

Annexure "D" to Directors' Report

REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy

Your Company believes that for its sustained success, it must maintain global standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The Company has always focused on good corporate governance, which is a key driver of sustainable corporate growth and long-term value creation for its shareholders. Corporate Governance aligns the interests of individuals, corporations and society and integrates all the participants involved in a process, which is not only economic but also social. Corporate Governance goes beyond the practices enshrined in the laws and encompasses the basic business ethics and values that need to be adhered to in letter and spirit.

The Company 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 shareholders' value. The Company believes in leveraging its resources to translate opportunities into reality, create awareness of corporate vision and inculcate dynamism and entrepreneurship at all levels.

Above all, corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Accountability and transparency are key drivers to improve decision-making and the rationale behind such decisions, which in turn creates stakeholder confidence.

At Chambal Fertilisers, the information supplied by management to the Board of the Company, in terms of quality and importance is far ahead of the list enumerated under clause 49 of the listing agreement. We continuously adhere to the highest standard of governance through continuous evaluation & benchmarking.

b) Board of Directors

The Board of Directors consists of nine directors including a Managing Director. The non-executive directors play a vital role in giving a wider perspective on the matters of concern. They have an objective view of external factors affecting the company in its business environment.

Out of the eight non executive directors of the Company, five of them are independent. M/s. S.K. Poddar, S.S. Bhartia and K.N. Memani, Directors of the Company are retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The brief particulars of all the Directors are given below:

(i) Mr. Saroj Kumar Poddar

Mr Saroj Kumar Poddar, Chairman of the Company, a gold medalist in B. Com (Hons) from Calcutta University, is the Chairman of Adventz group with a turnover of about USD 3 Billion. The group under the leadership of Mr Poddar, has promoted various projects including joint ventures with leading international corporations. The most notable of these ventures are Gillette India Limited (a joint venture with the Gillette Company of U.S.A), Hettich India Private Ltd (a joint venture with the Hettich Group of Germany) and Texmaco UGL Rail Private Ltd. (a joint venture with the United Group of Australia). Mr Poddar is the Chairman of these Joint Ventures.

A recipient of the Rashtriya Samman from the Central Board of Direct Taxes, Mr. Poddar is involved with art, culture and sports. A keen collector of contemporary Indian art, Mr. Poddar and his family promote young cricketers to go abroad for training and practice. They are currently involved in setting up a museum in Delhi with the theme 'India through the ages'. The museum will be named as 'K. K. Birla Academy' in the fond memory of Late Dr. K.K. Birla. The Project will be fully funded by the family and is to be commissioned in the coming years.

Having served as President of Federation of Indian Chambers of Commerce and Industry and International Chamber of Commerce in India, Mr. Poddar has been appointed by Government of India on Board of Trade - the highest body on trade - and on the Indian Institute of Science, Bangalore. Mr Poddar has also served as a member of the Board of Governors of the Indian Institute of Technology, Kharagpur for a decade and also on local Board of the Reserve Bank of India for similar tenure.

Mr Poddar is the Chairman of India-Saudi Arabia Joint Business Council and a Member of the Indo-French CEO Forum. Names of other Indian public limited companies in which Mr. Saroj Kumar Poddar is Chairman/ Director or Chairman / member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Adventz Investments and Holdings Limited	7.	Texmaco Infrastructure & Holdings Limited [§]
2.	Chambal Infrastructure Ventures Limited	8.	Texmaco Rail & Engineering Limited
3.	Gillette India Limited*	9.	Zuari Cement Limited*
4.	Gulbarga Cement Limited	10.	Zuari Fertilisers & Chemicals Limited
5.	Lionel India Limited	11.	Zuari Global Limited
6.	Simon India Limited	12.	Zuari Agro Chemicals Limited

* Also Chairman/ Member of Audit Committee

§ Also Chairman of Investors/ Shareholders Grievance Committee

(ii) **Mr. Shyam Sunder Bhartia**

Mr. Shyam S. Bhartia is the Chairman and Managing Director of M/s. Jubilant Life Sciences Limited. He is a Commerce graduate and a fellow member of the Institute of Cost and Works Accountants of India. A leading industrialist of India, he has rich industrial experience in the Pharmaceuticals, Specialty Chemicals, Food, Oil and Gas (Exploration & Production), Aerospace and Information Technology sectors. He is a director on the boards of numerous companies both in India and overseas.

His past association to institutional segment included - Member of Board of Governors of Indian Institute of Technology, Mumbai, Indian Institute of Management, Ahmedabad and Director on the Board of Air India.

Names of other Indian public limited companies in which Mr. Shyam Sunder Bhartia is Director or Chairman / member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Geo Enpro Petroleum Limited	4.	Vam Holdings Limited
2.	Jubilant Foodworks Limited	5.	Zuari Global Limited
3.	Jubilant Life Sciences Limited		

He is not a member of Audit Committee or Shareholders Grievance Committee of any of the aforesaid Companies.

(iii) **Mr. Anil Kapoor**

Mr. Anil Kapoor is a B. Tech from Indian Institute of Technology, New Delhi, one of the premier technological institutes and holds M.S. in Chemical Engineering from State University of New York, USA. In his illustrious career spanning more than 3 decades, he has been associated with reputed Indian and multinational organizations. He has rich and diverse experience in areas of production, strategic planning, project management, financial management and other related areas. He is on the Board of Fertiliser Association of India and member of National Executive Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). He is also on the Boards of M/s. CFCL Technologies Limited and M/s. Indo Maroc Phosphore, S.A (IMACID).

Names of other Indian public limited companies in which Mr. Anil Kapoor is a Director:

S. No.	Name of the Company	S. No.	Name of the Company
1.	Chambal Energy (Chhattisgarh) Limited	3.	Chambal Infrastructure Ventures Limited
2.	Chambal Energy (Orissa) Limited	4.	India Steamship Limited

He is not a member of any Committee of any of the aforesaid Companies.

(iv) **Mr. Ram Nath Bansal**

Mr. R. N. Bansal is a commerce graduate and M. A. (Economics) and an eminent professional. He is a Fellow member of the Institute of Chartered Accountants of India since 1954 and an Associate member of the Institute of Company Secretaries of India. He has served the Department of Company Affairs in various capacities such as Registrar of Companies, Regional Director and retired as Member, Company Law Board. He was Director (Investment) and Additional Controller of Capital Issues in the Ministry of Finance. He was also a nominee of the Central Government on the Central Council of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and the Governing Board of various Stock Exchanges. Names of other Indian public limited companies in which Mr. Ram Nath Bansal is a Director or Chairman/ member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Essar Logistics Limited*	6.	Pushpsons Industries Limited*
2.	Essar Oil Field Services India Limited	7.	The Hindoostan Mills Limited *
3.	Essar Ports Limited*\$	8.	Vadinar Oil Terminal Limited*
4.	Essar Shipping Limited*	9.	Vadinar Ports & Terminal Limited
5.	Orient Bell Limited*		

* Also Chairman/ Member of Audit Committee

\$ Also Member of Shareholders Grievance Committee

(v) **Mr. Dipankar Basu**

Mr. Dipankar Basu received his Masters of Arts (Economics) degree from Delhi University. Mr. Basu is the former Chairman of State Bank of India. While serving as Chairman of State Bank of India, he served concurrently on the Boards of a number of SBI subsidiaries including those engaged in investment banking and fund management. Between 1996 and 1999, he served as a member of the Disinvestment Commission set up to advise the Government of India on public sector disinvestments. During 1997-98, Mr. Basu was a member of the Narasimham Committee on Banking Sector Reforms. Later, during 2004-06, he was a member of the Appointments Board constituted by Government of India for selection of Chairman and executive Directors of Public Sector Banks.

Mr. Basu brings with him long experience and wide knowledge of financial markets in India. He has several years of Board level experience in companies engaged in a wide spectrum of businesses- both financial and non-financial. He is at present a member of the Investment Advisory Committee of the Army Group Insurance Fund and of the Empowered Committee of External Commercial Borrowings of Reserve Bank of India.

Names of other Indian public limited companies in which Mr. Dipankar Basu is Director or Chairman / member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Asian Paints Limited *	4.	RAIN CII Carbon (Vizag) Limited*
2.	Deepak Fertilisers & Petrochemicals Corp. Limited \$	5.	RAIN Commodities Limited*
3.	Peerless Securities Limited	6.	The Peerless General Finance & Investment Company Limited

* Also Member of Audit Committee

§ Also Chairman of Shareholders Grievance Committee

(vi) **Mr. Kashi Nath Memani**

Mr. Kashi Nath Memani is a Chartered Accountant. He was Chairman and Country Managing Partner of Ernst & Young, India until March 31, 2004. He was also member of Ernst & Young Global Council for 10 years. Mr. Memani specializes in Business and Corporate Advisory, Foreign Taxation, Financial Consultancy, etc. and is consulted on the corporate matters by several domestic and foreign companies.

Post retirement, Mr. Memani has joined boards of various companies. He is also member of some of the foundations and charitable trusts as well as member of the Governing Council of some of the business schools.

He was also member of various Committees of the Institute of Chartered Accountants of India. For two consecutive years, Mr. Memani was on the External Audit Committee (EAC) of the International Monetary Fund and was appointed as the Chairman of EAC for the year 1999-2000, the first Indian so far appointed in the Committee. Mr. Memani is the past Chairman of American Chamber of Commerce in India and former President of Indo American Chamber of Commerce and PHD Chamber of Commerce. He is also a member of managing committees of various Industry Bodies.

Mr. Memani was Co-Chairman of New Company Law Drafting Committee and first Chairman of Quality Review Board, both set-up by Government of India.

Names of other Indian public limited companies in which Mr. Kashi Nath Memani is a Director or Chairman/ member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Aegon Religare Life Insurance Company Limited *	6.	ICICI Venture Funds Management Company Limited*
2.	DLF Limited*	7.	JK Lakshmi Cement Limited
3.	Emami Limited	8.	National Engineering Industries Limited*
4.	Great Eastern Energy Corporation Limited*\$	9.	Spice Mobility Limited*
5.	HT Media Limited*		

* Also Chairman/ Member of Audit Committee

§ Also Member of Shareholders Grievance Committee

(vii) **Mr. Chandra Shekhar Nopany**

Mr. Chandra Shekhar Nopany is an industrialist having vast industrial experience in diverse fields like sugar, shipping, textiles and fertilisers. He is a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, Pittsburg, U.S.A. Mr. Nopany is the Chairman and Managing Director of M/s. The Oudh Sugar Mills Limited and the Chairman of M/s. Sutej Textiles and Industries Limited, New India Retailing & Investment Limited and SIL Investments Limited. He is also on the Board of Directors of several other companies promoted by Dr. K.K. Birla, including few subsidiaries and joint venture of the Company. Having contributed significantly to organic and inorganic growth of the K.K. Birla Group, he continues to lead as a new generation entrepreneur with concerted focus on efficiency and growth.

Names of other Indian public limited companies in which Mr. Chandra Shekhar Nopany is a Director or member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Chambal Infrastructure Ventures Limited	7.	SIL Investments Limited [§]
2.	Hargaon Investment & Trading Co. Limited	8.	Sutej Textiles and Industries Limited
3.	India Steamship Limited	9.	The Oudh Sugar Mills Limited
4.	Modern DiaGen Services Limited	10.	Upper Ganges Sugar & Industries Ltd\$
5.	New India Retailing & Investment Ltd	11.	Uttar Pradesh Trading Co. Limited
6.	Ronson Traders Limited	12.	Yashovardhan Investment & Trading Co. Limited

§ Also Chairman/ Member of Investors' Grievance Committee

(viii) **Ms. Radha Singh**

Ms. Radha Singh has retired from Indian Administrative Service. Prior to retirement, she was holding the position of Secretary, Agriculture and Cooperation, Government of India. She has 41 years' experience in public service, in several areas including rural and agricultural development, water resources, public finance and institution building. In her capacity as Agriculture and Cooperation Secretary, she also headed various national and international organizations as Board Member/ Chairperson. In her long public career, she has held many high level policy and managerial positions in the Government of India. These

included Secretary, Department of Animal Husbandry, Dairying and Fisheries, Additional Secretary/ Joint Secretary in the Ministry of Water Resources, Director General of the National Water Agency and positions in the Economic Affairs Department and field assignments. She had worked with the World Bank in Washington, DC, U.S.A. as an Institutional Specialist Consultant in several other capacities for six years (1993-1998).

Presently, Ms. Singh is Agriculture Advisor to Federation of Indian Chambers of Commerce and Industry (FICCI) and Trustee and the Secretary of the Rajendra Bhawan Trust, New Delhi, a charitable organization in memory of the first President of the India. She is also an Independent Director on the Board of Syngenta Foundation for Sustainable Development.

Names of other Indian public limited companies in which Ms. Radha Singh is a Director or member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	LT Foods Limited [§]	2.	Yes Bank Limited*

*Also Member of Audit and Compliance Committee

§Also Member of Investors' Grievance Committee

(ix) **Mr. Marco Philipus Ardeshir Wadia**

Mr. Marco P.A. Wadia is B.A. (Hons.), L.L.B. and practicing Advocate since 1986, specializing in corporate matters. He has been a partner in the firm of M/s. Crawford Bayley & Co. Solicitors & Advocates, Mumbai since 2001. He is on the Boards and Committees of various companies.

Names of other Indian public limited companies in which Mr. Marco Philipus Ardeshir Wadia is a Director or chairman/ member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Adventz Infracore India Limited	6.	Simon India Limited*
2.	Gobind Sugar Mills Limited*\$	7.	Stovec Industries Limited
3.	Johnson & Johnson Limited*	8.	Zuari Agro Chemicals Limited [§]
4.	Jost's Engineering Company Limited	9.	Zuari Global Limited [§]
5.	Paradeep Phosphates Limited	10.	Zuari Maroc Phosphates Limited

*Also Chairman/ Member of Audit Committee

§Also Member of Shareholders'/Investors Grievance Committee

c) **Meetings and Attendance**

The Meetings of the Board are generally held at the Corporate Office of the Company at Jasola, New Delhi - 110025. The Board meetings are scheduled within forty five days from the end of the quarter in the manner that it coincides with the announcement of quarterly financial results wherein time gap between two consecutive meetings does not exceed four months. In case of urgency, additional board meetings are convened. During the year under review, five Board Meetings were held on May 12, 2012, August 8, 2012, November 6, 2012, January 3, 2013 and January 30, 2013.

The composition of the Board of Directors, their attendance at the Board Meetings and Annual General Meeting as also number of other directorships in Indian public limited companies and membership of the Committees of the Boards of such companies are as follows:

Name of Director	Whether Attended Last AGM	No. of Board Meetings attended	Category of Director	Other Directorships	Membership of Committee of other Boards	
					Chairman	Member
Mr. S. K. Poddar	No	5	NED/PG	12	2	1
Mr. S. S. Bhartia	No	5	NED/PG	5	NIL	NIL
Mr. Anil Kapoor	Yes	5	MD	4	NIL	NIL
Mr. R. N. Bansal	No	4	ID	9	3	5
Mr. D. Basu	No	2	ID	6	1	3
Mr. K.N. Memani	No	3	ID	9	5	3
Mr. C.S Nopany	No	5	NED/PG	12	1	1
Ms. Radha Singh	No	5	ID	2	NIL	2
Mr. Marco Ph. A. Wadia	Yes	5	ID	10	2	6

ID - Independent Director, MD - Managing Director, NED - Non Executive Director, PG - Promoter Group

Notes:

(i) Directorship excludes Indian private limited companies, foreign companies and companies registered under section 25 of the Companies Act, 1956.

(ii) Committees mean Audit Committee and Investors/ Shareholders Grievance Committee.

d) **Board Agenda**

The calendar of Board meetings is scheduled well in advance and Board members are given a notice of more than a month before the meeting date except in case of emergent meeting. The Board members are provided with well structured and comprehensive agenda papers. Usually all agenda items are backed by in-depth background information and analysis to

enable the Board members to take informed decisions. Agenda papers are generally circulated a week prior to the meeting of the Board. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. Depending upon the business expediency, additional or supplementary item(s) to the agenda are permitted to be taken at the Board Meeting.

e) Committees of the Board

In compliance of the provisions of the listing agreement, SEBI Regulations and to ensure timely and effective working of the Board, various committees have been constituted with specific terms of reference and scope. The committees operate as empowered agents of the Board. In your Company, there are seven Committees of the Board of Directors, which have been delegated adequate powers to discharge urgent business of the Company. These Committees are - (i) Audit Committee; (ii) Investors Grievance Committee; (iii) Remuneration Committee; (iv) Banking and Finance Committee; (v) Project Monitoring Committee; (vi) Quarterly Results Review Committee and (vii) Compensation Committee. The Committees meet as often as required. The terms of reference and composition of these Committees are as follows:

(i) Audit Committee

• Terms of reference:

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 Rs. 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.

The minutes of the Audit Committee meetings are circulated to the Board of Directors.

• Composition:

The Committee comprises of four Directors. M/s. R. N. Bansal and K. N. Memani being Chartered Accountants, are financial experts. The Company Secretary is the secretary of the Committee. The permanent invitees include Managing Director, Chief Financial Officer, representatives of statutory auditors and internal auditors. Further, the cost auditor and other executives of the Company are invited in the audit committee meetings, as and when required. The Chairman of the Audit Committee was present at the last Annual General Meeting. The Committee met six times during the year on April 6, 2012, May 11, 2012, August 7, 2012, November 5, 2012, December 14, 2012 and January 29, 2013 and the attendance of the members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. Marco Wadia	Chairman	Independent	6
Mr. R. N. Bansal	Member	Independent	4
Mr. K.N Memani	Member	Independent	5
Ms. Radha Singh	Member	Independent	6

(ii) Investors Grievance Committee

• Terms of reference:

The Committee was formed to approve the 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 few executives to deal with various matters including transfer of shares across the counter, transmission of securities, etc.

• Composition:

The Committee comprises of three Directors. The Committee met 4 times during the year on May 3, 2012, July 23, 2012, November 5, 2012 and January 30, 2013 and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	3
Mr. Anil Kapoor	Member	Managing Director	4
Ms. Radha Singh	Member	Independent	4

Mr M. S. Rathore, Vice President - Legal, Corporate Communication & Secretary, is the Compliance Officer of the Company and can be contacted at:

Chambal Fertilisers and Chemicals Limited
Corporate One, 1st Floor
5, Commercial Centre, Jasola
New Delhi-110 025

Tel: 91 11 41697900
Fax: 91 11 40638679
E-mail: ms.rathore@chambal.in

• Investors' Grievances received and resolved during the year:

The Company has 1,77,831 investors as on March 31, 2013. During the year under review, the status of requests and complaints received, was as follows:

Particulars	Opening Balance	Received	Total Resolved	Closing Balance
Requests	8	9156	9138	26*
Complaints	0	193	193	0

*Since Redressed

(iii) **Remuneration Committee**

• **Terms of reference:**

The Committee was formed to recommend appointment of Managing Director(s)/ Whole Time Director(s)/ Manager and to review and approve the remuneration including the compensation package, annual increments, incentives, additional perquisites, etc. of the Managing Director(s)/ Whole Time Director(s)/ Manager and Senior Executives of the Company.

• **Composition:**

The Committee comprises of three Directors. The Committee met once during the year on May 11, 2012 and the attendance of members at the meeting was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	1
Mr. C. S. Nopany	Member	Non-Executive	0
Mr. Marco Wadia	Member	Independent	1

(iv) **Banking and Finance Committee**

• **Terms of reference:**

The Committee was formed to approve avilment of various types of finances including working capital facilities, loans, etc. and any other specific matter delegated by the Board from time to time.

• **Composition:**

The Committee comprises of four Directors. The Committee met twice during the year on August 3, 2012 and September 26, 2012 and the attendance of members at the meeting was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. S. S. Bhartia	Chairman	Non-Executive	2
Mr. D. Basu	Member	Independent	0
Mr. C. S. Nopany	Member	Non-Executive	0
Mr. Anil Kapoor	Member	Managing Director	2

(v) **Project Monitoring Committee**

• **Terms of reference:**

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

• **Composition:**

The Committee comprises of the following five Directors. No meeting of the Committee was held during the Financial Year 2012-13.

Name of the Member	Status	Category
Mr. C. S. Nopany	Chairman	Non-Executive
Mr. R. N. Bansal	Member	Independent
Mr. Anil Kapoor	Member	Managing Director
Mr. K. N. Memani*	Member	Independent
Ms. Radha Singh*	Member	Independent

*Appointed as Member of the Committee w.e.f. January 30, 2013.

(vi) **Quarterly Results Review Committee**

• **Terms of reference:**

The Committee was formed to deal with all the matters pertaining to approval of the unaudited quarterly results of the Company.

• **Composition:**

The Committee comprises of the following three Directors. No meeting of the Committee was held during the Financial Year 2012-13.

Name of the Member	Status	Category
Mr. S. S. Bhartia	Chairman	Non-Executive
Mr. R. N. Bansal	Member	Independent
Mr. Anil Kapoor	Member	Managing Director

(vii) **Compensation Committee**

• **Terms of reference:**

The Committee was formed to formulate Employee Stock Option Scheme and its administration.

• **Composition:**

The Committee comprises of the following four Directors. The Committee met once during the year on May 11, 2012 and all the members except Mr. Nopany were present at the meeting.

Name of the Member	Status	Category	Number of Meetings attended
Mr. C. S. Nopany	Chairman	Non-Executive	0
Mr. R. N. Bansal	Member	Independent	1
Mr. Marco Wadia	Member	Independent	1
Mr. K. N. Memani	Member	Independent	1

f) **Details of remuneration paid to directors for the Financial Year 2012-13**

(i) **Executive Director**

(Amount in Rs.)

Managing Director	Salary	Performance Bonus	Perquisites	Retirement Benefits
Mr. Anil Kapoor	17,186,125	4,800,000	1,139,364	2,462,400

• The term of appointment of Mr. Anil Kapoor is upto February 15, 2015, which can be terminated by either party by giving three months' written notice to other party.

• No sitting fee is payable to Managing Director.

The Company has granted 150,000 stock options to the Managing Director during the Financial Year 2010-11. Each option is convertible into one equity share of Rs. 10 of the Company. The stock options were granted at the market price i.e. the latest available closing price on the stock exchanges where the shares of the Company are listed, prior to the date of the meeting of the Compensation Committee in which the options were granted. Out of 1,50,000 stock options granted to the Managing Director, 22,500 stock options vested on September 16, 2011 and 22,500 stock options vested on September 16, 2012. The remaining 1,05,000 stock options shall vest as per the details given below:

Date of Vesting	Eligibility	
	No. of Options	% of total options
16.09.2013	30,000	20
16.09.2014	37,500	25
16.09.2015	37,500	25

The stock options can be exercised within 5 years from the respective dates of vesting. Mr. Anil Kapoor has exercised 11,000 stock options till March 31, 2013.

(ii) **Non - Executive Directors**

The Company pays sitting fee for attending the meetings to its Non-Executive Directors @ Rs. 20,000 per Board meeting, Rs. 15,000 per Audit Committee meeting and Rs. 7,500 per meeting of other committees of the Board. Apart from the sitting fee, the Company pay commission to each of the Non Executive Director subject to the maximum of Rs. 4,00,000 per annum. The details of sitting fee paid and the commission paid/ payable are as follows:

S. No.	Name of the Director	Sitting Fee Paid (Rs.)	Commission Paid for Financial Year 2011-12 (Rs.)	Commission payable for Financial Year 2012-13 (Rs.)
1.	Mr. S. K. Poddar	100000	400000	400000
2.	Mr. S. S. Bhartia	115000	400000	400000
3.	Mr. R. N. Bansal	177500	400000	400000
4.	Mr. D. Basu	40000	400000	400000
5.	Mr. K.N. Memani	142500	400000	400000
6.	Mr. C. S. Nopany	100000	400000	400000
7.	Ms. Radha Singh	220000	400000	400000
8.	Mr. Marco Wadia	205000	400000	400000

g) **Remuneration Policy**

The Company's remuneration policy aims at attracting and retaining high talent by taking into account the talent market, national and international remuneration trends and the competitive requirements of each of its businesses.

Remuneration of employees largely consists of base remuneration, perquisites and also performance bonus and retention incentive at certain levels. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled by him, individual performance, etc.

h) Shareholding of Directors as on March 31, 2013

Name	Number of Shares held
Mr. S. K. Poddar	155352
Mr. S. S. Bhartia	110
Mr. C. S. Nopany	308775
Mr. Anil Kapoor	NIL
Mr. R. N. Bansal	NIL
Mr. D. Basu	NIL
Mr. K.N. Memani	NIL
Ms. Radha Singh	NIL
Mr. Marco Wadia	6000

i) General Body Meetings

(i) The last three Annual General Meetings of the Company were held as under:

Financial year	Date	Time	Location
2011-12	14.09.2012	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2010-11	16.09.2011	1000 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2009-10	27.08.2010	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan

(ii) During the last three years, the Company had taken shareholders' approval by way of special resolutions as per the details given below:

Date of Annual General Meeting	Nature of approval
August 27, 2010	i) Payment of commission to Independent Directors. ii) Create, offer, issue and grant/ allot stock options under Employees Stock Option Scheme 2010.
September 16, 2011	Payment of commission to Non-Executive Directors

Shareholders' approval through postal ballot was not sought for any matter last year. No special resolution is proposed to be conducted through postal ballot in the forthcoming Annual General Meeting of the Company.

j) Disclosures

- i) There are no materially significant transactions with the related parties viz. promoters, directors, relatives, the management, subsidiaries, etc. that may have a potential conflict with the interest of the Company at large.
- ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority in any matter related to capital markets, for non-compliance by the Company.
- iii) Your Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and quarterly compliance report in the requisite format signed by the Compliance Officer, has been submitted to the stock exchanges where the Company's equity shares are listed.
- iv) The Risk Management Policy framework is in place. The policy is reviewed on half yearly basis and the changes along with the revised policy are informed to the Board.
- v) The Company has adopted the following non-mandatory requirements relating to:
 - Remuneration Committee.
 - Maintenance of the office of Non-Executive Chairman at the Company's expense.

The Company has circulated Sustainability Report for the Financial Year 2011-12 by email, wherever the email addresses of the shareholders were available with the Company.

The Ministry of Corporate Affairs had issued Corporate Governance Voluntary Guidelines in December 2009. The Company has adopted the guidelines relating to following matters:

- a) Certificate of Independence from Independent Directors;
- b) Remuneration Committee;
- c) Audit Committee;
- d) Risk Management Policy;
- e) Review of internal control system;
- f) Appointment of auditors and their certificate of independence;
- g) Remuneration to Non - Executive Directors, and
- h) Appointment of internal auditor.

The Company is in the process of formulating appropriate methodology to adopt the remaining guidelines.

Secretarial Standards issued by the Institute of Company Secretaries of India

The Institute of Company Secretaries of India, one of the premier professional bodies in India, has issued Secretarial Standards on important aspects like Board Meetings, General Meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, etc. Although these standards are recommendatory in nature, the Company in its endeavor for best Corporate Governance practices, substantially adheres to these standards.

k) Means of Communication

- (i) The Company regularly interacts with the shareholders through multiple channels of communication such as publication of results on quarterly, half-yearly and annual basis, published in the main editions of national and vernacular dailies (such as Mint, Rajasthan Patrika and Dainik Bhaskar), Annual Report, e-mails and the Company's website.
- (ii) Information relating to shareholding pattern, quarterly corporate governance report, intimation of board meetings, etc. was also posted on Corporate Filing and Dissemination System (CFDS) website, NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.
- (iii) The results are simultaneously posted on the website of the Company at www.chambalfertilisers.com. The investors can also find on this website the Annual Reports, Quarterly Results, Sustainability Report, details of various services being provided to investors, guidance and procedure to be followed by the investors for transfer, transmission and transposition of the securities, dematerialization, rematerialisation of shares, etc.
- (iv) The Company had three Earning/ conference calls with investor/ analysts during the Financial Year 2012-13 in respect of its quarterly results, transcripts whereof are uploaded on the website of the Company.
- (v) Management Discussion and Analysis Report forms part of this Annual Report.

l) Code of Conduct & Ethics

The Company has adopted "Code of Conduct and Ethics" for the Directors and Senior Executives of the Company which is available on the website of the Company (www.chambalfertilisers.com). The object of the Code is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty.

The Code of Conduct also serves as a tool in carrying out the Company's social responsibility in a more effective manner. This Code sets out a broad policy for one's conduct in dealing with the Company, fellow directors and employees and with the external environment in which the Company operates.

The declaration given by Managing Director of the Company with respect to affirmation of compliance of the Code by the Board Members and Senior Executives of the Company is enclosed as Annexure - "F".

m) 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.

n) General Shareholders' Information

(i) 28th Annual General Meeting

Venue : Registered Office at Gadepan, Distt. Kota, Rajasthan - 325208

Time : 1030 hours

Day & Date : Friday, September 13, 2013

(ii) Financial Year : April to March

(iii) Tentative Financial Calendar

Event	Date
Audited Annual Results (2012-13)	April 30, 2013
Mailing of Annual Report	End July 2013
First Quarter Results	End July 2013
Half Yearly Results	Early November 2013
Third Quarter Results	End January 2014
Audited Annual Results (2013-14)	May 2014

(iv) 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 (both days inclusive).

(v) Dividend Payment Date: September 18, 2013

(vi) Listing on Stock Exchanges and Stock codes

The names and addresses of the stock exchanges at which the equity shares of the Company are listed and the respective stock codes are as under:

S. No	Name of the Stock Exchange	Stock Code
1.	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400001	500085
2.	National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	CHAMBLFERT

The Company has paid annual listing fees for the Financial Year 2013-14 to BSE and NSE.

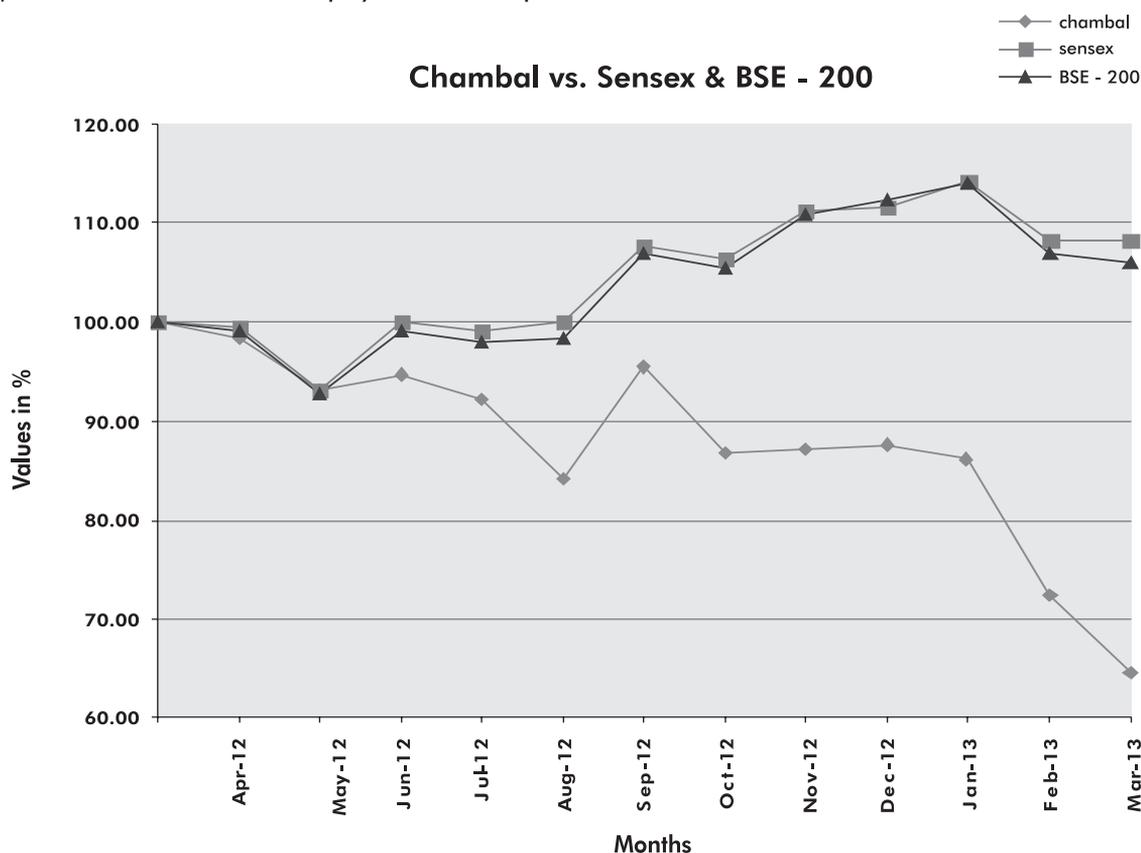
(vii) **Market Price Data**

High and low of market prices of the Company's equity shares traded on BSE and NSE during the last financial year were as follows:

(Amount in Rs.)

Month	BSE		NSE	
	High	Low	High	Low
April, 2012	84.75	73.25	84.80	73.05
May, 2012	76.80	66.30	76.80	66.15
June, 2012	79.45	68.20	79.45	68.25
July, 2012	81.75	68.20	81.90	68.20
August, 2012	74.70	62.05	74.65	62.05
September, 2012	76.75	65.85	76.65	65.85
October, 2012	75.40	66.05	75.45	65.90
November, 2012	69.80	64.70	70.00	64.60
December, 2012	72.40	65.80	72.35	65.70
January, 2013	71.95	64.70	72.00	63.00
February, 2013	67.40	53.20	67.45	52.00
March, 2013	57.70	47.40	57.65	47.40

(viii) **Performance of Chambal's equity share in comparison to BSE Sensex and BSE 200 on the basis of closing values:**



The base of 100 is taken to be the closing price of shares and values of indices as on March 31, 2012

(ix) **Registrar and Transfer Agents & Share Transfer System**

M/s. Zuari Investments Ltd. is your Company's Share Transfer Agent. Share transfers in physical form and other communications regarding shares, dividends, change of address, etc., may be addressed to:

M/s. Zuari Investments Limited

Corporate One, First Floor, 5, Commercial Centre, Jasola, New Delhi- 110 025

Tel : 011 - 41697900, 46581300

Fax : 011 - 40638679

E-mail : isc@chambal.in

The dematerialized shares are directly transferred to the beneficiaries by the Depositories.

The Share Transfer Agents have an online computerised system for transfer of shares in physical form. The designated officials of the Company are authorised to approve transfer of shares after they are processed by the Share Transfer Agents including transfer of shares 'Over the Counter' upto 10,000 shares per request. Average time taken in transfer of shares is around 2 working days from the date of receipt of the request.

(x) **Address for Correspondence:**

The Investors can personally contact or send their correspondence either to Share Transfer Agents at the aforesaid address or at the Company's Investor Service Centre at the following address:

Chambal Fertilisers and Chemicals Limited

Investor Service Centre

Corporate One, First Floor,

5, Commercial Centre, Jasola

New Delhi- 110 025

Tel : 011 - 41697900, 46581300

Fax : 011 - 40638679

E-mail : rajeshkumar.jain@chambal.in or rajveer.singh@chambal.in

Website : www.chambalfertilisers.com

(xi) **Dematerialization of Shares and Liquidity**

The Equity Shares of the Company are compulsorily traded in dematerialised form and the Company has signed agreements with both the Depositories i.e. National Securities Depositories Limited and Central Depository Services (India) Limited. As on March 31, 2013, about 92.44 % of the share capital of the Company was held in dematerialised form.

The equity shares of the Company are also being traded in the futures and options segment of the National Stock Exchange of India Limited.

(xii) **Transfer of shares in Unclaimed Suspense Account**

Pursuant to Clause 5A (II) of the Listing Agreement, the Company has issued three reminders for the unclaimed equity shares which were issued in physical form at the time of public issue, upon conversion of Cumulative Preference Shares into equity shares and pursuant to the scheme of Arrangement and Amalgamation between the Company and erstwhile India Steamship Company Limited. The details of such unclaimed shares are as under:

Unclaimed Shares as on April 1, 2012		Shares dispatched during the Year 2012-13		Unclaimed Shares as on March 31, 2013	
No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
2,659	4,51,073	29	7,114	2,630	4,43,959

The Company has transferred the unclaimed equity shares into one folio in the name of "Chambal Fertilisers and Chemicals Limited - Unclaimed Suspense Account" and the dematerialization of these shares is under process.

(xiii) **Distribution of Shareholding**

The distribution of shareholding as on March 31, 2013 was as follows:

S. No.	No. of Equity Shares held	No. of Share Holders	Percentage of total Shareholders	No. of Shares held	Percentage of total shares
1.	1 to 500	1,54,231	86.73	2,72,95,684	6.56
2.	501 to 1000	14,049	7.90	1,23,16,076	2.96
3.	1001 to 5000	8,068	4.53	1,76,60,991	4.24
4.	5001 to 10000	777	0.44	58,49,093	1.41
5.	10001 to 100000	551	0.31	1,52,37,039	3.66
6.	100001 to 500000	86	0.05	2,09,90,496	5.04
7.	500001 & above	69	0.04	31,68,58,473	76.13
	Total	1,77,831	100.00	41,62,07,852	100.00

Details of Shareholding as on March 31, 2013 was as under:

S. No.	Category	No. of shares held	Shareholding (%)
1.	Promoters	23,16,43,346	55.66
2.	Financial Institutions, Banks & Mutual funds	4,11,46,485	9.88
3.	NRIs, Foreign Nationals, OCBs and FIIs	4,78,96,442	11.51
4.	Indian Public	9,55,21,579	22.95
	Total	41,62,07,852	100.00

(xiv) Top ten shareholders as on March 31, 2013

S. No.	Name	No. of shares	% of issued share capital
1.	Zuari Global Limited	5,90,15,360	14.18
2.	The Hindustan Times Limited	5,00,81,715	12.03
3.	SIL Investments Limited	3,18,13,455	7.64
4.	Life Insurance Corporation of India	2,79,10,373	6.71
5.	Ms. Nandini Nopany	1,52,84,667	3.67
6.	Birla Sun Life Insurance Company Limited	92,68,225	2.23
7.	Earthstone Investment & Finance Limited	84,24,515	2.02
8.	Yashovardhan Investment & Trading Co. Ltd.	73,39,500	1.76
9.	Uttam Commercial Ltd.	67,27,100	1.62
10.	Ronson Traders Limited	58,11,500	1.40

(xv) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

NIL

(xvi) a) Location of the Plants

Fertiliser Plants : Gadepan, Distt. Kota, Rajasthan, India, PIN - 325 208.

Birla Textile Mills: Baddi, Distt. Solan, Himachal Pradesh, India, PIN -173 205.

b) India Steamship - Shipping Division

"Birla Building", 9th Floor, 9/1, R.N. Mukherjee Road, Kolkata - 700001.

Annexure "E" to Directors' Report

DECLARATION OF MANAGING DIRECTOR

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges. I, Anil Kapoor, Managing Director of Chambal Fertilisers and Chemicals Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2012-13.

Place : New Delhi
Date : April 30, 2013

Anil Kapoor
Managing Director

Annexure "F" to Directors' Report

AUDITORS' CERTIFICATE

To

The Members of Chambal Fertilisers and Chemicals Limited

We have examined the compliance of conditions of corporate governance by Chambal Fertilisers and Chemicals Limited, for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges(s).

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E

per ANIL GUPTA
Partner
Membership No.: 87921

Place : Gurgaon
Date : April 30, 2013