

BUILT TO LAST



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.

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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.)

Executive 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

ICICI Bank Ltd

DBS Bank Ltd

Registered Office

Bomikhal, P.O. Rasulgarh

Bhubaneswar - 751010, Odisha

Plants

Therubali, Dist: Rayagada, Odisha

Choudwar, Dist: Cuttack, Odisha

Mines

Sukinda, Dist: Jajpur, Odisha

Mahagiri, Dist: Jajpur, Odisha

Chingudipal, Dist: Jajpur, Odisha

Nuasahi, Dist: Keonjhar, Odisha

Bangur, Dist: Keonjhar, Odisha

Registration & Share Transfer Work

Members are requested to correspond directly with
Company Secretary at the Registered Office of the Company
e-mail: investor-relation@imfa.in

CHAIRMAN'S OVERVIEW

IT SEEMS JUST YESTERDAY THAT ILA AND I RETURNED TO INDIA AND STARTED ON OUR AMBITIOUS JOURNEY. FROM MODEST BEGINNINGS IN A REMOTE CORNER OF ODISHA TO WHERE IMFA HAS REACHED TODAY IS AN INCREDIBLE JOURNEY AND ONE, WHICH FILLS ME WITH PRIDE. TO SEE SO MANY PEOPLE SHARE AND WORK TOWARDS FULFILLING A DREAM THAT WE HAD GIVES ME A SENSE OF SATISFACTION.

Fifty years in business is a significant milestone and one that represents strength & stability that few organisations achieve. Of course, much has changed since 1961 when the Company was incorporated. The Indian economy has transformed drastically and so too has IMFA from a single furnace to being the largest, fully integrated producer of ferro alloys with its own chrome ore, captive power and soon a captive coal block. Our zeal to raise the bar in terms of performance and our core value of empowering people has remained undiminished, in a way bearing testament to why we continue to thrive even after half a century.

There were plenty of odds along the way – not least the vicissitudes of a cyclical industry. We adopted a patient approach to identify, assess and build key capabilities so as to overcome all challenges. Our timely investments in capacity expansion and backward integration have enabled us to be a reliable business partner and capitalise on the opportunities presented by the rapid growth in first China and now India. Today, we are a Rs 1200 crore Company poised to grow at a faster pace in the coming years.

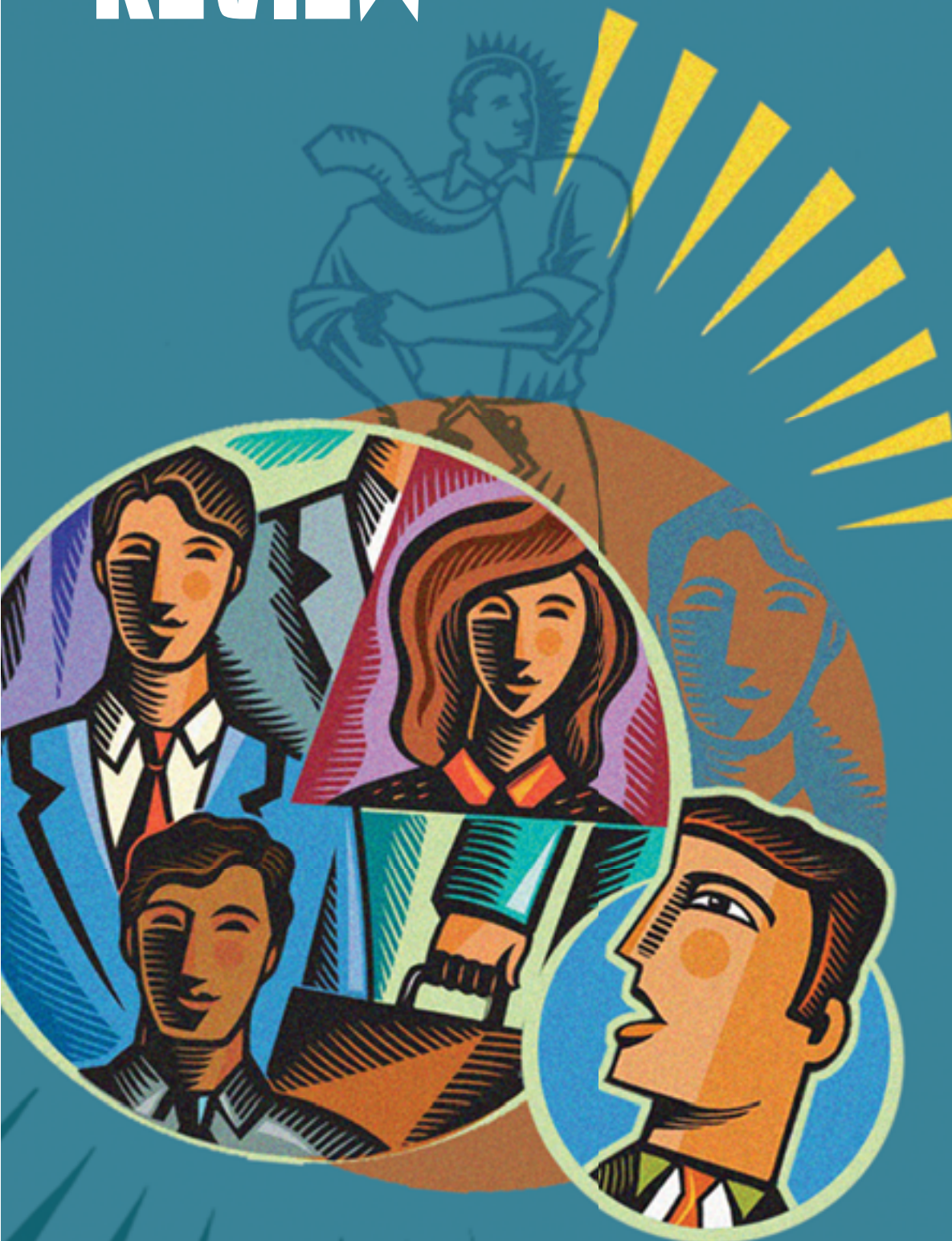
Over the years we have built a robust business model and developed our presence in key verticals enabling us to emerge as one of the lowest cost producers of ferro chrome in the world. Our ability to identify and pre-empt challenges have not only enabled us to grow during upturns but also steady the ship during tough times. Our investments in capacities, ownership & management of resources and state-of-the-art plants have enabled us to prove our mettle at a global level. Going forward, our investments in power and coal will result in de-risking our business from cyclicity and further strengthen our value proposition in terms of reliability and cost.

As we celebrate our Golden Jubilee, I would like to take this opportunity to thank all our stakeholders – our employees who have been instrumental in building the organisation, communities who have trusted us, State and Central Governments over the years who have supported us, customers who have believed in us, suppliers who have enabled us to perform, lenders who have funded our growth plans and, not least, investors who have stood by us – without whom a dream would not have turned into reality. I am confident that we will build, nurture and expand IMFA with your continued support.



Dr Bansidhar Panda
Executive Chairman

MANAGING DIRECTOR'S REVIEW



Subhrakant Panda
Managing Director

A GREAT DISTANCE HAS BEEN TRAVERSED IN THE 50 YEARS SINCE THE COMPANY WAS INCORPORATED AND TODAY WE ARE THE LARGEST, FULLY INTEGRATED PRODUCER OF FERRO ALLOYS IN INDIA WITH A REPUTATION GLOBALLY FOR QUALITY AND CUSTOMER SERVICE. WHILE TAKING GREAT PRIDE IN ALL THAT HAS BEEN ACHIEVED OVER THE PAST FIVE DECADES, THE MOOD IS ALSO SOMEWHAT SOMBER AS THE YEAR UNDER REVIEW PROVED TO BE A DIFFICULT ONE WITH GLOBAL MACROECONOMIC UNCERTAINTIES AGAIN SURFACING. INDIA & CHINA – HITHERTO THE GROWTH ENGINES OF THE NEW WORLD ORDER PARTICULARLY AFTER THE 2008 CRISIS – FALTERED SOMEWHAT EVEN AS THE UNITED STATES MADE A TENTATIVE RETURN TO GROWTH AND THE EURO ZONE DEBT CRISIS WORSENER; AS A RESULT, THE FERRO ALLOYS INDUSTRY REMAINED SUBDUED.

However, for a Company, which has successfully charted its way through a host of challenges, adversity always represents opportunity. In a challenging environment of high interest rates and lower realisations for ferro chrome, we focused on squeezing out maximum efficiency from our operations. I am happy to report that on top of the inherent strength in our business model the steps we took have limited the downside to a large extent.

We successfully commissioned the 30 MW dual fuel power plant and already the impact of utilising flue gas is being felt. Captive power generation capacity which now stands at 138 MW will further increase when the 120 MW unit under construction goes on-stream around September 2012; while in the short term there will be some surplus which will be supplied to the grid, we have started the evaluation process to add further smelting capacity. More importantly, the captive coal block being developed by Utkal Coal Ltd (an SPV in which IMFA has a 74% stake) is expected to be operational before the end of the calendar year and assured fuel supply coupled with lower costs will provide a significant boost to our performance going ahead. Finally, with the acquisition of a 70% stake in a coal concession in Indonesia through a step-down subsidiary incorporated in Singapore we have now acquired a global footprint.



During FY12 we looked to expand our customer base while strengthening existing relationships. In this context, we actively pursued a strategy to increase our exposure to China even as we sealed a joint venture agreement with POSCO. Our strategy to seek stability through long term contracts with POSCO and Nisshin Steel has yielded rich dividends while, at the same time, we have set aside tonnage for spot sales so as to benefit from any short term increase in prices. The mix provides us ample room to capitalise on our relationships while retaining the agility required to benefit from market opportunities.

The ferro chrome industry is evolving in that China has challenged conventional wisdom by establishing significant smelting capacity without having any ore reserves. While the power crisis in South Africa has boosted the trend of ore exports, which first gained momentum with the advent of UG2, we strongly believe that our fully integrated business model will help us deliver superior results as compared to both Chinese producers as well as our peers in India. Going ahead, we are also ideally positioned to cater to increased domestic demand for ferro chrome as stainless steel production in India picks up.

Finally, after a comprehensive exercise to gauge the aspirations of the people who make up a Company with 50 years of history behind it and ambitious plans for the future, we have launched a new visual identity powered by the concept of “Ambition and Diligence”. I can assure you that the outcome of this exercise is neither mere semantics nor just a new logo but represents the desire to be leaders in the businesses in which we operate while doing so in a responsible and sustainable manner.

I would like to take this opportunity to thank all our stakeholders and assure you of our best efforts to be worthy of your support.

Thank you,



Our strategy to seek stability through long term contracts with POSCO and Nisshin Steel has yielded rich dividends while, at the same time, we have set aside tonnage for spot sales so as to benefit from any short term increase in prices.



UNVEILING OUR NEW IDENTITY



THE BRAND IDEA OF “AMBITION AND DILIGENCE” HAS EVOLVED FROM THE MANAGEMENT’S VISION TO:

GROW the business in terms of scale, scope and geography

BUILD an organisation that is admired for its talent

INFLUENCE by way of being the leader in our chosen businesses

Ambition seeks to tilt the balance towards empowerment and a performance culture while the countervailing value of Diligence speaks of the stable, sure steps in which we would like to progress towards growth.

MANAGEMENT DISCUSSION & ANALYSIS

