

# VISA STEEL

Annual Report 2012-13

## 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 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 keep this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## Unlocking Value, Creating Focus

VISA Steel Limited has created a world class facility for production of Special Steel, Ferro Chrome and Coke at Kalinganagar in Odisha. Kalinganagar is a large Steel hub in India and is strategically located in the mineral rich State of Odisha, which accounts for 33 % of total iron ore reserves, 28 % of coal reserves and 97 % of Chrome Ore reserves in India. VISA Steel's Plant is in close proximity to vital raw material - Iron Ore, Chrome Ore & Coal and deep draft Ports of Paradip & Dhamra. It is considered to be a preferred investment destination with excellent infrastructure - Roads, Railway and Port connectivity.

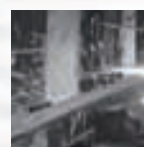
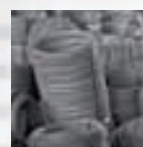
The Company has business interests in Special Steel, Ferro Chrome and Coke. Due to non-availability and high cost of raw material and keeping in mind the debt repayment obligations, the Company restructured its debt under CDR mechanism. Further, to infuse additional funds, the Company transferred its Coke business undertaking into a separate SPV – VISA SunCoke Limited (Formerly VISA Coke Limited) through slump sale on a going concern basis and invited SunCoke Energy, USA as a strategic investor. This has enabled Company to unlock value and raise Rs.367.50 Crore.

In order to facilitate further fund raising, the Company now plans to unlock value and create focus for further growth by transferring its Special Steel business into VISA Special Steel Limited and consolidate the Ferro Chrome business by amalgamating VISA BAO Limited into VISA Steel Limited.

# Special Steel Business







The Special Steel business comprises of a world class fully integrated 0.5 million TPA Special Steel Plant with Blast Furnace, Sponge Iron Plant, Steel Melting Shop (EAF, LRF & VD) & Rolling Mill (Bar & Wire Rod Mill) for supply to the automobile, construction, infrastructure, engineering, railway and defence sectors.

The Company plans to set up an Iron Ore Sinter Plant and is awaiting grant of Captive Iron Ore Mines in Odisha. The Iron Ore availability is showing signs of improvement with mines in Odisha (including OMC Daitari) gradually resuming their mining operations. The Company has entered into Iron Ore Sinter Conversion Agreement to ensure continuous availability of Iron Ore for smooth running of the Blast Furnace and enhance the profitability of the Special Steel business.

The Company is in the process of transferring the Special Steel business into VISA Special Steel Limited and is also exploring option for having a strategic partnership with an Iron Ore Mining Company or a Global Steel Player, to deleverage and expand its capacity from 0.5 million TPA to 1 million TPA Special Steel.

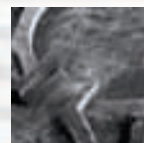
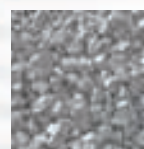
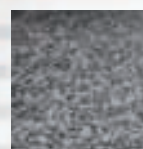
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# Ferro Chrome Business





The Ferro Chrome business comprises of a 50,000 TPA Ferro Chrome Plant (two submerged arc furnaces of 16.5 MVA each) and a 75 MW Captive Power Plant. VISA Steel also has a 65 % stake in VISA BAO Limited for production of 100,000 TPA Ferro Chrome wherein Baosteel holds the balance 35 % Stake. This includes four submerged arc furnace of 16.5 MVA each, out of which two furnaces have commissioned in June 2013 and the balance two furnaces are expected to commission in March 2014.

The 75 MW Captive Power Plant is sufficient to cater majority of the requirement of power for 150,000 TPA Ferro Chrome production. Power is a key cost component in Ferro Chrome operations, and low cost & uninterrupted availability of Captive Power for Ferro Chrome production is critical to the cost competitiveness and facilitating stable operations.

The Company proposes to amalgamate VISA BAO Limited into VISA Steel Limited to form an entity with 150,000 TPA Ferro Chrome production capacity with 75 MW Captive Power Plant. This will make VISA Steel a leading player in the Ferro Chrome industry in India and globally and going forward further expand its Ferro Chrome production and Captive Power generation capacities.

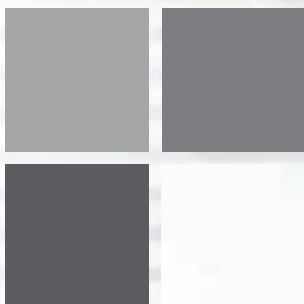
The demand for Ferro Chrome has been strong from Stainless Steel Plants globally due to supply constraints in South Africa because of inadequate availability of power. With power cuts being imposed on power intensive industries in South Africa, consumers of Ferro Chrome globally are diversifying their Ferro Chrome sourcing base to the other countries like India.

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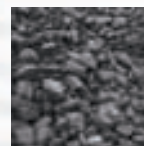
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# Coke Business







The Coke Business comprises of a 400,000 TPA Coke Oven Plant (for sale in the market to integrated Steel Plants) with associated steam generating units.

VISA SunCoke Limited is a joint venture between VISA Steel Limited and SunCoke Energy, USA, through Sun Coke Holding B.V. (SunCoke) wherein VISA Steel holds 51 % stake and SunCoke holds the balance 49 % stake.

Demand for Coke has been strong as it is an import substitute and SAIL has emerged as a large buyer.

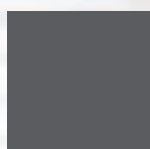
The Company is evaluating the option of growing the Coke business through expansion at Kalinganagar to 800,000 TPA and by setting up a 400,000 TPA capacity Plant in Chhattisgarh.

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# About VISA Steel



- Registered office in Bhubaneswar, Corporate Office in Kolkata and manufacturing facilities at Kalinganagar and Golagaon in Odisha.
- Shares listed on the BSE Limited and the National Stock Exchange of India Limited.

## Special Steel Business

Facility	Capacity
Pig Iron Plant	TPA 225,000
Sponge Iron Plant	TPA 300,000
Steel Melt Shop	TPA 500,000
Bar & Wire Rod Mill	TPA 500,000

## Ferro Chrome Business

Facility	Capacity
Ferro Chrome Plant	TPA 150,000
Power Plant	MW 75

## Coke Business

Facility	Capacity
Coke Oven Plant	TPA 400,000