Chairman’s Speech at 2014 AGM

Ladies & Gentlemen,

It gives me great pleasure in welcoming you all to the 52nd Annual General Meeting of your Company. The Annual Report for the year ended 31st March 2014 has been with you for some time now so, with your permission, I shall take it as read.

Review of Performance

I would now like to highlight some key aspects of the year under review:

- Revenue touched an all time high of Rs 1317.85 crores while EBITDA increased by 21% to Rs 320.69 crores. However, PAT was lower due to higher interest and depreciation on account of capitalisation of the 120 MW captive power plant.

- Foreign exchange earnings breached the thousand crore mark for the first time and stood at Rs 1073.75 crores for the year under review.

- Production of ferro chrome during the year under review was 14% higher at 198,063 tonnes.

- Power generation was 15% higher at 910 million units while chrome ore raising was 29% higher at 505,172 tonnes.

New Projects

The captive coal block being developed by Utkal Coal Ltd (UCL), an SPV, is at a virtual standstill on account of the continuing delay by the Government of Odisha in approving the application for Grant Order which was filed in December 2011. UCL has since approached the Project Monitoring Group (PMG) of the Cabinet Committee of
Investments, Government of India to expedite the process. It is pertinent to mention that the Government of Odisha has acknowledged UCL is fully compliant with all the statutory requirements and the State Government is only awaiting certain clarifications from the Central Government. As such, it is expected that the Grant Order will be received soon and mining lease will be executed within the current calendar year with operations commencing shortly thereafter.

I am pleased to inform you that the Company has started trial production at the Low Density Aggregate (LDA) plant put up at Choudwar to gainfully utilise fly ash from the captive power plants. LDA is an eco-friendly substitute for stone chips which are used in construction and is being produced in India for the first time demonstrating our pioneering spirit and commitment to the environment.

**Outlook**

The chromium industry is at the crossroads buffeted by rising costs, stagnant prices and the dominance of China which is the largest producer of stainless steel and ferro chrome. However, historically, stainless steel has been one of the fastest growing commodities and this trend is likely to continue thereby auguring well for ferro chrome. Moreover, while it remains to be seen if the Chinese model is viable in the long term given that it is dependent on imported ore, there are challenges even in traditional ferro chrome producing countries. Therefore, the outlook is dependent upon circumstances pertaining to regions and individual companies.
Your Company is confident about the future given the integrated nature of its operations, its ideal location to cater to demand from the Far East which is the epicentre of the stainless steel industry at present as well as domestic demand when it picks up, and the focus on continuous improvement leading to greater efficiency.

**Corporate Social Responsibility**

Your Company's social responsibility extends well beyond business and financial targets. The Bansidhar & Ila Panda Foundation has been set up to create economic and social opportunities for those at the bottom of the pyramid and particularly aims to create awareness among women and children about health, sanitation and education.

**Industrial Relations**

I am pleased to inform you that industrial relations at all units were cordial during the year under review and, on behalf of your Directors, I acknowledge the co-operation and contribution of the entire workforce.

**Acknowledgements**

On behalf of the Board of Directors and the Management, I would like to place on record your Company’s sincere appreciation of the support extended by the Central & State Government and their agencies, term lenders & working capital bankers and the continuing patronage and support of all stakeholders.

Thank you,

Dr Bansidhar Panda