

## Blueprint to sustainable value creation

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# Forward looking statements

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe that we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

## What's Inside?

1	Corporate information
2	IMFA at a glance
3	Notice
6	Management Discussion and Analysis
10	Directors' Report
20	Report on Corporate Governance
33	Standalone Accounts
57	Consolidated Accounts

# Corporate Information

## Board of Directors

### Executive Chairman

Dr B Panda

### Vice Chairman

Mr Baijayant Panda

### Managing Director

Mr Subhrakant Panda

### Director (Corporate)

Mr J K Misra

### Directors

Mrs Paramita Mahapatra

Mr G L Tandon, Padma Bhushan

Mr D Bandyopadhyay

Major R N Misra (Retd.)

Mr H Biswas (Nominee Director of IDBI)

Dr S Acharya

Mr N R Mohanty, Padma Shri

Mr Alexius Markus Amrein

Mr S P Mathur

General Shankar Roychowdhury (Retd.)

### Sr Vice President (Finance) & Company Secretary

Mr Prem Khandelwal

### Auditors

M/s Raghu Nath Rai & Co.

Chartered Accountants

New Delhi

## Bankers/Term Lenders

IDBI Bank Ltd

Power Finance Corporation Ltd

PTC India Financial Services Ltd

State Bank of India

Indian Overseas Bank

Standard Chartered Bank

## Registered Office

Bomikhal, PO. Rasulgarh

Bhubaneswar - 751010, Orissa

## Plants

Therubali, Dist: Rayagada, Orissa

Choudwar, Dist: Cuttack, Orissa

## Mines

Sukinda, Dist: Jajpur, Orissa

Mahagiri, Dist: Jajpur, Orissa

Chingudipal, Dist: Jajpur, Orissa

Nuasahi, Dist: Keonjhar, Orissa

Bangur, Dist: Keonjhar, Orissa

## Registration & Share Transfer Work

Members are requested to correspond directly with  
Company Secretary at the Registered Office of the Company

e-mail: [pkhandelwal@imfa.in](mailto:pkhandelwal@imfa.in)

# IMFA at a glance

## Our origin

Incorporated in 1961 by Dr B Panda, a technocrat, first generation entrepreneur and presently Executive Chairman of the Group. IMFA commenced operations in 1967. Presently, the company is being managed by Mr. Subhrakant Panda, Managing Director and second generation entrepreneur.

## Our reputation

We are the largest producer and exporter of ferro-chrome in India, having presence across the value chain - in chrome ore mines, coal mines and power.

## Geographical presence

### Registered office

Bomikhal, Rasulgarh (PO), Bhubaneswar - 751 010, Orissa

### Manufacturing facilities

- Therubali, Orissa - 3 furnaces (produces ferro chrome, ferro silicon and ferro silicon magnesium)
- Choudwar, Orissa - 3 furnaces (produces ferro chrome) and a power plant

### Chrome ore mines

- Sukinda, Mahagiri and Chingudipal in Jajpur district, Orissa
- Nuasahi and Bangur in Keonjhar district, Orissa

## Product presence and capacities

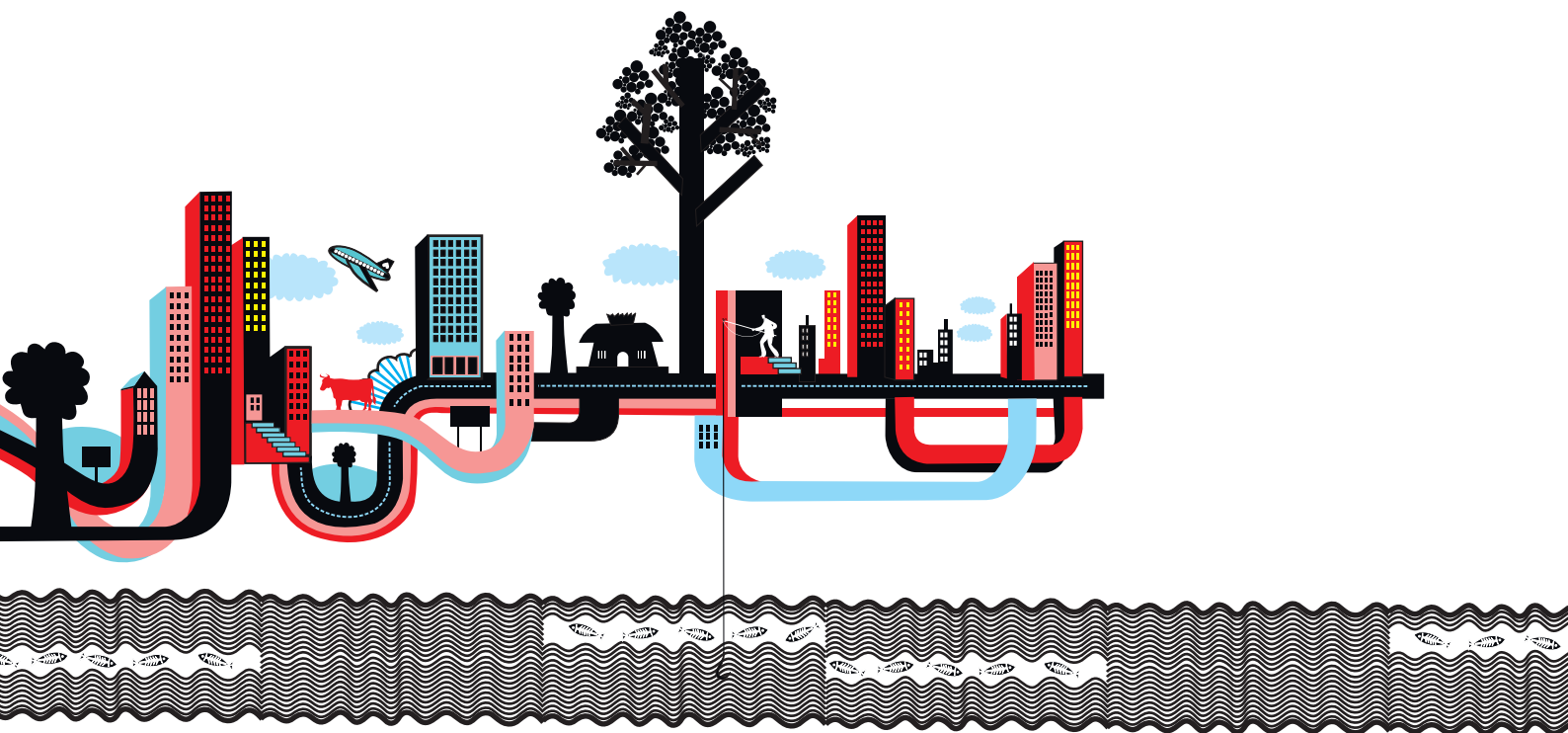
Products	Existing capacity
Ferro Alloys (ferro chrome, ferro silicon and ferro silicon magnesium)	187 MVA
Power	108 MW

## People

1,946 employees as on March 31, 2011

## Listings

Our shares are listed on the Bombay Stock Exchange (Stock code: 533047) and National Stock Exchange (Stock symbol: IMFA). Our market capitalization as on March 31, 2011 was Rs. 1,543 crore.



## Notice

Notice is hereby given that the 49th Annual General Meeting of the members of INDIAN METALS & FERRO ALLOYS LIMITED will be held at the Registered Office of the Company at Bomikhal, PO: Rasulgarh, Bhubaneswar - 751010, Orissa on Saturday, the 16th July, 2011 at 3.00 PM to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To confirm interim dividend and declare final dividend for the FY 2010-11.
3. To appoint a Director in place of Mr Alexius Markus Amrein who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr S P Mathur who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of General Shankar Roychowdhury who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors for the financial year 2011-2012 on a remuneration to be fixed by the Board of Directors of the Company. M/s Raghunath Rai & Co., Chartered Accountants, the retiring Auditors, are eligible also for re-appointment.
6. (a) Members holding the shares in electronic mode may please note that their dividend would be paid through Electronic Clearing Services (ECS) wherever available. The dividend would be credited to their bank account as per the mandate given by the members to their DPs. In the absence of availability of ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations.
- (b) Members are requested to send their Bank Account particulars (viz Account No., Name & Branch of the Bank and the MICR Code) to their DPs in case the shares are held in electronic mode or to Company in case the shares are held in physical mode for printing on dividend warrant to ensure that there is no fraudulent encashment.
7. Members who desire to have any information/clarification as regards the audited annual accounts for the year ended 31st March, 2011 are requested to write to the Company Secretary at least 7 days before the date of meeting.
8. Members are requested to bring their copy of the Annual Report along with attendance slip (sent herewith).
9. The Company has complied with all provisions relating to unpaid dividends of the previous years under section 205A and other applicable provisions of the Companies Act, 1956. Dividend for the financial year ended 31st March 2004 which remains unclaimed, will be due for transfer to the Investor Education Protection Fund of the Central Government (IEPF) pursuant to the provisions of Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrants for the financial year ended 31st March 2004 or any subsequent financial year, are requested to correspond with the Company. Members are advised that in terms of the provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.
10. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during working hours on any working day till the date of this Annual General Meeting.
11. The Board recommends Resolutions 1 to 6 above for the approval of the Members.

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE SUPPORTED BY PROXY FORM (SENT HERewith) WHICH SHOULD BE LODGED WITH THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Disclosure pursuant to clause 49 of the listing agreement with respect to the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting is given in the Annexure.
3. The Register of Members of the Company shall remain closed from 12th July, 2011 to 16th July, 2011 both days inclusive.
4. Dividend, if declared, will be paid to those members whose names shall appear on the Register of Members as on 11th July, 2011 in respect of those shareholders holding the shares in physical form. In respect of dematerialised shares, the dividend will be payable on the basis of beneficial ownership as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose as on that date.
5. Members are requested to furnish their Bank Account details, change of address etc. to the Company in respect of shares held in physical form. If the shares are held in electronic form, then the said particulars should be furnished to their respective Depository Participants (DPs).

By Order of the Board of Directors  
For Indian Metals & Ferro Alloys Limited

(Prem Khandelwal)

Sr Vice President (Finance)  
& Company Secretary

Place: New Delhi  
Date : 3rd May, 2011

# Details of Directors

seeking re-appointment at the Annual General Meeting

## 1. Mr Alex Amrein

Father's Name	Mr Josef Amrein
Date of Birth	3rd August, 1936
Nationality	Swiss
Date of Appointment	21st January, 2006
Qualifications	Degree in Chemistry & Economics from the University of Zurich and a Diploma (Commerce & Trade) Swiss Association of Business Schools
Expertise in specific functional areas	Vast and rich experience in the field of metal trading, engineering consultancy and corporate management
Directorships held in other Companies	Litec Aktiengesellschaft
Member of Committees of the Board	NIL
Member of Committees in other Companies	NIL
Shares held in IMFA	NIL (in his individual capacity) Litec Aktiengesellschaft holds 3844259 equity shares and he represents the said Company as a Nominee on the Board.

## 2. Mr S P Mathur

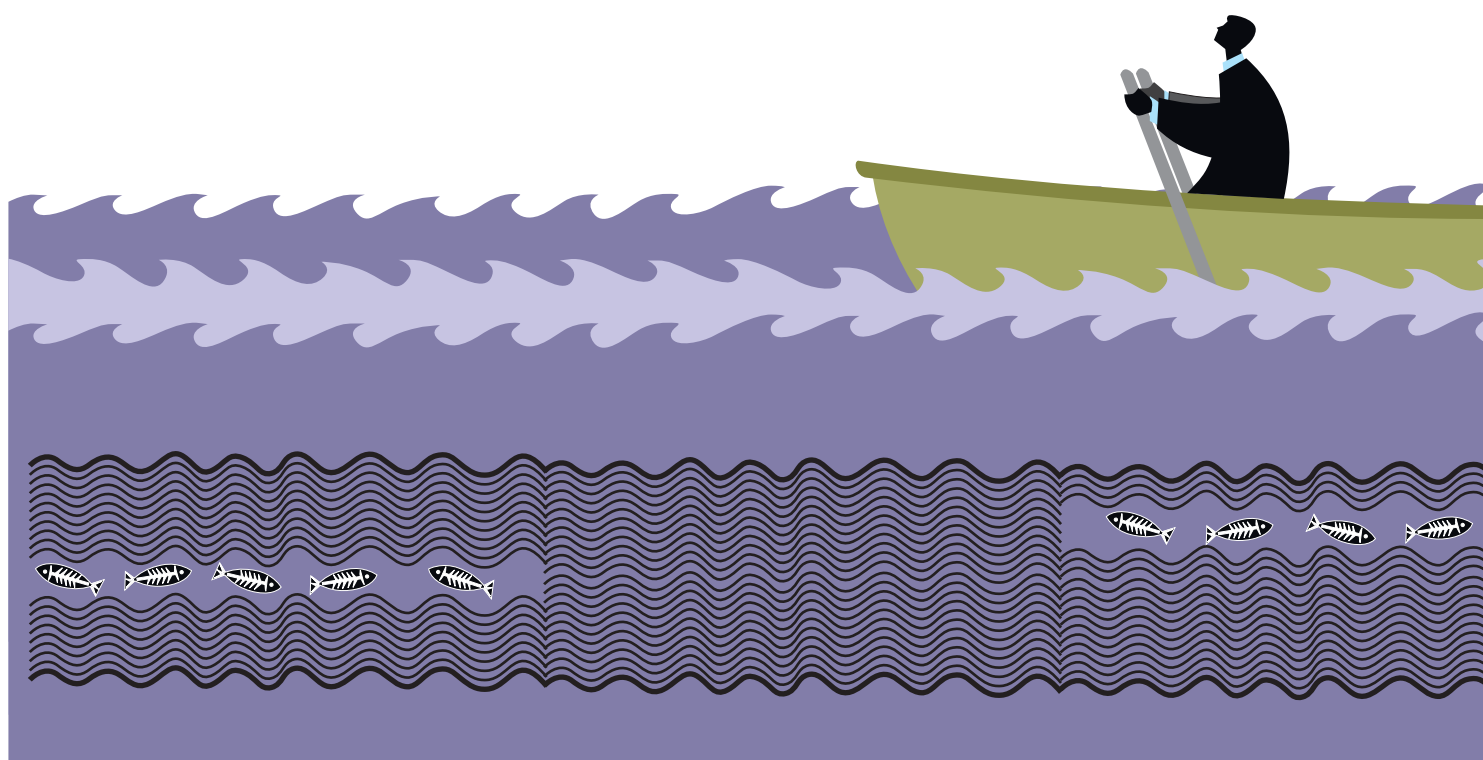
Father's Name	Late J Sahai
Date of Birth	12th October, 1946
Nationality	Indian
Date of Appointment	28th October, 2007
Qualifications	B.Com., CA
Expertise in specific functional areas	Vast and rich experience in accounts, corporate laws, finance and corporate management
Directorships held in other Companies	Orissa Media Ventures Pvt. Ltd.
Member of Committees of the Board	NIL
Member of Committees in other Companies	NIL
Shares held in IMFA	NIL

# Details of Directors

seeking re-appointment at the Annual General Meeting (Contd.)

## 3. General Shankar Roychowdhury

Father's Name	Late Sunil Chandra Roychowdhury
Date of Birth	6th September, 1937
Nationality	Indian
Date of Appointment	21st January, 2008
Qualifications	Graduate of National Defence Academy, Indian Military Academy, Defence Services Staff College, Army War College, National Defence College and also Doctorate D. Litt (Honoris CAVSA).
Expertise in specific functional areas	Former Chief of Army Staff, Indian Army, former Member of Parliament, Rajya Sabha.
Directorships held in other Companies	NIL
Member of Committees of the Board	NIL
Member of Committees in other Companies	NIL
Shares held in IMFA	NIL





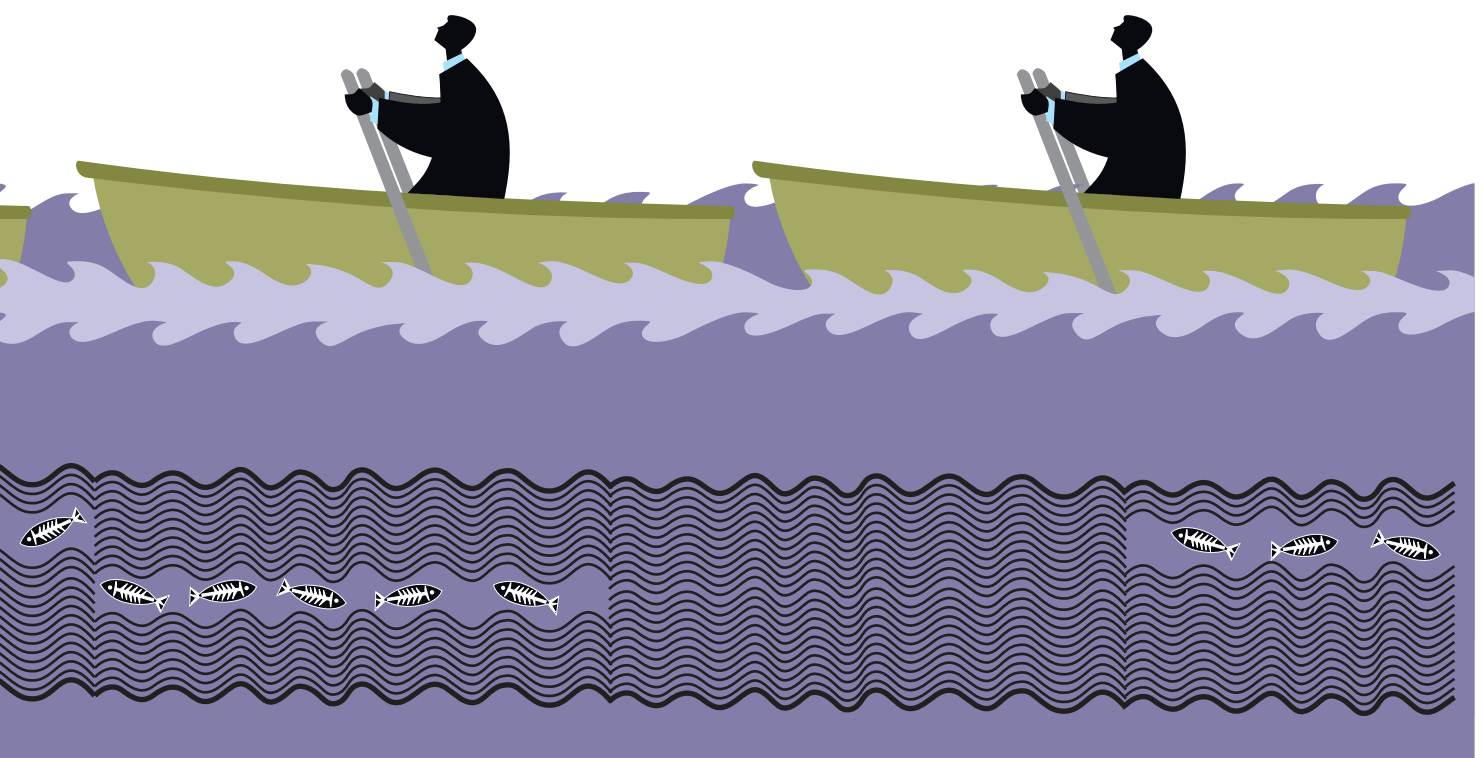
# Management Discussion and Analysis

## A. Industry Structure and Developments

Ferro chrome is a value-added intermediate product which imparts the non-corrosive property to stainless steel. As such, ferro chrome manufacturing is a highly power intensive process and though globally South Africa is the largest producer of chrome ore and ferro chrome, availability of power remains a big challenge for the country and has resulted in changing dynamics in the industry. In a scenario of higher costs and restricted supply as well as lack of significant investment in new smelting capacity worldwide, rising demand has resulted in ferro chrome prices moving up.

The stainless steel industry is the primary user of ferro chrome and its sustained growth over the years, in particular the rapid growth witnessed in China, has led to what is often referred to as a "super cycle" for various commodities. While the recent economic crisis was a sobering reality check, the bounce back thereafter has been quite significant. As such, factors such as the development of interior areas of China and strong economic growth in India requiring massive investment in infrastructure is expected to sustain stainless steel & ferro chrome demand over the medium to long term.

Another outcome of the power shortage in South Africa is the export of raw (i.e. not beneficiated) chrome ore particularly to China which now imports almost 50 per cent of its total requirement from that country. Coupled with China's aggressive approach towards investment in mineral resources to feed its requirement there is now approximately 2 million tonnes of ferro chrome smelting capacity which is based on imported ore. As a result the cost of production of ferro chrome in China acts both as a floor as well as a ceiling.



## B. Opportunities and Threats

The demand for ferro chrome is cyclical in nature, reflecting a similar trend as the stainless steel industry. As a result, there is substantial volatility in prices. However, with fast recovery in stainless steel industry particularly in China and Asia in general, the price of ferro chrome was relatively stable during the year under review and the demand for ferro chrome is expected to remain steady in the near future. The fortunes of your Company are dependent to a large extent on the prevailing prices in the international market which is influenced / set by large producers in South Africa and Kazakhstan. However, your Company has followed the strategy of entering into long-term contracts as a hedge against the vagaries of the market. Such arrangements with companies like POSCO and Nisshin have benefited your Company to a great deal by way of committed off-take on 'producer price' basis. At the same time, your Company also keeps aside tonnage for selling in the spot market so as to benefit from any upward trend in prices.

Finally, the dominance of large producers in South Africa, Kazakhstan, etc leaves little leeway to your Company in determining prices. However, being an integrated player resulting in low cost of production, your Company is well positioned to mitigate such risks.

## C. Segment-wise or Product-wise Performance

Your Company's operations can be broadly categorised under Ferro Alloys, Mining and Power. Further, during the year under review, your Company prioritized production of ferro chrome given better margins arising out of being fully integrated. As such, the production of ferro silicon remained suspended during the year.

Segment-wise performance is as set out below:

### i. Ferro Alloys

Sl. Particulars	Ferro chrome 2010-11	Ferro chrome 2009-10
1 Production (tonnes)	179,850	130,758
2 Sales (tonnes)	180,081	126,667
3 Revenue (Rs in crore)	1037	542

### ii. Power

Sl. Particulars	2010-11	2009-10
1 Generation (in million units)	774	726
2 Sales (in million units)	47	187
3 Revenue (Rs in crore)	15	57

### iii. Mining (Chrome Ore)

Sl. Particulars	2010-11	2009-10
1 Production (tonnes)	427,973	282,836

## D. Outlook

The stainless steel industry is expected to continue witnessing robust growth going ahead which will largely be driven by demand emanating from China and India. In fact, stainless steel demand in India is likely to be very strong going ahead given rising per capita income and massive augmentation of infrastructure arising from sustained economic growth. The hitherto fragmented ferro chrome industry in India could witness some consolidation as small to medium producers without backward integration (ore and/or power) will find it difficult to compete.

## E. Risks and Concerns

The major risk for the ferro chrome industry continues to be slack demand as a result of a slowdown in the stainless steel industry. Although production of stainless steel is once again on the growth path, any hiccup in global economic recovery will once again put pressure. Furthermore, since ferro chrome is a dollar denominated commodity, the sharp fluctuations of the US Dollar is a matter of concern. However, by virtue of being fully integrated, your Company is well placed to meet such challenges and has a proactive risk management policy which includes tying up off-take through long term contracts and hedging foreign currency exposure.

## F. Internal Control Systems and their Adequacy

Your Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management. Your Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. Your Company has an Internal Audit department and has also appointed outside Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

## G. Discussion on Financial Performance with respect to Operational Performance

### Financial review

	2010-11	2009-10	Growth (%)
Turnover (Rs in crore) Net	1040.48	592.59	76
EBIDTA (Rs in crore)	349.61	142.27	146
Profit after tax (Rs in crore)	165.44	41.01	303
Cash profit (Rs in crore)	207.29	81.40	155
EPS (Rs)	62.84	16.82	274
Cash EPS (Rs)	78.74	30.92	155
Dividend (Rs)	10.00	5.00	100
Net worth (Rs in crore)	756.72	606.63	25
Capital employed (Rs in crore)	1150.13	886.78	30
Fixed assets (with CWIP) (Rs in crore)	831.12	635.69	31
Net current assets (Rs in crore)	319.01	251.09	27