



CHAMBAL FERTILISERS  
AND CHEMICALS LIMITED

*Empowering farmers,  
strengthening livelihoods*



Annual Report 2012-13

## CONTENTS

Notice	02	Cash Flow Statement	36
Directors' Report	05	Notes to the Financial Statements	37
Report on Corporate Governance	15	Consolidated Auditors' Report	69
Auditors' Certificate on Corporate Governance	26	Consolidated Balance Sheet	70
Management Discussion and Analysis Report	27	Consolidated Statement of Profit & Loss	71
Auditors' Report	31	Consolidated Cash Flow Statement	72
Balance Sheet	34	Consolidated Notes to the Financial Statements	73
Statement of Profit & Loss	35		

---

#### **DIRECTORS**

S.K. Poddar  
Chairman

Shyam S. Bhartia  
Co-Chairman

Anil Kapoor  
Managing Director

R.N. Bansal

Dipankar Basu

K.N. Memani

C.S. Nopany

Radha Singh

Marco Wadia

#### **SENIOR EXECUTIVES**

Abhay Baijal  
Vice President – Finance

A.K. Bhargava  
Vice President - Works

D.L. Birla  
Executive President – BTM

V.K. Gupta  
Vice President – Marketing

Vinod Mehra  
President – Projects

M.S. Rathore  
Vice President-Legal  
Corporate Communication & Secretary

K. Satishchandra  
Executive President-India Steamship

#### **AUDITORS**

S.R. Batliboi & Co. LLP  
Chartered Accountants

#### **BRANCH AUDITORS**

Singhi & Co.  
Chartered Accountants

#### **COST AUDITORS**

K.G. Goyal & Associates

## NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the members of the Company will be held at 1030 hours on Friday, September 13, 2013 at the Registered Office of the Company at Gadepan, District Kota, Rajasthan, to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, Statement of Profit and Loss for the year ended on that date and reports of Directors and Auditors.
2. To consider declaration of dividend on Equity Shares.
3. To appoint a director in place of Mr. Saroj Kumar Poddar, who retires by rotation and is eligible for re-appointment.
4. To appoint a director in place of Mr. Shyam Sunder Bhartia, who retires by rotation and is eligible for re-appointment.
5. To appoint a director in place of Mr. Kashi Nath Memani, who retires by rotation and is eligible for re-appointment.
6. To appoint M/s. S.R. Batliboi & Co. LLP (formerly known as M/s. S.R. Batliboi & Co.), Chartered Accountants, (Registration No. 301003E) as Statutory Auditors of the Company and fix their remuneration.
7. To appoint M/s. Singhi & Co., Chartered Accountants, (Registration No. 302049E) as Branch Auditors for Shipping Business of the Company and fix their remuneration.

### SPECIAL BUSINESS:

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

**"RESOLVED THAT** in supersession of the resolution passed by the members of the Company in this regard on August 24, 2007 and pursuant to section 293(1)(d) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum(s) of money(s) on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed for the time being the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money(s) so borrowed by the Board shall not, at any time, exceed the limit of Rupees 6500 crore.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do and perform all such acts, deeds and things (including delegation of this power) as may be necessary, desirable or expedient to give effect to this resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

**"RESOLVED THAT** in partial modification of the special resolution passed by the members in this regard on August 27, 2010 and pursuant to provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("**SEBI Guidelines**") as amended from time to time and other applicable rules, circulars and regulations, prescribed by the Securities and Exchange Board of India ("**SEBI**") or any other authority from time to time including without limitation Circular No. CIR/CFD/DIL/3/2013 dated January 17, 2013 read with Circular No. CIR/CFD/DIL/7/2013 dated May 13, 2013 issued by SEBI, listing agreement(s) entered into by the Company with the stock exchanges where the securities of the Company are listed and subject to such other approvals, consents, permissions and sanctions, as may be applicable, including such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions, the consent of the Company be and is hereby accorded to amend CFCL Employees Stock Option

Scheme 2010 ("**ESOS 2010**") in the following manner:

- a) The definition of "Trust" as appearing in Clause 3.37 of ESOS 2010 be replaced with and substituted by the following:

"3.37. "Trust" means CFCL Employees Welfare Trust constituted by the Company for the purpose of subscription of Shares for holding and transferring of Shares (including holding and transferring Shares acquired from the secondary market before January 17, 2013) to Participants in the manner specified in the Trust Deed and the Scheme."

- b) The definition of "Trust Deed" as appearing in Clause 3.38 of ESOS 2010 be replaced with and substituted by the following:

"3.38. "Trust Deed" means the deed of private Trust between the Company and the trustee(s), as amended, for creation of CFCL Employees Welfare Trust for the welfare of the Employees with the objective of subscription of Shares for holding and transferring of Shares (including holding and transferring Shares acquired from the secondary market before January 17, 2013) to Participants in the manner specified in the Trust Deed and the Scheme."

- c) Clause 12.2 of ESOS 2010 be replaced with and substituted by the following:

"12.2. In case of allotment/ transfer of Shares to the Participant through the Trust upon Exercise of the Options under the Scheme, the Trust shall either subscribe to newly issued Shares and transfer such newly issued Shares or transfer existing Shares acquired by the Trust before January 17, 2013 from the secondary market using funds provided by the Company. It is clarified that the Trust shall not acquire any Shares from the secondary market on and after January 17, 2013 and the Shares held by the Trust as on January 17, 2013 shall be utilized only for transfer to the Participants upon Exercise of Options held by them under this Scheme. For the purpose of subscription to newly issued Shares of the Company, the Trust shall be funded by the Company, either through a loan or any other form of financial assistance permissible under Applicable Laws."

**RESOLVED FURTHER THAT** the equity shares to be offered to the eligible employees (the option holders) on exercise of the employees stock options would be by way of either a) subscription of equity shares of the Company by such employees or b) transfer of shares to such employees by CFCL Employees Welfare Trust (which shall, for this purpose, either utilize the equity shares of the Company acquired by it from the secondary market before January 17, 2013 or directly subscribe to newly issued equity shares of the Company).

**RESOLVED FURTHER THAT** the Board be and is hereby authorised on behalf of the Company to make such other modifications, changes, variations, alterations or revisions in the ESOS 2010 from time to time or to suspend, withdraw or revive the ESOS 2010 from time to time as may be specified by any statutory authority or otherwise and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose including for the purpose of giving effect to any creation, offer, issue, allotment or listing of the shares, in conformity with the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

**RESOLVED FURTHER THAT** the Board, if required, be and is hereby authorized to take necessary steps and to do all such acts, deeds, things as may be required for giving effect to the above resolutions including without limitation making necessary filings with the stock exchanges and other regulatory authorities."

**By order of the Board**

**M. S. Rathore**

Vice President - Legal

Corporate Communication & Secretary

New Delhi

June 20, 2013



## Notes:

### 1. Proxy

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/ her stead and a proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to the annual report.

### 2. Explanatory Statement

The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the items of the special business is given below and forms part hereof.

### 3. Directors proposed to be re-appointed

M/s. Saroj Kumar Poddar, Shyam Sunder Bhartia and Kashi Nath Memani, directors are retiring by rotation and eligible for re-appointment. Members may kindly refer "Report on Corporate Governance" (Annexure 'D' to Directors Report) for further details of these directors.

### 4. Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, August 20, 2013 to Thursday, August 22, 2013.

### 5. Certificate from Auditors

The Company has obtained a certificate from the auditors of the Company certifying that 'CFCL Employees Stock Option Scheme 2010' is implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and the resolution passed by the members in the general meeting. The certificate will be available at the venue of Annual General Meeting for inspection by members.

### 6. Payment of Dividend

The Dividend on Equity Shares for the Financial Year ended March 31, 2013, will be paid after declaration by the members:

- in respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on August 22, 2013, after giving effect to all valid share transfer documents lodged with the Company on or before Monday, August 19, 2013.
- in respect of shares held in electronic form, to those beneficial owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the end of business on Monday, August 19, 2013.

The Members are hereby informed that the Company would transfer the dividends, which remain unclaimed for a period of 7 years, to the Investor Education and Protection Fund ("IEP Fund") constituted by the Central Government under section 205C of the Companies Act, 1956.

The following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to IEP Fund:

Dividend Year	Date of Declaration of dividend	Due date for Transfer to IEP Fund
2005-06	25.08.2006	27.09.2013
2006-07	24.08.2007	24.09.2014
2007-08	10.09.2008	10.10.2015
2008-09	20.08.2009	20.09.2016
2009-10	27.08.2010	01.10.2017
2010-11	16.09.2011	21.10.2018
2011-12	14.09.2012	15.10.2019

Further, the Company shall not be in a position to entertain the claims of the shareholders for the unclaimed dividends which have been transferred to IEP Fund.

In view of the above, the shareholders are advised to send their requests for payment of unpaid dividend pertaining to the Financial Years 2005-06 through 2011-12 to our Share Transfer Agent at New Delhi for issue of cheques / demand drafts before the due dates for transfer to the IEP Fund.

Investors holding shares in physical form are advised to forward the particulars of their bank account, name, branch and address of the bank to our Share Transfer Agent immediately, if not sent already, so as to enable them to incorporate such details on dividend warrants. These investors are advised to opt for Electronic Clearing System (ECS) at the earliest to avail fast and safe remittance of dividend and return the Mandate Form attached herewith, accurately filled in and signed. A photocopy of a leaf of your cheque book bearing your bank account number may also be sent along with the Mandate Form to the Share Transfer Agent.

### 7. Dispatch of documents through electronic mode

In pursuance of the circulars issued by the Ministry of Corporate Affairs, Government of India, the Company proposes to send documents like notice of general meeting, annual report, etc. to the shareholders through electronic mode. We request you to participate in the Green initiative of the Ministry of Corporate Affairs by registering your email ID with your depository participant (where the shares are held in dematerialized form) or the Company (where the shares are held in physical form) by submitting the E-Mail Registration Form attached with the Annual Report.

### 8. Company on the Net

The website of your Company is [www.chambalfertilisers.com](http://www.chambalfertilisers.com) where you can find detailed information about the Company, various services being provided to the investors, guidance and procedure to be followed by the investors in respect of transfer, transmission and transposition of shares, dematerialisation and rematerialisation of shares, quarterly and annual results, Annual Report, etc.

### 9. Share Transfer Agent

M/s. Zuari Investments Limited is Share Transfer Agent of the Company. All investor related communication may be addressed to:

M/s. Zuari Investments Limited,  
Share Transfer Agents  
Corporate One, First Floor, 5, Commercial Centre  
Jasola, New Delhi – 110 025  
Tel: 011 – 46581300, 41697900  
Fax: 011 – 40638679  
E-mail: [isc@chambal.in](mailto:isc@chambal.in)

### 10. Members are requested to:

- send their queries, if any, to reach the Company's Corporate Office at New Delhi at least 10 days before the date of the meeting so that information can be made available at the meeting;
- bring their copy of the Annual Report at the meeting; and
- send their e-mail address to us for prompt communication.

Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

### 11. Pick-up Coach Facility

For the convenience of members intending to attend the Company's Annual General Meeting (AGM) scheduled to be held at 1030 hours on September 13, 2013, the Company will provide transport from Kota to Gadepan and back. The pick-up coach will leave from "Sahyog Bhavan" No. 1, Aerodrome Circle, Kota, Rajasthan at 0900 hours on the date of AGM to reach Gadepan (venue of the AGM) in time for the meeting and will leave for Kota after the meeting.

Members wishing to avail of this facility may kindly be present in time at the pick-up point at Kota.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF  
THE COMPANIES ACT, 1956****Item No. 8**

The shareholders of the Company at their meeting held on August 24, 2007 had authorised the Board of Directors to borrow any sum or sums of money from time to time upto Rs. 4000 crore exclusive of working capital loans or other temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business.

Your Company is planning to set up new Ammonia and Urea plants to produce additional 1.30 Million MT per annum of Urea at Gadepan. The proposed investment would require additional borrowings by the Company.

In view of the above, it is proposed to increase the borrowing limit from Rs. 4000 crore to Rs. 6500 crore.

None of the Directors of the Company is concerned or interested in the resolution.

The Board commends the resolution for your approval.

**Item No. 9**

The shareholders of the Company at their meeting held on August 27, 2010 approved CFCL Employees Stock Option Scheme, 2010 ("ESOS 2010") for grant of maximum of 41,62,000 employees stock options to the eligible employees of the Company, each option convertible into one fully paid-up equity share of the Company having a face value of Rs. 10/-.

Pursuant to the provisions of ESOS 2010, the shares to be offered to the eligible employees (the option holders) on exercise of the employees stock options would be by way of either subscription of fresh shares issued by the Company (by the eligible employees) or transfer by 'CFCL Employees Welfare Trust' ("Trust") (which shall either buy shares from the secondary market or directly subscribe the shares of the Company). Since then, the Trust has purchased equity shares of the Company ("Shares") from the secondary market from time to time to meet the obligations under ESOS 2010.

Securities and Exchange Board of India ("SEBI") vide its circular dated January 17, 2013 read with circular dated May 13, 2013 ("SEBI Circulars"), has prohibited trusts / employee benefit schemes involving securities of a company from acquiring the company's shares

from secondary market on and after January 17, 2013. SEBI has further clarified that employee benefits trusts which have already acquired securities of the company from secondary market before January 17, 2013, may continue to hold such securities provided that the schemes have been aligned with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") by December 31, 2013.

Since all Shares currently forming part of the ESOS 2010 have been acquired from the secondary market, it is necessary for the ESOS 2010 to be aligned to the SEBI Guidelines to enable such Shares to continue to be held and used for the purpose of the ESOS 2010. In order to achieve such alignment, one of the key requirements under the SEBI Guidelines is that the Trust cannot acquire any Shares of the Company from the secondary market. Upon approval by the shareholders of the Company pursuant to the resolutions proposed herein, the ESOS 2010 shall stand aligned to the SEBI Guidelines as required under the SEBI Circulars.

The objective of the amendments proposed to the ESOS 2010 is to provide that the Trust cannot acquire any Shares of the Company from the secondary market and to the extent that the Trust has already acquired such Shares prior to January 17, 2013 (being the date on which SEBI first issued the circular on this issue), such Shares will be utilized by the Trust for transferring them to Participants upon Exercise of Options already granted or to be granted under ESOS 2010.

The draft of revised ESOS 2010 shall be available for inspection by the members at the Registered Office of the Company between 1000 hours to 1200 hours on any working day prior to the date of the meeting.

Mr. Anil Kapoor, Managing Director of the Company is interested in the resolution to the extent of stock options granted to him under ESOS 2010. None of the other Directors is concerned or interested in the resolution.

The Board commends the resolution for your approval.

**By order of the Board**

**M. S. Rathore**

Vice President - Legal

Corporate Communication & Secretary

New Delhi

June 20, 2013

## Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report on the business and operations of the Company together with audited accounts for the financial year ended March 31, 2013.

### 1. Financial Results and Appropriations

(Rs. in crore)		
Particulars	2012-13	2011-12
(a) Turnover (excluding excise duty)	7337.48	6455.24
(b) Gross Profit after Finance Cost but before Exceptional Items, Depreciation and Tax	666.81	821.71
(c) Depreciation / Amortization	222.04	262.08
(d) Profit before Exceptional Items and Tax	444.77	559.63
(e) Exceptional Items	(11.96)	-
(f) Profit before Tax	456.73	559.63
(g) Provision for Current Tax	121.07	127.48
(h) Provision for Deferred Tax	30.05	184.86
(i) Profit after Tax	305.61	247.29
(j) Balance of Profit Brought Forward	1065.92	960.54
(k) Profit available for Appropriation	1371.53	1207.83
(l) Appropriations:		
• General Reserve	50.00	50.00
• Proposed Dividend on Equity Shares	79.08	79.08
• Tax on Dividend	13.44	12.83
(m) Balance Carried Forward to Balance Sheet	1229.01	1065.92

### 2. Operations:

The Company has three business segments viz. Fertilizer, Shipping and Textile with Fertilizer being the largest amongst them. The Fertilizer Division comprises of manufacturing 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 year under review. The Shipping business continues to be under stress and signs of recovery are not yet visible. The Textile business has improved its performance from second quarter of the Financial Year 2012-13 and achieved encouraging results.

The Company has put renewed focus on trading activity during last few years to fully leverage its goodwill and brand image in the market. This strategy has borne fruits with an excellent performance on revenue and profitability fronts from the trading activity in Fertilizer business. The SSP unit at Gadepan commenced production in second half of the year.

The worldwide Shipping business continues to remain sluggish with freight rates on the softer side due to continuing global recession and oversupply of tonnage. The time charter activity has also remained sluggish due to downturn in the market. This has adversely impacted the performance of the Shipping business in general. The Company sold one of its ageing vessels during the year and presently operates 5 (five) Aframax vessels, mostly for international trade.

The performance of Textile business at the beginning of the Financial Year 2012-13 was under pressure. However, it has picked up momentum from second quarter onwards and achieved excellent results during the year under review. The performance was supported mainly by good demand and better realizations from cotton yarn.

The detailed information on all the three business segments of the Company and the respective industries are given in the

Management Discussion and Analysis Report attached as Annexure "G" to this report.

### 3. Dividend

The Board recommends dividend @ Rs. 1.90 per equity share of Rs. 10 each, same as in the previous year. The total outgo on this account will be Rs. 92.52 crore including dividend distribution tax.

### 4. 'Corporate Governance Report' and Code of Conduct

Your Directors continue to strive for further improvement in corporate governance standards and are committed for adhering good corporate governance practices. Corporate Governance Report for the Financial Year 2012-13 is attached as Annexure "D". Declaration of the Managing Director confirming compliance with the 'Code of Conduct and Ethics' is enclosed as Annexure "E" and Auditors' Certificate confirming compliance with the conditions of Corporate Governance is enclosed as Annexure "F".

### 5. Joint Venture : Indo Maroc Phosphore S. A., Morocco (IMACID)

Your Company has 33.33% stake in IMACID with two other equal partners - Tata Chemicals Limited and OCP, Morocco. IMACID is engaged in the manufacture of phosphoric acid ( $P_2O_5$ ) in Morocco.

During the year 2012, IMACID produced 252,907 MT of  $P_2O_5$  against the previous year production of 4,29,622 MT. Sales during 2012 were 254,919 MT of  $P_2O_5$  and 54,436 MT of DAP (equivalent to 25,421 MT of  $P_2O_5$ , tolled through OCP) against the previous year sales of 412,950 MT of ( $P_2O_5$ ).

The production and sales were substantially lower because of lower demand resulting into substantial reduction in revenue and profitability of IMACID. During 2012, IMACID achieved revenue of MAD 2264.13 million (Rs. 1388.86 crore) against revenue of MAD 3325 million (Rs. 2096.33 crore) achieved during the year 2011. The company earned a profit after tax of MAD 9.26 million (Rs. 5.68 crore) during the year 2012 as against MAD 366.49 million (Rs. 231.06 crore) in the year 2011.

IMACID achieved production and sales of 77,168 MT and 50,443 MT respectively of  $P_2O_5$  with operating income of MAD 448.59 million (Rs. 274 crore) during the period January - March 2013. You may be aware that IMACID supplies acid mainly to India, where there was an oversupply of phosphatic fertiliser. Hence the plant was shutdown due to adverse market conditions. The company is utilizing this opportunity to carry out repairs to plant and equipment. The plant operations will commence soon.

### 6. Subsidiaries

#### (i) Chambal Infrastructure Ventures Limited and its Subsidiaries

Chambal Infrastructure Ventures Limited ("CIVL") is a wholly owned subsidiary of your Company to venture into Power Business. CIVL had established two down stream wholly owned subsidiaries viz. Chambal Energy (Chhattisgarh) Limited and Chambal Energy (Orissa) Limited for setting up power projects in the states of Chhattisgarh and Odisha, respectively. CIVL has identified suitable site for its project in Odisha and necessary approvals in this regard were being pursued. There was no activity during the year in power project in Chhattisgarh.

#### (ii) CFCL Overseas Limited, Cayman Islands and its Subsidiaries

CFCL Overseas Limited is a wholly owned subsidiary of your Company and a holding entity for software business. CFCL

Technologies Limited, the flagship Company which controls the entire software business, is a subsidiary of CFCL Overseas Limited. CFCL Technologies operates business through its step down subsidiaries mainly in USA and India.

The year 2012 was a year of consolidation for software business with revamp of leadership team including hiring a new CEO, making necessary investments to turnaround the business and putting the building blocks in place to steer the organization towards growth and profitability. The results of the aforesaid measures are beginning to bear fruit and the software business has added many new clients and successfully renegotiated a couple of existing loss making contracts. Revenue of Software business dropped from USD 92.85 million in 2011 to USD 78.20 million in 2012, primarily due to loss of one big client which filed for bankruptcy and general volume reduction in the Industry. The Software Business continued to make significant strides with renewed focus on operational efficiency, cost cutting, organization building and consolidation. It has been able to re-price successfully some significant loss making accounts and turned these accounts profitable.

CFCL Technologies Limited and its subsidiaries follow the January-December Financial Year. The software business as a whole incurred a net loss of USD 18.11 million during the year 2012 as against net loss of USD 19.98 million incurred in the year 2011.

**(iii) India Steamship Pte. Limited, Singapore and its Subsidiary**

India Steamship Pte. Limited, Singapore operates through in-chartered vessels. During the year, India Steamship, Singapore had limited operations due to sluggish trend in the international shipping markets. It has entered into an agreement with Navig8 Inc., Marshall Islands to share the profit/ loss of a vessel which operated for part of the year.

India Steamship International FZE, UAE is a wholly owned subsidiary of India Steamship Pte. Limited, Singapore. There was no business activity in this entity during the year under review.

During the year 2012-13, India Steamship Pte. Limited, Singapore earned a revenue of USD 1.26 million and made a profit of USD 0.3 million.

**(iv) India Steamship Limited, India (ISL)**

ISL is a wholly owned subsidiary of your Company. During the year, there was no business activity in ISL.

**Exemption:** The Government of India vide its circular dated February 8, 2011 granted general exemption to the companies from attaching with Annual Report, the copies of the Balance Sheet, Statement of Profit and Loss, Board of Directors' Report and Auditor's Report of its subsidiaries. The Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries, as applicable. The Company will make available the Annual Accounts of its subsidiaries along with relative detailed information upon request by investors of the Company or its subsidiaries. The Annual Accounts of the subsidiaries will be available for inspection by any shareholder at the corporate offices of your Company and respective subsidiaries.

**7. Health, Safety and Environmental Protection**

Your Company is committed to maintain high standards of Health, Safety and Environment protection by conducting all its operations in a proactive manner. Your Company ensures that these aspects are embedded in day to day activities and receive utmost importance and priority. With this objective, your Company has established and is maintaining an Integrated Management System

based on OHSAS-18001:2007, ISO-14001:2004, ISO-9001:2008 and Process Safety Management (PSM) system in Gadepan. The township at Gadepan is also OHSAS-18001 & ISO-14001 certified.

**(a) Health & Hygiene**

Your Company accords highest priority to health & hygiene of its employees and associates. Health assessment and occupational disease monitoring of employees and associates is done through periodic medical examination by a doctor who is trained in Occupational Health. Surveys, assessments and trainings are regular features 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, their families and villagers in the vicinity of the plants. New equipments and services are added to continuously upgrade the health care. Many officers of the Company have been imparted training on first aid and occupational health.

**(b) Safety Management**

A strong occupational - health and safety management system OHSAS-18001:2007 is in place in your Company in Fertiliser Division to ensure safety of employees, contractor workforce as well as equipment and machinery. Although not mandatory, your Company has implemented Process Safety Management (PSM) System developed by Occupational Safety & Health Administration (OSHA, USA) in its operations for proactive identification, assessment and control of hazards. Process incidents were reviewed as per PSM guidelines and trainings and audits were conducted for overall improvement.

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

During shutdown maintenance, extensive safety trainings under close supervisions were conducted by external experts. Personal Protective Equipments (handgloves, dust mask, ear plugs etc.) were provided free of cost to all contract workers.

An overall safety improvement project has been undertaken by your Company for bagging plant in association with a consultant. The concept of Behavior Based Safety (BBS) was introduced last year and is working satisfactorily through selected BBS Champions, which include representatives from employees and contractors' staff. The efforts have shown improvement in work culture including reduction in unsafe acts and injuries.

Your Company is associated with world class safety institutions like National Safety Council of USA, British Safety Council, International Fertiliser Association, etc. In association with National Safety Council of India, National Safety Day, Road Safety Week, Fire Service Day & World Environment Day campaigns were organised involving employees, their families & contractors' staff. Safety awareness materials are regularly distributed to employees, their families and contractor workers.

The scheme of "Near- Miss" & "Make-to Good" reporting is in place to encourage safety awareness among employees and contractor workforce. All near misses, minor injuries &



incidents were reviewed; analyzed and corrective actions were timely taken. The Company has a well established safety reward system for encouraging employees and contractors' staff for achieving various safety excellences.

Your Company has a well-defined "Onsite Disaster Management Plan". Regular mock drills and fire drills were conducted to check the emergency preparedness. Visits and consultations were done in near by industries to learn from each other and improve. Prompt services for fire fighting were provided to surrounding villages.

**(c) Environment Management**

Environment protection is one of the top priorities of your Company. A strong Environment Management System ISO-14001:2004 is in place in production facilities as well as the Township at Gadepan to ensure environment protection, health & safety of employees, their families and contractor workforce. Extensive environmental monitoring is carried out to assess pollution risk to all personnel working directly or indirectly with us or residing in surrounding areas and necessary corrective & preventive actions are accordingly taken. Some of the steps taken in this direction are given below.

- (i) Sustainable Development - Your Company is committed to sustainable development and has undertaken various environment improvement programmes such as Rain Water Harvesting, Ground Water Recharging, Energy Conservation Measures, Pollution Control, Use of Solar Energy, etc., to conserve natural resources.
- (ii) Waste Management - Your Company continues to follow the 3R concept (Reduce, Re-use and Re-cycle) for waste management. Almost 100% condensates are recycled back to system. Your Company has adopted best practices to manage solid / hazardous waste disposal after proper categorization. Segregation of waste is ensured at source & separate bins have been created for collection of various categories of waste. Horticulture and domestic wastes are converted to manure and used in the green belt. Recyclable waste is disposed to recyclers and all saleable items are sold to approved recyclers. The use of polythene bags is strictly prohibited in the Gadepan campus for many years.
- (iii) Green Belt Development- Your Company's Gadepan complex is experiencing a positive change in Ecology due to development of a dense green belt / forest with thousands of trees & shrubs in an area of about 153 hectares. This has provided habitat to many species of birds which includes more than 700 peacocks. Only treated waste water is used in maintaining green belt through a 65 kilometer long irrigation network spread all over the complex.
- (iv) Water Conservation - Your Company continuously works on various water optimization measures. Water audits and studies have been conducted through experts to explore more avenues of water conservation. Special efforts have been made in optimization of cooling water, fire water network, drinking water & de-mineralised water. The specific consumption of water was 5.01 cubic meters per MT of Urea this year against the water consumption norms of 8.0 cubic meters per MT of urea for fertiliser industry.

**(d) Quality Management**

Your Company is ISO 9001:2008 certified and adequate attention is accorded to maintain quality of end product and

processes. To enhance customer satisfaction, quality assurance is ensured at all stages of manufacturing processes, maintenance and support services. Quality is continually improved by determining and taking care of internal and external customer expectations, future needs, etc.

**(e) Health, Safety, Environment & Quality (HSEQ) Audits and Reviews**

HSEQ system is continually improved by conducting Hazards & Risk assessments, 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 & hygiene. Safety systems of ammonia storage, ammonia feed pump areas and carbamate pump area have been upgraded based on the audit recommendations. 'Fitness for Service' inspection for critical piping is under progress. All our Regional Marketing Offices in Fertiliser Division have been audited and staff has been trained to improve safety culture in the marketing team. HSEQ system performance is regularly reviewed at various levels to ensure its effectiveness and continual improvement.

**(f) Achievements**

Your company regularly participates in national and international benchmarking surveys for independent assessment which provides us an opportunity for continual improvement. Your company has received following prestigious awards during the year under review:

- "Environment Protection award" in continuation for three years; 2011-12, 2010-11 and 2009-10 from Fertilizer Association of India (FAI).
- "National Award for Excellence in Water Management 2012, Water Efficient Unit" from Confederation of Indian Industries (CII) under the category "Within the Fence".

**8. Corporate Social Responsibility (CSR)**

Your Company is committed towards the development of neighboring areas for improving the quality of life. The Company has taken a number of initiatives for the community development in consultation with local administration at the village, block and district levels.

In order to initiate and sustain meaningful actions in this regard, your Company has full spectrum Corporate Social Responsibility (CSR) program under the umbrella of "Uttam Roshani". Your company has formed an NGO - KK Birla Memorial Society to undertake various CSR activities.

The "Uttam Roshani" program is designed as a participatory planning process to involve stakeholders and create their ownership for sustainable development of the area.

Under this Program, the thrust is on Health, Education and Infrastructure. Your Company has taken following initiatives on CSR front:

**(a) Sanitation**

To ensure sanitation among rural population in the vicinity of its plants, your Company has initiated a project to improve sanitary practices through awareness campaigns and construction of toilets. Your company has constructed around 800 individual toilets for Below the Poverty Lines (BPL) families. The project was completed in Financial Year 2012-13. Awareness about good sanitary habits is spread by regularly organizing Information, Education & Communication (IEC) activities on health and sanitation programmes in nearby villages/ schools.

**(b) Community Health Care**

The Company operates a mobile Health Care Unit in 23 villages surrounding Gadepan. A doctor and nursing assistant provide free medical check up and medicines to people at their doorstep.

During the year, over 30,000 people were treated for different ailments. The Medical Center in Gadepan campus provides free health service to local populace. Your company regularly organizes free medical camps for the community to avail the services of visiting specialists in various fields like pediatrics, gynecology, skin, dental, eye and ENT. Around 2600 patients benefited under this program during the year.

Ambulance facilities are also provided to community round the clock for taking patients to Kota hospitals in emergency. During this year, around 230 cases were helped through ambulance facility.

CFCL Ladies Club organizes a blood donation camp annually in association with Kota Blood Bank Society. The Company's employees and their families have been actively participating in this initiative and 159 units blood were donated during this year.

**(c) Primary & Upper Primary Education**

Your Company is extending quality education to children from community through Chambal Fertilisers DAV School. Over 47 % students in this school are from surrounding community.

Your Company has adopted 24 primary & upper primary government schools of nearby 22 villages under Public Private Partnership (PPP) Scheme of Government of Rajasthan. During the year, your Company renovated 17 government schools and construction work is in progress in remaining 7 schools. Stationary, school bags, note books, sweaters, etc. were provided to around 1850 students studying in these 24 schools. Library in each school is being established. To facilitate girl students, your Company has constructed new toilets for girls in 23 government schools. The Company in partnership with 'Sarva Shiksha Abhiyan' - a Government Body, ensured construction of boundary wall & rooms in these schools.

In order to facilitate school drop out girls, the Company in partnership with IIMPACT (an NGO) has established 15 learning centers for over 400 drop out girls in surrounding villages and another 12 centres will be established in next 2-3 months. 7 remedial learning centers for boys have been established to facilitate weak and drop out boys.

**(d) Technical Education**

Your Company had adopted Government Industrial Training Institutes (ITI) - at Sangod (Rajasthan) during the Financial Year 2010-11 in order to provide technical training to rural youth. The building of ITI - Sangod was renovated and new equipment and computers were installed for providing the training. A new block of building is under construction.

During the year, 4 new trades were introduced during the year after taking necessary approval from National Council for Vocational Training thus increasing the total trades to 7. The student strength has increased from around 100 to 280. We helped ITI last year in placing 94 students with some of the blue-chip companies.

**(e) Vocational Education**

Your Company has set up a vocational training center at Gadepan village to empower unemployed rural youth. During this year, 3 batches of tailoring & stitching courses were organized wherein 75 women from nearby villages were

trained. It is planned to open new trades to facilitate more rural youths in the next year.

**(f) Drinking Water & Rain Water Harvesting**

Livelihood and health of community greatly depends on availability of adequate quality and quantity of drinking water. Chambal has helped in construction of Hand-pumps and tube-wells in surrounding villages.

**(g) Rural Infrastructure**

Your Company has been contributing towards rural infrastructure development by construction of school rooms, kharanja roads (stone pavement) with drain, gravel link roads, boundary wall, culvert, nallah etc. as per the need of the community. This year, your Company has constructed pavement roads in 3 villages in addition to construction of boundary walls, crematoriums, cement-concrete roads and a community center. Some of these works were carried out in participatory mode with Gram Panchayats.

**(h) Agriculture & Veterinary Services**

Agriculture and livestock development forms the backbone of rural livelihood and during times of stress, livestock becomes an alternate source of revenue for the farmers. Farmers at the grassroots' level are largely unaware about the latest developments in the field of agriculture and animal husbandry. Recognizing this gap, your Company decided to enhance the awareness levels of farmers and started Uttam Krishi Clinics. The Clinic is mainly providing Agriculture Consultancy by experts, free soil testing and capacity building of farmers by conducting training programmes for new and improved techniques in the field of agriculture and animal husbandry.

Your Company regularly organizes veterinary camps for vaccination and treatment of animal health related problems, in collaboration with Veterinary Department, Government of Rajasthan.

**(i) Reporting on triple bottom line performance**

With the objective of assessing its Corporate Sustainability performance, the Company has been publishing annually A+ Sustainability Report on its triple bottom line performance since Financial Year 2009-10. The report is externally assured by Ernst & Young Private Limited.

**9. Disclosure of Particulars**

Your Company believes that improvement is a journey with new milestones to be achieved on continuous basis. The Company makes continuous efforts to make the plants as energy efficient as possible and reviews various schemes to conserve energy on regular basis. The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure "A" attached hereto.

Information required to be furnished in Form A is not applicable to shipping industry. However, it is ensured that every measure is taken to save and conserve energy at all stages of operation of the vessels as well as in on-shore office. The Company has 5 double hull Aframax Tankers and these ships are more energy efficient as compared to the old vessels. The Shipping Division has no information to furnish in Form B regarding technology absorption.

**10. Investor Service Centre**

The In-house Investor Service Centre of your Company located at New Delhi, continues to provide prompt investor service through quick resolution of investor grievances. The motto of 'high investor