imfa

Driven by Belief

53rd

INDIAN METALS & FERRO ALLOYS LIMITED | ANNUAL REPORT 2014-15

FORWARD-LOOKING STATEMENTS

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.

Forward focus

ABOUT IMFA

02-09

Chairman's Message	02
Managing Director's Insight	04
We are Broadening Community Care	06

STATUTORY REPORTS

10-52

Corporate Social Responsibility Policy	10
Management Discussion & Analysis	12
Directors' Report	16
Report on Corporate Governance	42

FINANCIAL STATEMENTS

53-118

Standalone

Auditors' Report	54
Balance Sheet	58
Statement of Profit and Loss	59
Cash Flow Statement	60
Notes	61

Consolidated

Auditors' Report	88
Balance Sheet	94
Statement of Profit and Loss	95
Cash Flow Statement	96
Notes	97

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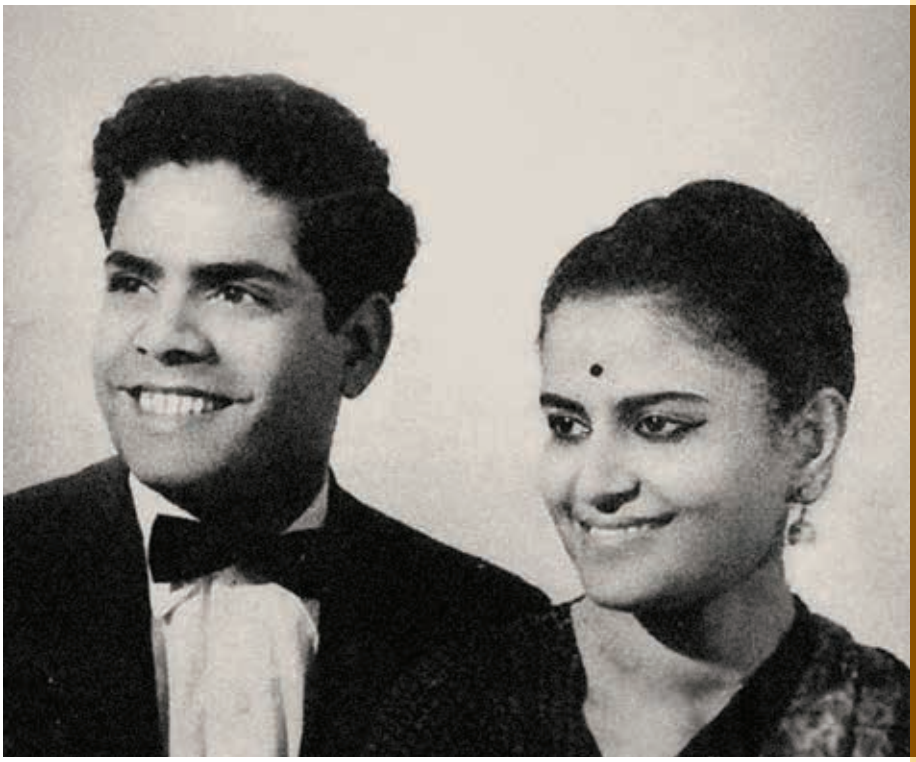


Our Inspiration

Dr Bansidhar Panda and Mrs Ila Panda

Chairman's Message

Dr Bansidhar Panda, Executive Chairman

Since inception, our mission has been to create a fundamentally sound business which will withstand the vicissitudes of time and the cyclicality inherent to commodities.

I believe our core values of Integrity, Pursuit of Excellence, Teamwork and Social Commitment will continue to encourage us to try harder and think smarter even when we are navigating choppy waters.

TODAY, WHAT WE HAVE BECOME IS BECAUSE OF OUR PEOPLE AND I AM CONFIDENT THAT THE MANAGEMENT TEAM HAS THE COURAGE, CALIBRE AND COMMITMENT TO TAKE IMFA TO THE NEXT LEVEL.

Dear Shareholders,
Belief is an important peg... If you believe in something then it is important to stay the course despite any difficulties that come along the way. I have always believed that challenges will come and go if you have a well thought through vision.

Since inception, our mission has been to create a fundamentally sound business which will withstand the vicissitudes of time and the cyclicality inherent to commodities. I believe our robust business model combined with the potential & dedication of our people has served us well over the years and will continue to do so going ahead.

However, IMFA is more than just a business enterprise. It supports many people and families and helps them realise their potential and be a part of the country's socio-economic development. I believe our core values of Integrity, Pursuit of Excellence, Teamwork and Social Commitment will continue to encourage us to try harder and think smarter even when we are navigating choppy waters.

Our social commitments are integral to our vision of creating a sustainable business with our interventions in this sphere being spearheaded by the Bansidhar & Ila Panda Foundation. Our country needs a consistent focus on skill development and employability for all and I am happy that we are contributing to this national agenda through our modest means. Health, Safety & Environment (HSE) is another area where the needs of business and society intersect and here too we take great pride in being at the vanguard of regulatory norms.

Today, what we have become is because of our people and I am confident that the management team has the courage, calibre and commitment to take IMFA to the next level. I am sure you share this feeling and would like to thank all stakeholders for their continued faith in our ability to create value for society at large.

Thank you,

Dr Bansidhar Panda
Executive Chairman

Managing Director's Insight

Subhrakant Panda, Managing Director

Dear Shareholders,
At IMFA we tend to think counter-intuitively and have expanded capacity at the bottom of the commodity cycle and pared off debt when realisations were at an all time high. This stems from a belief that we will not be part of the herd but chart a course of our own - one which comes from years of experience and an acute understanding of our industry. A core element of our belief system is also that tough times bring out the best in us.

The ferro chrome industry is passing through tough times due to depressed prices, weak demand and a changing business landscape. Our resilience arises not just from the robustness of our integrated business model and the raw material security this provides but also the long term prospects of our industry, management bandwidth and above all the capability & commitment of our workforce.

If I were to introspect on the past year, I would say it was one where our resilience was called into question. It was a year where we faced tough challenges but stayed on our feet.

The global economy is facing uncertain times with encouraging signs coming only from the United States; the Eurozone is in a deflationary spiral while China is facing challenges after years of robust growth and looking to avoid a hard landing.

India, on the other hand, is coming out of the woods with a single-party majority government for the first time in three decades taking steps to impart momentum to the economy while also aiming for social inclusiveness. The roadmap of boosting indigenous manufacturing, attracting foreign investment, improving infrastructure and enhancing ease of doing business augurs well on the macro front and IMFA is well positioned to benefit from these initiatives.

INDUSTRY OUTLOOK

India is the world's second-largest consumer and third-largest producer of stainless steel. The nation's average per capita consumption of stainless steel is only about 2 kg whereas the global average is 5 kg. Aided by a burgeoning middle class and rapid urbanisation, demand for stainless steel is poised to surge. Moreover, the government's stated objective of infrastructure creation will also bolster demand.

YEAR OF RESILIENCE

If I were to introspect on the past year, I would say it was one where our resilience was called into question. It was a year where we faced tough challenges but stayed on our feet.

Ore raising was affected first due to the delay in receiving environment clearance for our Mahagiri Mines and, thereafter, 'Consent to Operate' for both Sukinda & Mahagiri. Thus, in the first half of the year we had to resort to unplanned shutdowns which also led to rescheduling major maintenance activities in order to minimise the impact. However, we operated all six furnaces on ferro chrome for the first time and ended the year with the highest ever production.

During the year, international coal prices declined and availability of domestic coal was better resulting in cheaper power generation and a welcome boost to margins. Simultaneously, we also took other steps to improve the bottomline such as refinancing the ₹ 430 crores term loan for our 120 MW captive power plant and 'dollarising' it to reduce the interest outgo.

While, regrettably, the 'Utkal C' coal block alloted to Utkal Coal Ltd (a subsidiary of IMFA) was cancelled pursuant to the orders of the Hon'ble Supreme Court, we are getting ready to participate in the ensuing auctions while pursuing just and fair compensation.

RAW MATERIAL SECURITY

In our industry long term raw material security aids business continuity. We are working to prove additional resources through a focused exploration process and have drawn up plans to enhance ore output which will enable us to grow our ferro chrome production. We are also evaluating all options to have assurance of fuel supply for our captive power plants. Overall, we have put a lot of emphasis on enhancing operational efficiency, optimising raw material usage and re-engineering processes.

MANAGEMENT BANDWIDTH

We have restructured the organisation and devolved responsibility & accountability to Business Unit Heads besides increasing the management bandwidth through learning & development initiatives so that the senior management team can focus on priorities such as growth and diversification opportunities.

PARTNERING STAKEHOLDERS

Fulfilling the aspirations of our stakeholders is our top most priority and we will continue to formulate policies and take appropriate actions towards that objective. I can assure you of our best efforts to deliver superior returns notwithstanding challenges and am confident that history will judge us better than what the numbers of the current fiscal portend.

Before I conclude, I would like to take this opportunity to convey my gratitude to all stakeholders for their continued support.

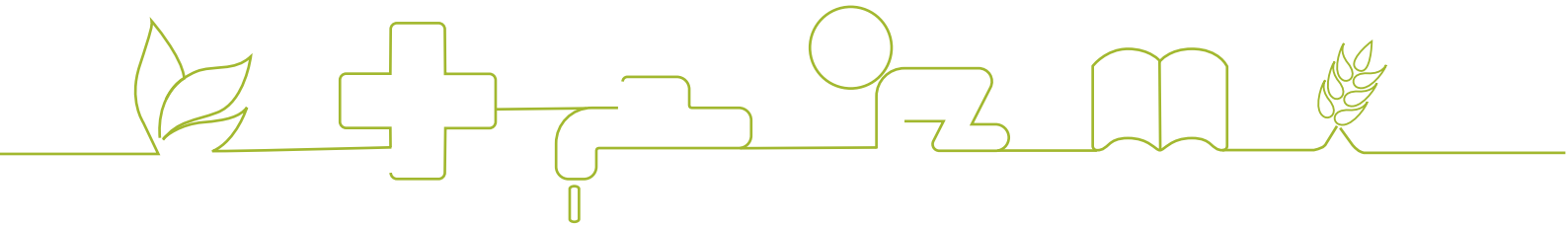
Thank you,

Subhrakant Panda
Managing Director

OUR BELIEF. OUR APPROACH.

We are broadening community care

WE PARTNER WITH OUR STAKEHOLDERS TO WORK FOR COMMUNITY UPLIFTMENT. UNDER THE STEWARDSHIP OF THE BANSIDHAR & ILA PANDA FOUNDATION , WE WORK TO CREATE ECONOMIC AND SOCIAL OPPORTUNITIES FOR DISADVANTAGED SECTIONS OF SOCIETY.



PROJECT AROGYA DHARA: RURAL HEALTH CAMPS AND HEALTH AWARENESS PROGRAMMES

Today, it is vital to educate the general population about health related issues. We aim to provide primary healthcare to the rural people through periodical health camps, information dissemination and awareness building for preventive healthcare practices.

- We have organised periodical rural health camps within our operational areas. We have conducted diabetic detection camp at Choudwar, eye check-up camp at Therubali and cataract detection camp at the Government Hospital, Rayagada. This year, we have reached out to 90,086 patients across peripheral villages of Therubali and Choudwar and buffer zones of Nuasahi and Sukinda mines.

- Conducted a week-long awareness drive at Hatadihi block of Nuasahi to contain the spreading of dengue. At Angul, we provided fogging machines to the district administration to carry out the dengue/malaria prevention drive. Counselling sessions were held at Therubali, to prevent vector borne diseases. We reached to 3,000 households through our awareness programme.

- Conducted an awareness programme for adolescent girls, to educate them on issues related to their health and hygiene. ASHAs were also engaged in the programme. More than 700 adolescent girls were trained through this initiative.

PROJECT SU-SWASTHYA: ENSURING SAFE DRINKING WATER AND SANITATION

Safe drinking water and clean surrounding reduces the probability of diseases among human beings. A large section of our population does not have access to safe drinking water. We took some initiatives to address this issue.

- We installed overhead tanks and bore well with submerged pump to ensure safe drinking water, benefiting 200 school children of Therubali. Commissioned cold drinking water supply unit at CHC, Kosala, ESI Hospital and at Agrahat Bazar of Choudwar, for patients and their attendants.

- Built toilet facilities in Angul Mahila Mahavidyalaya to benefit around 3,000 students and employees. Ladies toilets were constructed at GP, benefiting 300 women. Installed tube wells with concrete platform at peripheral villages of Therubali, Nuashai and Choudwar to solve acute drinking water problems. Hand pump repairing and renovation continued to be a regular support to the villages of Sukinda. Under this project around 3,120 households got benefited.

- Undertook an awareness drive for home makers of Choudwar to manage household level solid waste. The experts taught them the procedure to segregate organic waste from inorganic waste and convert it into fertilizer.

- Undertook hygiene awareness programme in buffer zone of Sukinda. Distribution of lime and bleaching powder for disinfection of drinking water sources was a part of the exercise. Over 2,400 households were covered under this programme.

Project Su-Swasthya - CLTS Training

Education

Infrastructure Development

Project Arogya Dhara

EDUCATION

- We aim to create a brighter future for the children. We took various initiatives to ensure quality education, minimal drop out and broader vision building. We subsidised the education of 1,564 students and continued to patronage several rural/tribal schools, including the Chinmaya Vidyalaya, Therubali.

- Distributed essential study materials to different schools within our operational area, covering 7,416 students.

- Organised excursion tour for students of Residential Sevasrama, Paikapada of Therubali GP. Fifty tribal students, teachers and staff visited different historical places of the state like Puri, Konark and Lingaraj Temple, among others. Awarded Prof Ghanashyam Dash Scholarship to students from economically marginalised families of Odisha to facilitate higher education. The scholarship covers 90% of academic fees and related expenses for the entire course duration, with the annual limit of ₹ 1,00,000 per student. Financial assistance for higher studies was also provided to tribal students at Therubali.

LIVELIHOOD

- We laid first brick of an Industrial Training Center (ITC) for skill development in Sukinda valley, Jajpur district, with a budget of around ₹ 12 crores. The proposed ITC will empower the state's youth through technical training and education. We are successfully running the Therubali Industrial Training Centre (TITC), established in 1992. Almost 90% pass outs from this centre got a job or are self-employed.

- Provided skill building training, such as tailoring and cycle repairing to 199 local village youths and women of Therubali GP. Advanced sewing machines were provided at a subsidised rate to the trainees, pump sets and buffaloes were supplied to the youths to help them in setting up their units.

- Organised an awareness-cum-sensitisation programme to encourage entrepreneurship at Therubali. This programme was supported by Regional Industries Centre (RIC), Rayagada. Around 120 youth from three peripheral villages participated in this workshop, where experts addressed them about bankable schemes and government schemes with and without subsidies.

INFRASTRUCTURE DEVELOPMENT

We carried out different infrastructure development works to improve the quality of life of our communities.

- We built village mandaps at Ichhapur village, Dudhujori GP of Sukinda, at Pujariguda village Therubali and at buffer zone of Nuasahi for social gatherings and informal meetings.

- We renovated a rest-shed and community hall at Nuasahi and roof of a bus shelter at village Bimbilo Chhak of Mangalpur-Tomka road, Sukinda. We constructed a cattle catcher in front of Choudwar Police Station.

- Over 11,725 beneficiaries got covered under these social infrastructure development projects.

Shambhavi Puraskar

Ekalabya Puraskar

Sarala Award

Project Unnati Training Programme

PROJECT UNNATI: WORKING FOR THE BETTERMENT OF WOMEN

We successfully executed Project Unnati, an integrated self-help approach initiative for socio-economic transformation of women in Keonjhar and Angul districts. Starting with 50 SHG, today the project has expanded to Sukinda, covering more than 1,000 households. Agriculture experts demonstrated adoption of simple pest control measures for crops, thereby reducing expenditure on pesticides. Thousands of animals were vaccinated, bringing down the mortality to minimal. Skill development programme on cultivation and poultry farming was organised in Keojhar district. Five hundred chicks were supplied at subsidised rate to nine SHGs under Dhanurjayapur, Hadgarh and K.Baliapal GP to start poultry farming. Exposure visit programme for SHG members was also organised, where participants came from different SHGs of Dhanurjayapur, K. Baliapal and Hadgarh G.P of Keonjhar.

IDEATE 2014

Our foundation, in partnership with FICCI Odisha State Council, organised Ideate - 2014, a Panel Discussion on 'Rural India to Skilled India: Unleashing the Avenues' at Bhubaneswar. The objective was to discuss how stakeholders can contribute to skilling ecosystem, by raising awareness among people, creating employment opportunities and facilitating bridging of the skill gap. The programme also made the people aware of the strategies to be adopted by the government, private sector and NGOs for greater impact.

SHAMBHAVI PURASKAR

We awarded the 2nd Shambhavi Puraskar for excellence and innovation in social work to Mr Suresh Kumar Panda from Semiliguda, Koraput. Mr Panda works for the Tagore Society of Rural Development (TSRD), as a Team Leader for implementation of OTELP project of the Government of Odisha. He has remarkable contributions in transforming lives of tribal communities of Semiliguda Block in Koraput, through activities undertaken under natural resource management, livelihood, water and sanitation, among others. The Puruskar was handed over by Padma Shri, Ms Reema Nanavati, renowned social worker.

EKALABYA PURASKAR

The Ekalabya Puraskar was instituted by IMPaCT in 1993 to recognise talented Odia sportspersons. International athlete Purnima Hembram was the recipient of the prestigious award for 2014, while Rasanara Parbin (cricket) and Manjula Xess (rowing) were also felicitated with citations. The Puruskar was awarded in the presence of Mr Ajay Jadeja, former international cricketer and Mr Ranjib Biswal, Member of Parliament - Rajya Sabha.

SARALA AWARD

The Sarala Award was instituted in 1979 by IMPaCT to recognise outstanding Odia literature. The 35th edition of the award considered to be the premier recognition in the State was given to noted writer Prafulla Das for his book 'Banhiman' by Mr Javed Aktar, well known poet, lyricist and scriptwriter.

OTHER ACTIVITIES

World Environment Day Celebration:

We celebrated World Environment Day on 5th June 2014 at Therubali. The theme was 'Raise your Voice. Not the Sea level'. A special programme was conducted at Chinmaya Vidyalaya, Therubali premises. The school students and different SHG members were present on this occasion. Fruit bearing saplings were distributed to the SHG members.

Sports Materials Distributed:

We distributed sports materials for cricket, football and volleyball among the youth of Therubali to encourage rural youth for sports activities. At Sukinda, sports materials were distributed to youth clubs and one school within the buffer zone. The programme covered 2,450 beneficiaries.

Support for Rural Culture:

We encouraged the tribal youth to take interest in their indigenous culture and traditional sankirtan materials like