbers of SHGs formed (Till Date)	Numbers of women members	Micro finance/ inter loaning corpus
27 in 9 villages	319	More than ₹ 10 Lakh

Table 22: Self-Help groups

benefit of underprivileged people. But at times such people are unable to avail these benefits due to lack of information and limited means. To fill this gap, Chambal initiated a programme to help people of nearby villages avail Government facilities like pension schemes and domestic gas connections. In 2012-13, out of the 105 beneficiaries helped by the company, six have already started getting pensions. Approval of other beneficiaries for pension is under process. Similarly, the company directly or indirectly helped about 520 households to get domestic gas connections in the reporting year.

#### 6. RURAL INFRASTRUCTURE DEVELOPMENT

Absence of quality infrastructure like roads, drinking water, irrigation system, sewage treatment and power supplies severely limits development and prosperity of an Indian village. Chambal has been contributing towards rural infrastructure development by constructing classrooms and boundary walls in schools, toilets and crematoriums, kharanja roads



(stone pavement) and gravel link roads, drains and culverts in the villages adjacent to its plants.

Chambal has started a pilot scheme for the construction of drains and pavements in Gadepan village. Under this scheme, manpower is to be provided through MGNREGS and construction material is being provided by the Company. During the year, construction of roads in 3 streets out of 7 main streets was completed. In 2012-13, Chambal has also constructed platforms and sheds in 3 crematoriums in surrounding villages in addition to the 5 constructed earlier.

#### Drinking Water Scheme

Chambal has taken steps to provide potable water in surrounding villages in collaboration with Gram Panchayat/ PHED. Construction and repair of water tanks, decentralized drinking water systems and installation of pipeline and hand pumps were carried out in nearby villages. During the reporting year, the Company constructed drinking water facilities in Gadepan Ki Jhopariyan, Bhonra, Tejpura Bhonra and Ballabhpura villages.

#### Total Sanitation Campaign

Sanitation is critical for ensuring quality of life and health in the rural areas. We are committed to enhance sanitation through 'community participation' and 'people-led' programmes in the vicinity of our plants. In 2010-11, Chambal initiated a project to improve sanitary practices through awareness campaigns and construction of toilets under Total Sanitation Campaign of Government of India. In the last two years, we have constructed over 800 toilets for Below-the-Poverty Line (BPL) families in 22



villages near Gadepan. Awareness about good sanitary habits is being spread by regularly organizing information, education and communication activities on health and sanitation in nearby villages and schools. The Company has already conducted over 100 such meetings in Year 2011-12 and 2012-13. In addition, Chambal has constructed/ renovated girls' toilets in 23 government schools. This has supported in improving girls' attendance and reducing drop-out rate.

## PRODUCT RESPONSIBILITY

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

### UTTAM BANDHAN – Educating and Supporting the Farmer

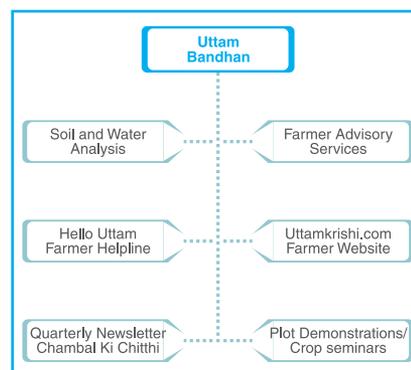
Chambal Uttam Bandhan – a trendsetting agriculture and community development initiative – provides customised information and services to farmers. It is

playing a key role in protecting and renewing arable land by promoting sustainable agriculture. Uttam Bandhan currently has about 36,000 farmers as its members and covers 10 Indian states. A nominal membership fee of ₹ 20 per annum is charged to the farmer.

Chambal uses both new-age as well as conventional media to disseminate information regarding scientific farming practices, high quality agri inputs, location of authorised dealers, prevailing market prices and weather forecasts. The interface between our Company and the farmers are Uttam Krishi Salhakars (UKSs). The UKS is usually a local youth having entrepreneurial skills and agricultural knowledge. He is responsible for collecting soil and water samples for analysis, distribution of quarterly magazine, arranging farmer meetings and crop seminars and product demonstrations. In addition, Chambal also reaches out to the farming community through television and radio advertisements.

### Farmer Meets/ Training Programs/ Crop Demonstrations

The delivery touch points for Uttam Bandhan are crop and product demonstrations, field trials, training



programmes and farmer meets. The key agenda of these activities is to promote balanced use of fertilizers and advise farmers on suitable combination of nutrients for different kinds of soils. Plot demonstrations are used to showcase efficacy of Chambal products, facilitate adoption of new products and techniques and give a preview of efficient agri-practices. These sessions also act as a forum for the farmers to interact with agriculture experts.

### Chambal Ki Chitthi

Chambal publishes a quarterly agriculture magazine – Chambal ki Chitthi, containing farm related information. This magazine is published in three vernacular languages – Hindi, Punjabi and Gujarati and is hand delivered to every Uttam Bandhan farmer.

### Farmers' Website –Uttamkrishi.com

Launched in 2001, uttamkrishi.com is a dedicated interactive website in Hindi, for the Indian farming community. It has a bottom-up approach to farming solutions as the website has been designed region wise to address the local issues. Useful and latest information on crops and agronomy are posted on the website. Farmers can access the information for free and can post queries which are answered by our experts.

### Hello Uttam

Chambal has a dedicated telephonic helpline called "Hello Uttam". Farmers can discuss their concerns with our experts over



Chambal has been contributing towards rural infrastructure development by constructing classrooms and boundary walls in schools, toilets and crematoriums, kharanja roads (stone pavement) and gravel link roads, drains, and culverts in the villages near its plants.

phone by dialling toll-free number 1800 180 5550. The helpline number is printed on all packaging and promotional materials of the Company.

### Maintaining Soil Fertility

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

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

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

### Neem Coated Urea, an Eco-friendly Alternative:

Urea coated with neem extract especially triterpene have nitrification inhibiting properties, thereby ensuring availability of Nitrogen for prolonged periods. In FY 2012-13, 35% of Chambal's total urea production was neem coated urea.



we educate the farmers about the optimum quantity and right mix of fertilizers to be applied thereby limiting indiscriminate use of fertilizers and pesticides. Till date, we have tested over 750,000 soil and other samples in ten states of India.

### Measuring Satisfaction

We use various platforms to interact with our customers, gauge their satisfaction levels and get valuable feedback. Their comments and remarks are compiled and analyzed for identifying the opportunities for improvement in our products

and service delivery mechanism. In 2012-13, we initiated a farmer feedback programme via the 'Hello Uttam Helpline'.

### Responsible Communications

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

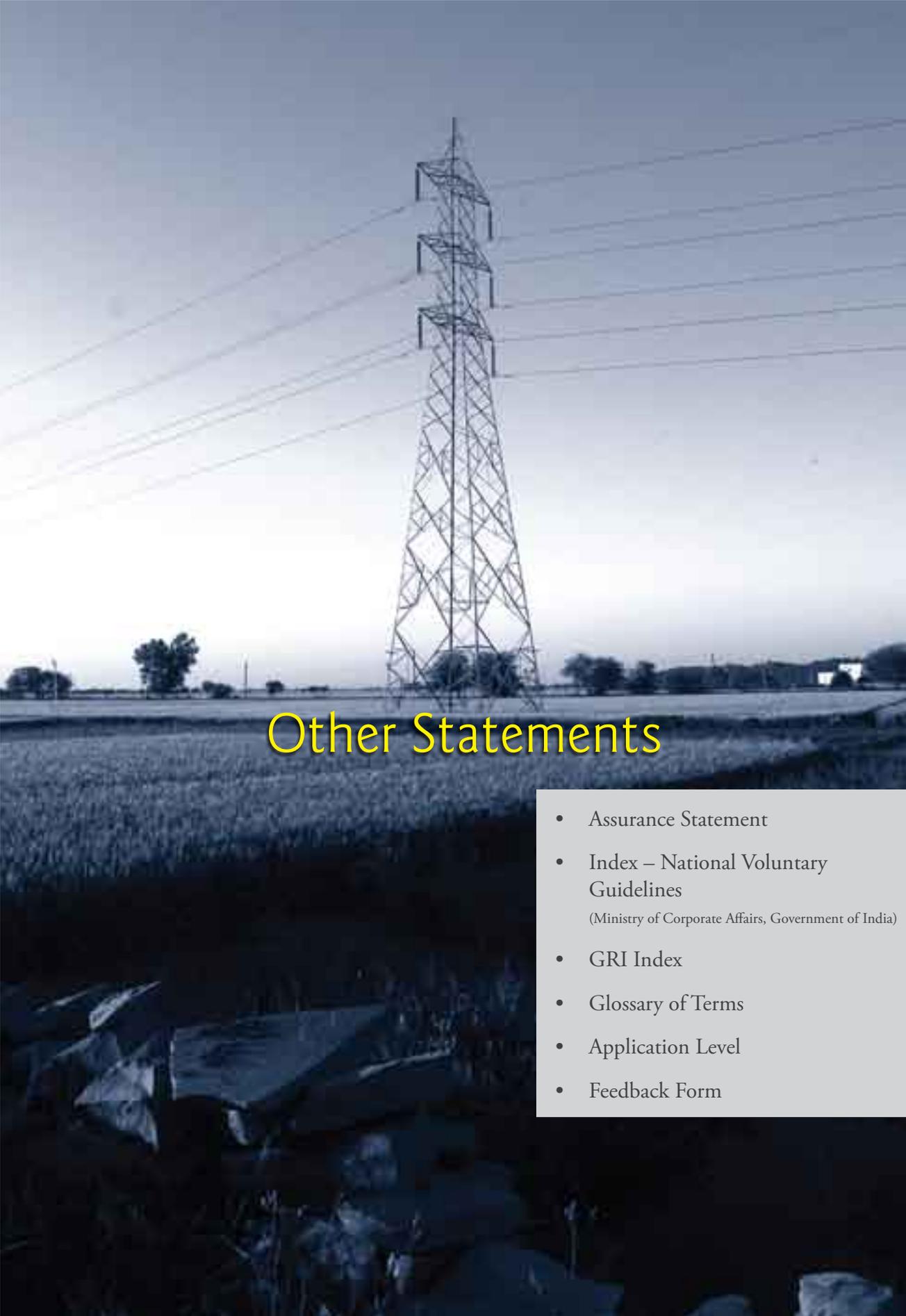
- Name of fertilizer;
- Percentage of various nutrients;
- Gross and net weight (in kilogram);
- Maximum retail price;
- Month and year of manufacture;
- Contact details of manufacturer;
- Address of manufacturing facility;
- Handling precautions; and
- Toll-free Helpline number.

### Ensuring Compliance

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

Uttam Bandhan Activities	FY 2011-12	FY 2012-13
Soil & other samples tested by ADLs/ Mobile Vans	77539	64045
Soil Sample Days	230	192
Farmer Meetings	2265	2283
Farmer Training Programmes	186	196
Jeep Campaign Days	5442	4859
Field days	45	73
Fairs / Exhibitions	75	53
Dealer & Sub-dealer Meetings	59	50
Demonstrations	571	725
Crop Seminars	32	3
Hello Uttam Queries	40903	45695

Table 23: Uttam Bandhan activities



## Other Statements

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

# Assurance Statement



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**The Management and Board of Directors**  
**Chambal Fertilisers and Chemicals Limited**  
**Corporate One, First Floor**  
**5 Commercial Centre, Jasola**  
**New Delhi 110025, India**

## **Independent Assurance Statement**

Ernst & Young LLP (EY) was retained by Chambal Fertilisers and Chemicals Limited (the 'Company') to provide independent assurance on its Sustainability Report 2012-13 (the 'Report')

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

## **Assurance Standard**

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

## **Key Assurance Procedures**

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

## **Scope of Assurance and Methodology**

The scope of work for this assurance was limited to review of information pertaining to environment, health & safety (EHS) and social performance for the period 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013. We conducted review and verification of data collection/ measurement methodology and general review of the logic of inclusion/ omission of necessary relevant information / data and this was limited to:

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

### **Limitations of our Engagement**

The assurance scope excludes:

- Data and information outside the defined reporting period (1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013);
- Data and information on the economic and financial performance of the Company included in the Report;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention.

### **Observations**

During our review process, we observed that:

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

### **Conclusions**

On the basis of our assurance methodology, nothing has come to our attention that would cause us not to believe that the Report presents the Company's sustainability performance covering the indicators as mentioned in the Report. The Report contents are presented fairly keeping in view the GRI-G3 sustainability reporting principles and criteria.

### **Our Assurance Team and Independence**

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

### **Ernst & Young LLP**

**Sudipta Das**  
**Partner**

Dated: 26<sup>th</sup> June 2013

Place: Kolkata

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

Compliance of Voluntary Guidelines by Ministry of Corporate Affairs		
Principles	Core Elements	Comparative GRI G3 Standard disclosures and Indicators
Principle 1 – Ethics, Transparency and Accountability	Governance structure of the business, including committees under the Board responsible for organizational oversight.	GRI Standard disclosure 4.1 / Annual Report 2012-13 -->Corporate Governance Report
	Mandate and composition (including number of independent members and/or non-executive members) of such committee with the number of oversight review meetings held	GRI Standard disclosure 4.2, 4.3 / Annual Report 2012-13 -->Corporate Governance Report
	State whether the person/committee head responsible for oversight review is independent from the executive authority or not. If yes, how.	GRI Standard disclosure 4.2, 4.9 / Annual Report 2012-13 -->Corporate Governance Report
	Mechanisms for shareholders and employees to provide recommendations or direction to the Board/ Chief Executive.	GRI Standard disclosure 4.4
	Processes in place for the Board/ Chief Executive to ensure conflicts of interest are avoided.	GRI Standard disclosure 4.6 / Annual Report 2012-13 -->Corporate Governance Report
	Internally developed statement on Ethics, Codes of Conduct and details of the process followed to ensure that the same are followed	GRI Standard disclosure 48 / Annual Report 2011-12 -->Corporate Governance Report
	Frequency with which the Board/ Chief Executive assess BR performance.	HSEQ and Safety performance is regularly reviewed by the Managing Director and is reported in all the Board Meetings
Principle 2 – Products life cycle sustainability	Statement on the use of recyclable raw materials used	GRI Core indicator EN2
	Statement on use of energy-efficient technologies, designs and manufacturing/service-delivery processes	GRI Additional indicator EN5
	Statement on copyrights issues in case of the products that involve use of traditional knowledge and geographical indicators	Manufacturing of our core product Urea is a highly technical by nature and therefore does not have any copyrights regarding traditional knowledge and geographical indicators
	Statement on use of sustainable practices used in the value chain	GRI Core indicator HR 1, 2, Environmental sustainability of suppliers will be done in due course
Principle 3 – Employee's well-being	Total number of employees with percentage of employees that are engaged through contractors	GRI Core indicator LA1
	Statement on non-discriminatory employment policy of the business entity	GRI Core indicator HR4
	Percentage of employees who are women	GRI Core indicator LA13
	Number of persons with disabilities hired	While we do not have any policy in this regard, we hire & promote people as per merit and do not discriminate between able and disable persons
	Amount of the least monthly wage paid to any skilled and unskilled employee	We pay wages as per Government's Minimum Wage act
	Number of training and skill up-gradation programmes organized during the reporting period for skilled and unskilled employees	GRI Core indicator LA10
	Number of incidents of delay in payment of wages during the reporting period	There has been no delay in payment of wages during the reporting period
	Number of grievances submitted by the employees	Covered under Industrial Relations

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

# GRI Index

GRI G3 Content Index		
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3.6	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	24
3.7	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	24
3.8	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Mentioned in relevant sections
3.9	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers /acquisitions, change of base years/periods, nature of business, measurement methods).	No significant change
3.10	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	24
3.11	Table identifying the location of the Standard Disclosures in the report.	74
3.12	Policy and current practice with regard to seeking external assurance for the report.	24

4. Governance, Commitments, and Engagement		
Profile Disclosure	Description	Reference
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	34-36
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	34-36
4.3-4.11	Board Structure, Shareholder Recommendation, Avoidance of conflict of Interest, selection of Board Members, Vision and Mission, Code of Conduct, Discussions about Sustainability Issues in the Board, Evaluation of Performance of Governance body with respect to sustainability issues, Precautionary Approach.	34-36 + Annual Report
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	30-32
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	38-40
4.14	List of stakeholder groups engaged by the organization.	38-40
4.15	Basis for identification and selection of stakeholders with whom to engage.	38-40
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	38-40
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	38-40
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)		
G3 DMA	Description	Reference
DMA EC	Disclosure on Management Approach EC	42-44
DMA EN	Disclosure on Management Approach EN	46-54
DMA LA	Disclosure on Management Approach LA	56-62
DMA SO	Disclosure on Management Approach SO	62-67
DMA HR	Disclosure on Management Approach HR	61-62
DMA PR	Disclosure on Management Approach PR	67-68
Economic		
Performance Indicator	Description	Reference
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	42-44
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	47
EC3	Coverage of the organization's defined benefit plan obligations.	58
EC4	Significant financial assistance received from government.	42-44
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	44
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	56-57
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	62-67

Environment		
Performance Indicator	Description	Reference
EN1	Materials used by weight or volume.	46
EN2	Percentage of materials used that are recycled input materials.	46-47
EN3	Direct energy consumption by primary energy source.	46-48
EN4	Indirect energy consumption by primary source.	46-48
EN5	Energy saved due to conservation and efficiency improvements.	46-48
EN8	Total water withdrawal by source.	59
EN10	Percentage and total volume of water recycled and reused.	47-50
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	54
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	54
EN13	Habitats protected or restored.	54
EN16	Total direct and indirect greenhouse gas emissions by weight.	47-48
EN17	Other relevant indirect greenhouse gas emissions by weight.	47-48
EN19	Emissions of ozone-depleting substances by weight.	52
EN20	NOx, SOx, and other significant air emissions by type and weight.	52
EN21	Total water discharge by quality and destination.	51
EN22	Total weight of waste by type and disposal method.	53
EN23	Total number and volume of significant spills.	52
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	67-68
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Packaging material not reclaimed
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No non-compliance
EN30	Total environmental protection expenditures and investments by type.	54
Social: Labour Practice and Decent Work		
Performance Indicator	Description	Reference
LA1	Total workforce by employment type, employment contract, and region.	56
LA2	Total number and rate of employee turnover by age group, gender, and region.	56-57
LA4	Percentage of employees covered by collective bargaining agreements.	62
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	62
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	59
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	59-61
LA10	Average hours of training per year per employee by employee category.	57
LA12	Percentage of employees receiving regular performance and career development reviews.	57

LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	56
LA14	Ratio of basic salary of men to women by employee category.	61-62
<b>Social: Society</b>		
Performance Indicator	Description	Reference
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	62-67
SO2	Percentage and total number of business units analyzed for risks related to corruption.	36
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	36
SO4	Actions taken in response to incidents of corruption.	36
SO5	Public policy positions and participation in public policy development and lobbying.	40
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No non-compliance
<b>Social: Human Rights</b>		
Performance Indicator	Description	Reference
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	61-62
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	61-62
HR4	Total number of incidents of discrimination and actions taken.	61-62
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	61-62
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	61-62
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	61-62
<b>Social: Product Responsibility</b>		
Performance Indicator	Description	Reference
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	67-68
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	67-68
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	67-68
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	67-68
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	67-68
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	67-68

## Glossary of Terms

ADL	Agriculture Development Laboratory
ASCI	Advertising Standards Council of India
BBS	Behavior Based Safety
BNHS	Bombay Natural History Society
BOD	Biological Oxygen Demand
BPL	Below Poverty Line
BSE	Bombay Stock Exchange
CBSE	Central Board of Secondary Education
CF DAV	Chambal Fertilisers DAV School
CFC	Chlorofluorocarbon
CFCL	Chambal Fertilisers and Chemicals Limited
CII	Confederation of Indian Industry
CO <sub>2</sub>	Carbon Di Oxide
COPD	Chronic Obstructive Pulmonary Disease
CREP	Corporate Responsibility for Environment Protection
CSR	Corporate Social Responsibility
DAP	Di Ammonium Phosphate
DM Plant	Plant Dimineralisation Plant
DMA	Disclosure on Management Approach
DWT	Dead Weight Tonnage
EC	Economic Performance Indicators
ECG	Electrocardiogram
EHS	Environment Health and Safety
EMS	Environmental Management System
EN	Environment Performance Indicators
ENT	Ear, Nose and Throat Specialist
ETP	Effluent Treatment Plant
EVD	Economic Value Distributed
EVG	Economic Value Generated
FAI	Fertilizer Association of India
FCO	Fertiliser (Control) Order
FICC	Fertilizer 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 G3	Global Reporting Initiative, Generation Three
GV	Geomarco Vetro Coke
GVT	Gramin Vikas Trust
HAZAN	Hazard Analysis
HAZOP	Hazard & Operability Analysis
HDPE	High Density Polyethylene
HR	Human Rights Performance Indicators
HR	Human Resource
HSE	Health, Safety and Environment
HSEQ	Health, Safety, Environment & Quality System
ICC	Indian Chemical Council
IEC	Information, Education and Communication
IFA	International Fertilizer Association
IIM	Indian Institute of Management
IMACID	Indo Maroc Phosphore S.A.
IMC	Institute Management Committee
IMF	International Monetary Fund
INR	Indian Rupee
IPP	Import Parity Price
IR	Industrial Relations
IRCA	International Register of Certificated Auditors
ISO	International Organization for Standardization
ITI	Industrial Training Institute
JVVNL	Jaipur Vidyut Vitran Nigam Limited

KBBS	Kota Blood Bank Society
KG-D6	Krishna Godavari Basin
KKBMS	KK Birla Memorial Society
KRES	KBR Reformer Exchange System
KVK	Krishi Vigyan Kendra
LA	Labour Performance Indicators
LLP	Limited Liability Partnership
LNG	Liquefied Natural Gas
MD	Managing Director
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MOP	Muriate of Potash
MS Scrap	Mild Steel Scrap
MT	Management Trainee
MT	Metric Tonne
N <sub>2</sub> O	Nitrous Oxide
NADEP	A compost method developed by Naryan Devrao Pandri Pandey
NBS	Nutrient Based Subsidy
NDRF	National Disaster Response Force
NDT	Non-Destructive Testing
NGO	Non Government Organization
NIHL	Noise Induced Hearing Loss
NIP	New Investment Policy
NOx	Oxides of Nitrogen
NPS	New Pricing Scheme
NSE	National Stock Exchange
OBC	Other Backward Class
OCBs	Overseas Corporate Bodies
OCP	Operation Control Procedures
ODS	Ozone Depleting Substances
OEM	Other Equipment Manufacturer
OHSAS	Occupational Health & Safety Advisory Services
OHSMS	Occupational Health and Safety Management System
OSHA	Occupational Safety and Health Administration
PAR	Performance Analysis Review
PAT	Perform Achieve and Trade
PAT	Profit After Tax
PBT	Profit Before Tax
PHED	Public Health Engineering Department
PMS	Performance Management System
PPCP	Public Private Community Partnership
PPE	Personal Protective Equipment
PPP	Public Private Partnership
PR	Product Responsibility Performance Indicators
PSM	Process Safety Management
PVC	Polyvinyl Chloride
RLNG	Re-gasified Liquefied Natural Gas
SBC	Special Backward Class
SC	Scheduled Caste
SEBI	Securities and Exchange Board of India
SHGs	Self Help Groups
SMS	Short Messaging Service
SO	Social Performance Indicators
SPM	Suspended Particulate Matter
SSP	Single Super Phosphate
ST	Scheduled Tribe
STP	Sewage Treatment Plant
Tcf	Trillion Cubic Feet
tCO <sub>2</sub>	Total Carbon Di Oxide
TMOs	Trainee Marketing Officers
TSE	Total Sanitation Campaign
TSS	Total Suspended Solids
UK	Uttam Kranti
UKCs	Uttam Krishi Clinics
UKS	Uttam Krishi Salahakars
UN	United Nations
USD	US Dollar

# Application Level

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



# Feedback Form

Please tick (✓) the most appropriate box.

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

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

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

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Chambal Fertilisers sincerely thanks you for your time and comments.

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