



STRONGER ROOTS DEEPER REACH

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.

Way Forward



We have had our share of challenges and it is a tribute to the strength of the integrated business model and the commitment of the people who are the backbone of this organisation that each time we have come out stronger.

Dr Bansidhar Panda, Executive Chairman

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Strengthening roots of social engagements

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Our Inspiration

Dr Bansidhar Panda
and
Mrs Ila Panda

Chairman's Review



“We have had our share of challenges and it is a tribute to the strength of the integrated business model and the commitment of the people who are the backbone of this organisation that each time we have come out stronger.”

An old saying goes ‘Rome was not built in a day’ conveying the hard work and sheer perseverance which went into creating the Roman Empire and expanding its reach. Similarly, it takes a lot of effort and commitment to build a legacy which earns the trust of stakeholders and delivers value over time.

IMFA is one such example. I look at it as an organisation which sustains many people - each of whom has a stake in its success in one way or the other. We have had our share of challenges and it is a tribute to the strength of the integrated business model and the commitment of the people who are the backbone of this organisation that each time we have come out stronger. Business realities change over time but organisation values remain sacrosanct. Integrity, Pursuit of excellence, Teamwork and Benefiting society are simple values with a profound impact. I take great pride in having founded an organisation which exemplifies these values and accords as much importance to greater good of society as it does to profit margins and growth.

Our commitment to social responsibility through a mix of philanthropy and sustainable intervention is expanding through the endeavours of the Bansidhar & Ila Panda Foundation and Indian Metals Public Charitable Trust. We will continue to promote education, support well being of women & children, enhance skills and improve water & sanitation.

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While access to natural resources is important along with infrastructure and technology, it pales in comparison to the human capital which is at the heart of IMFA's success. The smiling faces of our people are both our reward as well as a sign of the sustainability of our business model. On this optimistic note, I would like to thank all members of the IMFA Family along with our growing stakeholder fraternity for believing in and supporting our vision. We treasure your trust and will walk the extra mile to exceed your expectations.

Thank you,

Dr Bansidhar Panda
Executive Chairman

Managing Director's Insight



Dear Shareholders,

No enterprise can survive, let alone flourish in the long term, without strong roots and a proper foundation. While quick fix strategies can always be formulated to drive growth in the short term and/or deal with exigencies, building a sustainable organisation which delivers value to all stakeholders over the long term requires vision and commitment.

At IMFA, the scale of our integrated operations, raw material security, long term contracts with global customers and, most of all, a committed workforce represents the strong roots which has enabled us to overcome challenges and stand tall.

With a view to push down authority and accountability so as to create more management bandwidth and ultimately a business model which is sustainable over the long term, we rejigged the organisation structure to be product-based with Business Unit Heads for Ferro Alloys and Power. This will enable the core management team to pursue strategic objectives which will drive the next phase of growth.

Global recovery has strengthened during the year with the US riding the shale gas revolution and Eurozone starting to turn around. China, on the other hand, is showing signs of strain with the PMI remaining below 50 - indicating contraction - for the past 4 months or so. However, one must remember that the size of China's economy has grown manifold and double digit growth is no longer feasible. Besides, the next phase of reforms appropriate for a more mature economy have been initiated which augurs well.

While India has disappointed with sub-5% growth, I firmly believe in the long term prospects particularly when it comes to our industry. Consumption of stainless steel is at a tipping point as consumers begin to appreciate 'lifecycle costing' as opposed to initial acquisition cost and, thus, per capita consumption of ferro chrome too is poised to leap. While we currently export more than 80% of our total production, we are ideally placed to cater to domestic demand when it picks up. The time is ripe for the next round of liberalisation and, despite economic uncertainties and business challenges, I am sure India will fulfil its potential and become the world's next growth engine.

FINANCIAL PERFORMANCE

Turnover increased marginally to ₹ 1,317.85 Crore in 2013-14 (previous year: ₹ 1,273.25 Crore) with exports crossing the thousand Crore mark for the first time to reach ₹ 1073.75 Crore. We reported a 21% increase in EBITDA which stood at ₹ 320.69 Crore while net profit declined to ₹ 39.12 Crore due to higher interest and depreciation on account of the new captive power plant. However, I would like to stress that the long term value creation of this investment far outweighs any short term impact on results.

HIGHLIGHTS OF 2013-14

The second unit of the 2x60 MW captive power plant at Choudwar was commissioned and both units are running smoothly. With this our captive power generation capacity stands at 258 MW giving us sufficient headroom for the next phase of expansion. Furthermore, power generation is now more efficient as the new capacity utilises CFBC boiler technology.

The 48 MVA furnace at Therubali which was hitherto idled was switched on in January 2014 and, with this, we will now be producing chrome in all six furnaces. Output of ferro chrome registered an all time high during the year and was backed up by record chrome ore raising and power generation. We are taking steps to expedite underground mining development at our Mahagiri Mines in order to enhance ferro chrome output and, equally, are focussed on further enhancing raw material security.

We have recently started trial production at the Low Density Aggregate (LDA) plant which will gainfully utilise fly ash. LDA, being produced in India for the first time, is an eco-friendly substitute for stone chips used in construction and we are delighted to yet again be a trailblazer.

Finally, we look forward to the start of operations at the captive coal block being developed by Utkal Coal Ltd (UCL), an SPV. The State Government has acknowledged that we are fully compliant so we expect the grant order shortly with mining lease being executed within this year and operations commencing shortly thereafter.

ROAD AHEAD

We are at the end of the current capex cycle and the immediate focus will be on optimum asset utilisation as well as paring down debt. We have also embarked on a journey of continuous improvement to maximise operational efficiency while encouraging a culture of learning, empowerment, performance and 'intra-preneurship' which will be a key aspect of our HR strategy in line with our focus on people. Our ultimate goal is to strengthen the balance sheet and focus on opportunities while managing risk.

It has been an exciting and fulfilling journey thanks to the vision of our Founders and the dedication of our people. I am confident that with your support and good wishes we will continue to deliver superior value in the years to come.

Thank you,

Subhrakant Panda
Managing Director

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Strengthening Roots of Social Engagements

At IMFA, social responsibility extends well beyond business priorities. We work closely with Bansidhar & Ila Panda Foundation to create economic and social opportunities for people at the bottom of the social pyramid. The Foundation aims to create awareness among women and children about health, sanitation and education to help create social wellbeing.



₹ 4.10 Crore

Total investments in CSR activities in 2013-14

WATER AND SANITATION

To counter the crisis of drinking water and sanitation, the Foundation has undertaken various initiatives to address the problem.

- We constructed toilet and provided drinking water by pipe to the Anganwadi centre of Benagadia village (Angul district); Anganwadi centres provide care for newborn babies and antenatal care for pregnant women
- A refrigerated water purifier was provided to the District Headquarter Hospital at Angul for the benefit of patients and their attendants.
- Installed bore well with hand pump inside the Collegepada UP School (Hakimpada, Angul) campus to address water scarcity; the school has 295 students
- A deep boring was constructed at Dehury Sahi of Kaliapani Village and four tube-wells were repaired at Mohanta Sahi of Kaliapani and Patna of Chingudipal areas of Sukinda

EDUCATION

- Provided financial assistance to six economically disadvantaged students of nearby villages under three Gram Panchayats for their higher education in ITI and college level education at Therubali
- Rendered financial support to Kumari Karisma Saha studying in Class VIII of IMFA Campus High School, to participate in a state level competition from Rayagada district, Bhubaneswar
- Distributed essential study materials like notebook and compass box to 34 schools (over 4,700 students) of seven Gram Panchayats like Therubali, Khedapada, Kartikaguda, Dumuriguda, Suri, BadaKhilapadar & Bhatpur under two blocks (Kolnara & Bissum in Cuttack)
- Provided prefabricated benches and desks to help students of Saraswati Sishu Mandir, Agrahat

INFRASTRUCTURE DEVELOPMENT

The Community Centre was repaired and renovated at Gurujang village of Kaliapani Gram Panchayat of Sukinda. Meetings, cultural activities, sports events, youth festivals are organised at the Centre.



Sparkling water for holistic health



Dreamt of a place where education would prevail



Facing the Future



Making child birth the beautiful experience that it is



Counting the beats for productive India



Promoting self help as a sustainable assurance system

OTHER ACTIVITIES

World Environment Day Celebration

We celebrated the World Environment Day (5th June, 2013) at Nuasahi Chromite mines. The theme was 'Think, Eat & Save', encouraging people not to waste food. The programme was conducted to create awareness among Self Help Group (SHGs) under 'Project Unnati' on environmental issues and impact of food choices, which will empower them to make informed decisions. Besides, fruit-bearing tree saplings of 15 species were distributed to the SHG members.

World Malaria Day

Over eighty-five percent of all deaths are due to malaria among children under five. Pregnant women and their newborn children are particularly vulnerable to this disease. On World Malaria Day (25th April, 2013) the members of SHGs under Project 'Unnati' took up a sanitation drive in the entire village at Nuasahi. Members joined hands to clean tube wells, its peripherals and areas of the community.

Major fire relief

There was a major outbreak of fire at Tanla village of Nuasahi on 8th April, 2013. Eighteen rooms of six households were burnt to ashes. The victims (tribal poor) were provided with relief materials, such as cooking utensils, stoves, buckets, cups, plates and mats, among others.

Project Unnati

The project initiated a series of capacity building programmes for 50 Women Self Help Groups of Angul and Keonjhar Districts in January, 2013. A total of 600 women will be directly benefited by this initiative. These SHGs will act as a special purpose vehicle for addressing various issues, such as illiteracy, malnutrition, lack of sanitation among large sections of the population and initiate social action. The SHGs are being trained on health and nutrition issues, so that they can score high on the human development index.

Drinking Water facilities

- Tapping the underground water through bore wells and tube wells, the Foundation provided drinking water facility to 1,400 people in Choudwar area
- In the first effort a bore-well was dug at San Chanchua and Bad Chanchua Village of Nakhara Panchayat of Chowdwar
- Water supplied to the two villages through 12 stand points