



54TH
ANNUAL REPORT
2015-16

**FAITH
IN THE
CORE**

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.

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OUR INSPIRATION

Dr Bansidhar Panda and Mrs Ila Panda

IMFA AT A GLANCE



Established in 1961, by our Executive Chairman Dr Bansidhar Panda and Late Mrs Ila Panda, we are one of the leading fully-integrated producers of value-added ferro chrome, globally. We have presence across the value chain - chrome ore mines, captive power generation and smelters.

50+ years

Rich industry experience of 50+ years with proven track record in ferro chrome business

187 MVA

Furnace capacity for ferro chrome production

258 MW

Captive power generation plant

80%+

Ferro chrome output is exported to multiple customers in six countries

2,000+

People strength as on March 31, 2016

45%+

Revenue assurance from long-term contracts

IMFA AT A GLANCE



Our vision

We are committed to:

Grow in terms of scale, scope and geography

Build an organisation, which is admired for its talent

Influence by way of being the leader in our chosen businesses



Manufacturing assets and captive mines

Location	Furnaces	Capacity	Mines	Location	Operating mode
Therubali, Odisha	3	Smelting 82 MVA	Sukinda	Jajpur, Odisha	Opencast (OC)
Choudwar, Odisha	3	Smelting 105 MVA	Mahagiri	Jajpur, Odisha	OC and Underground (UG)
		Power 258 MW	Nuasahi	Keonjhar, Odisha	UG



Quality certifications

- ♦ **ISO 9001** - Quality Management certification
- ♦ **ISO 14001** - Environment Management certification
- ♦ **OHSAS 18001** - Occupational Health & Safety Management certification



Equity share information

Bombay Stock Exchange: 533047
National Stock Exchange: IMFA
Market capitalisation: ₹ 287.83 crore as on March 31, 2016



Marquee customers

POSCO | Marubeni Corporation | Nisshin Steel | E United Group | Tsingshan | Jindal Stainless



Strategic location

We are located in the state of Odisha, which has a repertoire of natural resources. This has always been our most significant strength. We have a strong network across India with our corporate headquarter in Bhubaneswar, Odisha.

CHAIRMAN'S MESSAGE



Dr Bansidhar Panda, Executive Chairman



IT HAS BEEN MY ENDEAVOUR TO IMBIBE IN PEOPLE A BELIEF IN THE CORE STRENGTH OF THE COMPANY. IT IS THIS CAPABILITY ARISING OUT OF AN INTEGRATED BUSINESS MODEL WHICH BOTH SUSTAINS US DURING A DOWNTURN AND WILL ENABLE US TO CAPITALISE ON OPPORTUNITIES WHEN THE COMMODITY CYCLE TURNS.



WHATEVER MAY BE THE INDUSTRY SCENARIO,
WE ARE ALWAYS GUIDED BY OUR CORE VALUES
OF INTEGRITY, PURSUIT OF EXCELLENCE,
TEAMWORK AND SOCIAL COMMITMENT.

Dear Shareholders,

As the Founder of IMFA, it has been my endeavour to imbibe in people a belief in the core strength of the Company. It is this capability arising out of an integrated business model which both sustains us during a downturn and will enable us to capitalise on opportunities when the commodity cycle turns.

Over the years, we have faced and overcome many challenges and I continue to be optimistic about the future. Highs and lows will come but the unique properties of stainless steel brought about by the use of ferro chrome will ensure demand growth for our product.

The industry is going through a particularly tumultuous phase but the brutality of price correction that we have seen will result in inefficient capacity

being driven out thus paving the way for rejuvenation and sustainable growth for those with the right credentials. Our access to chrome ore and captive power combined with a low gearing ratio is close to an ideal scenario. Our strong foundation is our core strength.

Whatever may be the industry scenario, we are always guided by our core values of Integrity, Pursuit of Excellence, Teamwork and Social Commitment. Our dedication towards fulfilling social responsibilities also helps us move towards a sustainable future. We recognise that inclusive growth can be achieved through responsible community participation and will continue to work through the Bansidhar & Ila Panda Foundation to create opportunities for the marginalised sections of the society.

We will also continue to invest in developing further the capabilities of our team. IMFA has always excelled because of the quality & commitment of its people and it will be no different going ahead.

In our journey towards renewal and enhanced value creation, I seek the cooperation and support of all our stakeholders.

Best wishes,

Bansidhar Panda
Executive Chairman

MANAGING DIRECTORS' INSIGHT



Subhrakant Panda, Managing Director



INDIA REMAINS ONE OF THE BRIGHT SPOTS IN
A WORLD KEEN TO GET BACK ON THE GROWTH
PATH. INITIATIVES LIKE 'MAKE IN INDIA' AND SMART
CITIES MISSION BESIDES THE RENEWED FOCUS ON
INFRASTRUCTURE WILL UNDOUBTEDLY CREATE
MORE OPPORTUNITIES WHICH LEADS TO MY
CONTINUED CONFIDENCE ABOUT THE FUTURE.



THE FIRST EVER STOPE BLASTING IN SUKINDA VALLEY TOOK PLACE AT OUR MAHAGIRI MINES DURING THE YEAR SIGNIFYING SUCCESSFUL UNDERGROUND MINING. BESIDES BEING A MATTER OF GREAT PRIDE, IT HOLDS OUT TREMENDOUS PROMISE AS IT WILL LEAD TO AN INCREASE IN OUTPUT THUS MAKING US SELF SUFFICIENT.

Dear Shareholders,

The year under review in general and the last quarter in particular has been challenging. The slowdown/rebalancing of the Chinese economy, lower commodity prices and strains in some large emerging market economies will continue to impact growth prospects; advanced economies are also likely to experience modest and uneven recovery. Therefore, the macro picture is not very encouraging for the ferro chrome industry at the moment.

However, India remains one of the bright spots in a world keen to get back on the growth path. Initiatives like 'Make in India' and Smart Cities Mission besides the renewed focus on infrastructure will undoubtedly create more opportunities which leads to my continued confidence about the future.

BIG PICTURE

The ferro chrome industry is facing price levels last seen during the 2008 economic meltdown brought about as it were by a demand-supply imbalance and devaluation of commodity currencies - in particular the SA Rand. However, there has been a swift rebalancing consequent to unreasonably low prices which have since moved up.

These are extraordinary times but, despite hardships, we remain steadfast

in our core belief that what we have created is sustainable. We believe that the perfect storm will drive out inefficient capacities leaving fundamentally strong producers to reap the rewards and it shall be our endeavour to be in the right place at the right time.

YEAR UNDER REVIEW

Besides having faith in our core strength, we have also maintained our focus on strategic priorities and worked on strengthening raw material security. The first ever stope blasting in Sukinda Valley took place at our Mahagiri Mines during the year signifying successful underground mining. Besides being a matter of great pride, it holds out tremendous promise as it will lead to an increase in output thus making us self sufficient.

Indeed, this is a pioneering initiative in terms of meticulous study of geotechnical status leading up to large-scale underground mining which will be a trendsetter for the entire industry. This is also a significant green initiative for Sukinda Chromite Zone as underground mining is more environment friendly and does not alter the surface topography.

I am particular happy to also inform you about a 3 MW solar project being set up at Therubali. It is a small but significant step which will reduce our environmental footprint.

FUTURE PRIORITIES

The key during industry downturns is not to lose hope but grab the opportunities that come your way. Indeed, we expect distressed assets to come on the block and will explore potential acquisitions which will add to our long term strength. Meanwhile, in day to day operations too there is the possibility of squeezing out more efficiencies. As such, our priorities are as follows:

- ◆ Ensure optimum capacity utilisation
- ◆ Stabilise and scale up operations of Mahagiri underground mines
- ◆ Rationalise costs and enhance efficiencies to improve competitiveness
- ◆ Strengthen people skills through training and employee engagement initiatives

I can assure you that far from being despondent, we are putting in place building blocks for the future which will stand us in very good stead.

On behalf of all my colleagues, I would like to take this opportunity to thank all stakeholders for their support and assure them of our best efforts to deliver value.

Thank you,

Subhrakant Panda
Managing Director

CORPORATE SOCIAL RESPONSIBILITY



PROJECT SU-SWASTHYA: ENSURING SAFE DRINKING WATER & SANITATION

Project Su-Swasthya, a pilot project started in 2015 at Dhanurjayapura G P of Hatadihi Block in Keonjhar District covering a population of 12,000 in 7 villages. The aim of the project is to enable the community to build a foundation of good health by ensuring qualitative life through behavioral change and capacity building of rural communities on 'Water and Sanitation'. This is achieved by:

- ◆ Developing a standardised and more effective approach to WASH practices through capacity building of local villagers and other stakeholders like PRI members.

- ◆ Creating awareness among the community members including school children about better sanitation and hygiene which in turn led to decrease in water and sanitation related diseases.

Other water sanitation initiatives are:

- ◆ Installation of two drinking water projects at Chasapada village and Chanchua village of Choudwar, covering more than 5,000 beneficiaries.
- ◆ Water purifiers installed in 9 schools in the periphery of Choudwar to provide safe drinking water to school students.
- ◆ Toilets were constructed at Meghaswar High School, Jhoteswar High School and Mangarajpur Girls' High School at Choudwar, benefiting 2,000 school students.

- ◆ Overhead tank with piped water supply to provide drinking water at Therubali Adivasi Sahi (600 beneficiaries) and installation of tubewell at Saraswati Sishu Mandir, Therubali for 200 students.

- ◆ Undertook hygiene awareness programme and provided material and manpower support for disinfection of drinking water sources in buffer zone of Sukinda.

PROJECT SAKSHYAM: CREATING SKILLING AND EMPLOYMENT OPPORTUNITIES FOR YOUTH

- ◆ We are successfully running the Therubali Industrial Training Center (TITC) which was established in 1992. At on average 90% of students who passed out every year from this centre got a job or are self-employed. Trades available at TITC are fitter, electrician and welder.