



A GOOD TIME

TO THINK BIGGER TO ENGAGE BETTER TO DELIVER MORE VALUE

51ST

ANNUAL REPORT

12/13

Indian Metals & Ferro Alloys Limited



Forward Looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take 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 'anticipate', 'estimate', '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 we have been prudent in our assumptions. The achievements of results are 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 statement, whether as a result of new information, future events or otherwise.

Your way forward

IMFA - On
the go

01 ↗ 08

Statutory
Reports

09 ↗ 36

Financial
Statements

37 ↗ 82

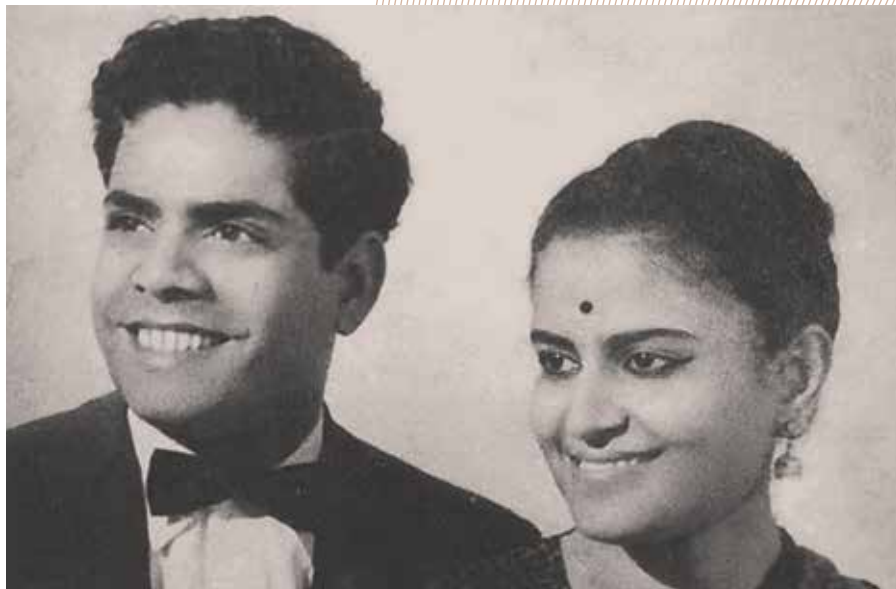
Chairman's Communiqué	2	Management Discussion and Analysis	10
Managing Director's Insight	4	Directors' Report	18
Delivering More Value	6	Report on Corporate Governance	24

Standalone

Auditors' Report	37
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	44
Notes	45

Consolidated

Auditors' Report	67
Balance Sheet	68
Statement of Profit and Loss	69
Cash Flow Statement	70
Notes	71
Notice	83



Our inspiration

Dr Bansidhar Panda and Mrs Ila Panda

Chairman's communiqué



Dr Bansidhar Panda
Executive Chairman

When an enterprise has already completed a journey of more than fifty years, the pertinent question to ask is: ‘What’s the roadmap for the next fifty?’



I started my journey with a simple vision: to contribute meaningfully to the socio-economic development of my country in general and my home state of Odisha in particular.

I started my journey with a simple vision: to contribute meaningfully to the socio-economic development of my country in general and my home state of Odisha in particular. Although many milestones have been achieved, the journey still continues as there is much more to accomplish.

As we move forward, we will continue to build on our strengths. That is, enhance mine-to-market integration, strengthen relationships with existing customers, scout for emerging global opportunities, augment captive power capacity and most importantly, widen and deepen our community initiatives. I believe in the Gandhian principle of being the 'change' we want to see; so I would like IMFA to be the driver of change, however modest, in a twenty first century resurgent India.

Times are challenging and growth doesn't come easy. However, India's socio-economic canvas presents significant potential for growth. India's per capita stainless steel consumption is half the global average; focus on infrastructure, rapid urbanisation and aspiration for a better quality of life mean that demand for ferro chrome will continue to rise. Hence, there is much to be optimistic about going ahead.

As IMFA readies itself for the next phase of growth, we will sharpen our focus on our core values of commitment to excellence, ethical business practices, sustainable operations and bonding with the community around us.

I am delighted with the dedication of the Management Team and would also like to thank all stakeholders for their support.

Thank you,

Dr Bansidhar Panda
Executive Chairman



I believe in the Gandhian principle of being the 'change' we want to see; so I would like IMFA to be the driver of change, however modest, in a twenty first century resurgent India.



As IMFA readies itself for the next phase of growth, we will sharpen our focus on our core values of commitment to excellence, ethical business practices, sustainable operations and bonding with the community around us.

Managing Director's insight

At IMFA, we have always believed that challenges are opportunities in disguise.



Subhrakant Panda
Managing Director



2012-13 was a challenging year due to adverse economic conditions globally. Nonetheless, we countered the headwinds admirably and posted a record turnover of Rs. 1,273.25 Crores and a 20.24% increase in EBIDTA to Rs. 282.15 Crores

In good times, it is easy to overlook shortcomings in the glow of good earnings. Tough times, however, present an occasion to identify areas for improvement. It is in this context that we boldly claim, now is a good time to create future capabilities, engage better with customers and stakeholders, and deliver more value in a sustainable manner.

2012-13 was a challenging year due to adverse economic conditions globally. Nonetheless, we countered the headwinds admirably and posted a record turnover of Rs. 1,273.25 Crores and a 20.24% increase in EBIDTA to Rs. 282.15 Crores. However, net profit slipped marginally

to Rs. 53.89 Crores (Earning per share stood at Rs. 20.74) on account of higher depreciation following the commissioning of one unit of the new captive power plant and a one-time charge relating to the joint venture with Posco. However, the long-term benefits of both far outweigh any short-term implications.

Thinking long term

We initiated a far reaching organisational restructuring programme during the year with help from a leading management consulting firm, to empower our people and free up senior management bandwidth, to focus on strategic priorities, including diversifying into new businesses and geographies. Accordingly, the Ferro Alloys and Power Business Units have been formed with BU Heads given end-to-end responsibility under the overall guidance of the COO. There is also intense focus on creating a leadership pipeline.

The first unit of the 2 x 60 MW Captive Power Plant became operational during the year. Following the commissioning of the second unit in Q1 of the new fiscal, our total power generation capacity will go up to 258 MW. While there will be a small surplus in the short-term, plans are already underway to increase our furnace capacity and absorb the entire generation. The commencement of the joint venture with Posco reinforced a mutually beneficial relationship and will result in greater off-take assurance.

Strategic advantage

While South Africa will always remain a significant influence on the ferro chrome industry, its glory days as a producer are probably behind it, given the sharp increase in electricity tariff and other bottlenecks. Similarly, China may have emerged as the largest producer of ferro chrome in the world, but its dependence on imported ore will always cast a shadow on the long-term viability of the capacity, which has been created. In such a scenario, our integrated business model - soon to receive a boost when the captive coal block becomes operational - stands us in good stead as we look to entrench ourselves as a reliable supplier. Moreover, we are ideally positioned to cater to increasing domestic demand for ferro chrome as more stainless steel capacity comes on line.

We pride ourselves on looking at the big picture and not on short-term gains. Our Founder's vision has seen us become the leading producer of ferro chrome in India and now it is time to spread our wings. We remain committed, as always, to doing our best to deliver superior returns - albeit over the longer term as there is no shortcut to success.

I would like to acknowledge our employees and thank all our stakeholders for reposing their faith in us and being a part of our journey.

Thank you,

Subhrakant Panda

Managing Director



The commencement of the joint venture with Posco reinforced a mutually beneficial relationship and will result in greater off-take assurance.

1,00,000+

PEOPLE BENEFITTED FROM
IMFA'S SOCIAL INITIATIVES



Delivering more value

At IMFA, our value creation is not restricted to the customers we serve or the people, who drive the organisation forward. There is another element in the value matrix, which is critical for long-term sustainability: well-being of the community around us.

Rs. 3.05 Crores

TOTAL
INVESTMENTS
IN CSR
ACTIVITIES IN
2012-13

Bansidhar & Ila Panda Foundation (BIPF)

BIPF, established in 2011, is the Corporate Social Responsibility (CSR) arm of IMFA. The Foundation provides economic and social opportunities to the marginalised sections of society with sustainable and scalable interventions. It also contributes to five out of eight Millennium Development objectives set by the United Nations. BIPF undertakes initiatives to promote education, support well-being of women and children, enhance skills development, and improve water and sanitation facilities.

Education

- Running Chinmaya Vidyalaya, a CBSE-affiliated senior secondary, co-educational school at Therubali, Rayagada since 1982
- Signed a Memorandum of Understanding (MoU) with the district administration of Odisha to improve school infrastructure and allied facilities in remote areas of the state
- Provided scholarships to meritorious, but economically disadvantaged engineering and medical students under Professor Ghanashyam Dash Scholarship for Higher Education
- Provided assistance to Bhartiya Vidya Niketan in Keonjhar and Kalinga Public School in Choudwar
- Distributed school bags in Dhanurjayapur and Bangur UP School at Keonjhar
- Provided furniture for public library at Nuashai chromite mines, Keonjhar
- Distributed 192 eco-friendly LED lanterns to enable children study after dark in Bhanara, Raighati and Mayurnachi villages of Keonjhar district's Hatadihi block
- Organised an excursion to Puri, Konark and other places of historical interest for 45 tribal students from Therubali, Rayagada
- Constructed classrooms and donated desks and benches to Ashokjhara School, Sukinda, Jajpur
- Facilitated infrastructure development at Nigamananda Girls High School in Daulatabad, Choudwar

Women and Child

Preventive Health

- Partnered with NGO Pathfinder International, a global leader in reproductive health and operating across 22 countries; organise training programmes

for accredited social health activists (ASHAs) and auxiliary nurse midwives (ANMs) in different blocks of Angul and Keonjhar districts, as a part of project RAKSHA, to reduce maternal mortality in Odisha

- Organised a health camp, treating 150 patients in Hatadihi block of Keonjhar district
- Started a medical consultancy centre, having a doctor and a support staff, at Choudwar
- Provided 12 Fetal Heart Rate Monitors (FHRMs) to the District Health Society, at Angul
- Organised immunisation camp during Village-Level Health And Nutritional Day at Sukinda chromite mine, Jajpur
- Provided a Quantitative Buffy Coat (QBC) machine to the district headquarter hospital, Angul, to detect malaria

1



2



1

Now Children can read after dark. Eco Charge LED Lamp Distribution

2

We make every drop count - Safe drinking water for community

149

VILLAGES
COVERED

- Established a Banausadhi Udyan for medicinal plants cultivation at Sukinda, Jajpur
- Organised a panel discussion on Maternal and Newborn Health at Bhubaneswar
- Distributed food materials to Adruta Orphan Center, Rayagada

Women Empowerment

- Initiated project Unnati – a capacity-building programme for 50 women SHGs of Angul and Keonjhar districts
- Promoted goat farming to Sri Siva Sakti Women SHG at Therubali, Rayagada
- Conducted a mushroom cultivation skill programme, imparting knowledge to 22 women members of 11 SHGs in Nuasahi, Keonjhar
- Organised tailoring training programmes for 20 women for three months at Therubali, Rayagada, and for 55 members of Shree Krushna Self Help Group, Maa Mangal Self Help Group and Adishakti Self Help Group in Agrahat Panchayat of Choudwar; four stitching machines were also distributed during the tailoring training programme at Choudwar

Skill Development

- Running ITC at Therubali, Rayagada since 1992, where hundred youths are trained every year

Water and Sanitation

- Installed piped water supply system in Benagadia village in Sukinda block of Jajpur district
- Constructed two bathing ghats in Nuasahi village of Keonjhar district
- Provided power generators to the Gram Panchayat for uninterrupted water supply at Nuasahi in Hatadihi block, Keonjhar

Other initiatives

- Distributed football kits to young people of Dumuriguda village, Rayagada
- Organised a plantation programme at Chingudipal UPME School on Gandhi Jayanti at Kaliapani, Sukinda and Jajpur
- Constructed Jajati Keshari club community centre in ward No. 10 of Choudwar municipality
- Constructed a shed at the weekly market complex, Kaliapani, and a rest shed at Sankatpaia of Sukinda district

Waste! Think again

- Abiding by the Fly Ash Notification Law, which came into effect from 1999, we undertook requisite measures. We are using most of the ash generated in our 138 MW (108 MW + 30 MW) power plant in Choudwar (Odisha) to reclaim degraded land. After filling with ash, it is topped with soil and plantation is carried out to transform the degraded land into a green belt
- The fly ash generated in this boiler is suitable for brick manufacture. Hence, we have installed a brick manufacturing unit with a 1,00,000-brick daily capacity and another one will be installed shortly. The fly ash generated in CFBC boiler is utilised for brick manufacture. Besides, it is also supplied free of cost to other brick manufacturing industries located nearby. Left-over ash, along with bottom ash, is utilised for land filling. We are also exploring possibilities of utilising this fly ash in cement industries
- We are going to install a lightweight aggregate manufacturing unit to utilise mixed ash generated from our power plant. This unit is under construction and, on its completion, 16,500 MT of mixed ash per month will be utilised in light weight aggregate manufacturing, which is a replacement of stone chips in concrete mixture



Recognising talents

Sarala Award

This award, instituted in 1980 and carrying a prize money of Rs. 2,50,000, recognises outstanding Odia literary work. With its glittering history of past recipients, this award is considered as a premier recognition for an Odia writer.

Ekalabya Puraskar

This award, having a prize money of Rs. 1,50,000, was instituted in 1993 to recognise budding Odia sportspersons. It is considered as a premier recognition in sports in Odisha and several past recipients have made the country and the state proud.