

SPARKING THE FUTURE



VISA STEEL

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 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

Contents



VISA Steel at a Glance

01-19

| | |
|---|----|
| A Glimpse of VISA Steel | 02 |
| Our Strategic Location | 03 |
| Strategic Goals and Mission | 04 |
| Financial and Operational Highlights | 05 |
| Special Steel Business | 06 |
| Ferro Alloys Business | 08 |
| Coke Business | 10 |
| Chairman's Insights | 12 |
| Vice Chairman & Managing Director's Message | 14 |
| Board of Directors | 16 |
| Contributing to Social Wellbeing | 18 |



Governance Reports

20-77

| | |
|------------------------------------|----|
| Report of the Directors | 20 |
| Management Discussion and Analysis | 52 |
| Report on Corporate Governance | 58 |



Financial Statements

78-158

| | |
|--------------|-----|
| Standalone | 78 |
| Consolidated | 118 |



For more details visit: <http://www.visasteel.com>



Staying Strong **FUNDAMENTALLY**

VISA Steel Limited is committed to stay strong in the face of adversities. The Company plans to leverage new opportunities and unlock value of its strategic assets, going forward.

The Company has a state-of-the-art facility at Kalinganagar in Odisha, for the production of Special Steel, Ferro Alloys and Coke. Kalinganagar is a major steel hub in India, and has been declared as a National Investment & Manufacturing Zone (NIMZ). It is strategically located in the mineral rich State of Odisha, which accounts for 33 % of India's total iron ore reserves, 28 % of coal reserves and 97 % of chrome ore reserves.

The plant's accessibility to raw materials and close proximity to the deep draft ports of Paradip and Dharma further strengthens its position. Besides, the plant is aided by excellent infrastructure and road and railway connectivity.

A Glimpse of VISA Steel

VISA Steel has created a world-class facility in Kalinganagar Industrial Complex in Odisha, one of the largest steel hubs in India. The Company also plans to set up an integrated Steel Plant at Raigarh in Chhattisgarh.

Our Capacities

Special Steel Business

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

Ferro Alloy Business

| Facility | Capacity |
|---------------------|-------------|
| Ferro Alloy Plant | 180,000 TPA |
| Captive Power Plant | 75 MW |

Coke Business

| Facility | Capacity |
|-----------------|-------------|
| Coke Oven Plant | 400,000 TPA |

Registered Office

Bhubaneswar

Corporate Office

Kolkata

Listing

The Company has been listed on the National Stock Exchange of India Limited and BSE Limited



Vision

Create long term shareholder value through value addition of natural resources



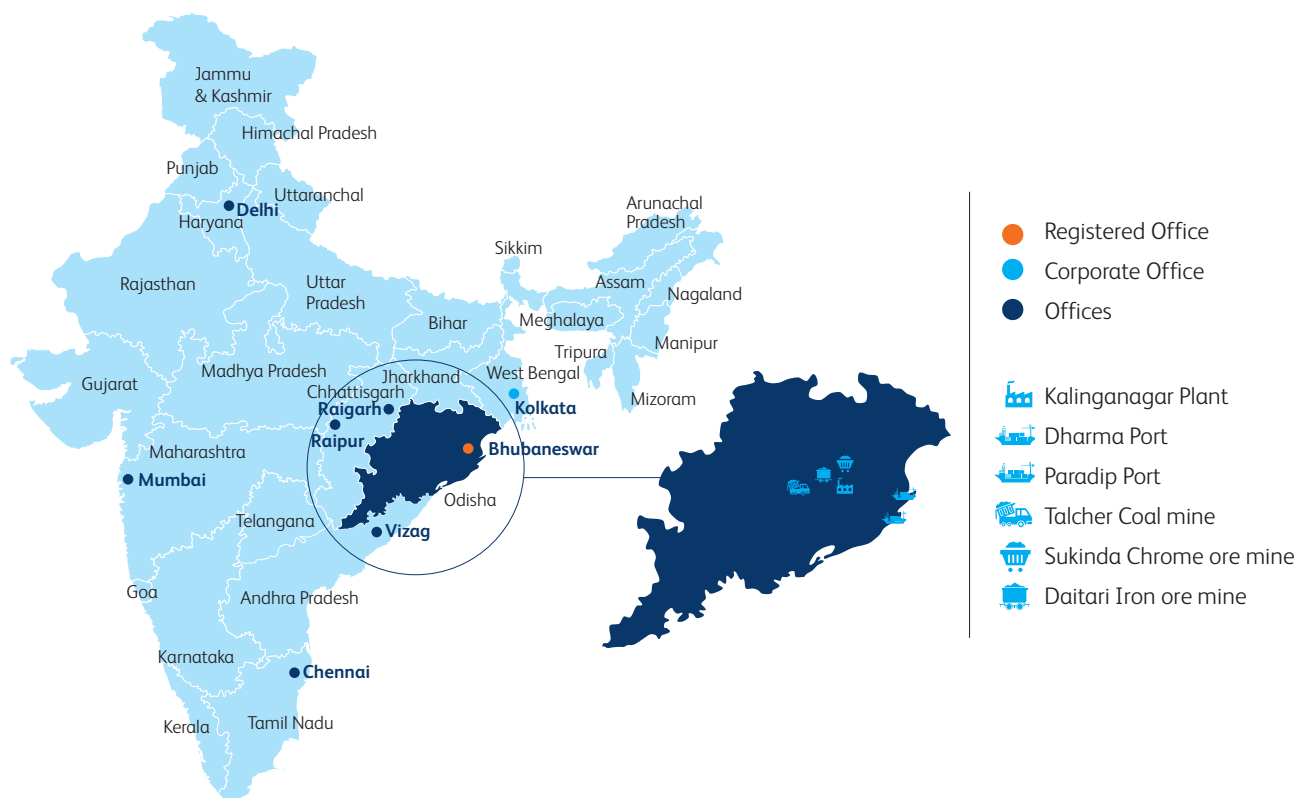
Core Values

- » **Transparency**
We are transparent and honest in our profession to all our stakeholders
- » **Team Work**
We work together as a team to benefit from our complementary strengths
- » **Passion**
We are passionately committed to delivering excellence in performance
- » **Attitude**
We demonstrate ownership in our attitude to create sustainable value for shareholders
- » **Governance**
We are committed to best standards of safety, corporate social responsibility and corporate governance.

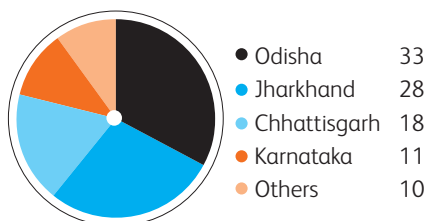


Our Strategic Location

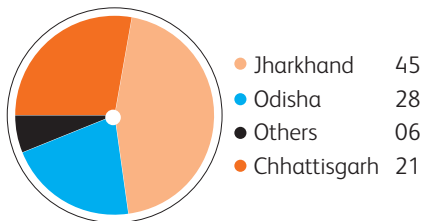
Our facility is strategically located in Kalinganagar, Odisha, India's most attractive location for Special Steel, Ferro Alloys and Coke making business.



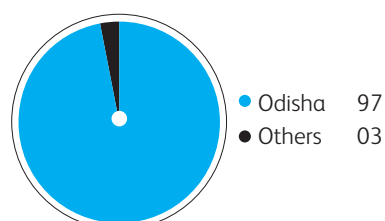
Iron Ore Reserves (%)



Coal Reserves (%)



Chrome Ore Reserves (%)



Strategic Goals and Mission



INTEGRATE ACROSS VALUE CHAIN WITH CAPTIVE MINES AND POWER

- Securing mining leases for key raw materials - iron ore, chrome ore and coal
- Build captive power plants
- Select technologies with long-term competitiveness

LEADERSHIP IN BUSINESS SEGMENT THROUGH MARKET SHARE

- Understand the steel market, identify products with demand growth and set market share goals
- Develop strong sales & distribution network

MAXIMISE SHAREHOLDER VALUE BY MARKET CAP AND ROCE

- Ensure capital allocation for growth to generate better ROCE and Market Cap than industry peers
- Create assets at competitive capital costs and operate efficiently

BUILD PARTNERSHIPS WITH CUSTOMERS AND SUPPLIERS

- Be preferred supplier through competitive pricing and high standards of quality and service
- Build and sustain long-term relationships with strategic customers and suppliers
- Recruit effectively

FAMILY OF CAPABLE, MOTIVATED AND HAPPY EMPLOYEES

- Train and develop people continually
- Provide safe and clean working environment
- Develop sense of organisational ownership and teamwork

STRATEGIC GOALS

- Integrate across value chain with captive mines
- Build partnerships with customers and suppliers
- Family of capable, motivated and happy employees
- Leadership in business segment through market share
- Maximise shareholder value by Market Cap and ROCE

Financial and Operational Highlights



All amount in Rs. Million, unless otherwise stated

| Financial Highlights | FY 2015 | FY 2014 |
|----------------------|---------|---------|
| Revenue | 12,951 | 14,685 |
| EBIDTA | 308 | 1,247 |
| EBIDTA Margin | 2.38 % | 8.49 % |
| PAT | (2,729) | (1,478) |
| Share Capital | 1,100 | 1,100 |

| Operational Highlights | FY 2015 | FY 2014 |
|--------------------------|---------|---------|
| Ferro Alloys (in MT) | 62,719 | 70,568 |
| Power (in Million Units) | 367 | 435 |
| Hot Metal (in MT) | 42,931 | 105,718 |
| Sponge Iron (in MT) | 184,149 | 156,082 |
| Coke (in MT) | 295,734 | 370,099 |

Special Steel Business

The 0.5 million TPA Special Steel Business includes production of Hot Metal / Pig Iron, DRI / Sponge Iron, Special Steel Blooms / Billets, Bars and Wire Rods, Spring Steel Flats, RCS and Rebars for supply to the automobile, construction, infrastructure, engineering, railway and defence sectors.



49%

Current FDI limit in Defence and Railways, which is a huge positive for demand for Special Steel products.



India's Auto sector including commercial vehicles, passenger vehicles and two / three wheeler production is likely to grow significantly over the next decade. The Auto Component Sector has attracted huge investments and exports are growing at rapid pace. The Government of India has increased FDI limit in Defence and Railways from 26 % to 49 %, which is a huge positive for demand for Special Steel products.

The Company plans to transfer its Special Steel Undertaking with all its assets and liability into VISA Special Steel Limited (a subsidiary of the Company) through a Scheme of Arrangement in order to improve focus and facilitate fund raising through strategic / financial investors. The Company plans to eventually expand its capacity from 0.5 million TPA to 1 million TPA Special Steel at Kalinganagar in Odisha.

Ferro Alloys Business

VISA Steel is operating a 180,000 TPA Ferro Alloy Plant comprising of 6 submerged arc furnaces and a 75 MW Captive Power Plant.

