



VISA STEEL

Annual Report 2009-10

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

Committed to performance. Focused on execution.	1
About VISA Steel.....	12
Vision and Values.....	13
Strategic goals.....	14
Strategy and mission.....	15
Financial and operational performance.....	16
Chairman’s statement.....	18
Managing Director’s review.....	20
Profile of the Board of Directors.....	22
Societal commitment	24
<hr/>	
Report of the Directors.....	26
Management Discussion and Analysis.....	36
Report on Corporate Governance.....	42
<hr/>	
Financial Statements.....	56



Committed to performance. Focused on execution.



Notwithstanding external and internal challenges, VISA Steel remained committed to its performance-oriented mindset. A mindset that is not daunted by external adversities. A mindset focused on execution excellence. A mindset which prepares the ground for the next level of growth.

And that initial groundwork was business consolidation. As the economy slowly picked up momentum, enhanced operating efficiencies resulted in better operating margins. But this is just the beginning. With back-end facilities – Coke Oven, Blast Furnace, DRI Plant, Ferro Chrome Plant and Power Plant – securely in place, 2010-11 will mark an inflection point for VISA Steel, as it moves into special steel production from metallic production. This will generate higher margins, new brand-enhancing clientele and new sources of revenue.

We stand committed to superior performance and execution excellence to create more value for the customer, the community and the country.

Performance entails profitability

At VISA Steel, superior performance is measured by robust profitability.



The production efficiencies, combined with a relatively favourable economic environment have led to **lower input costs, better capacity utilisation** and increased profitability.



The operations at the DRI Plant stabilised with the production of 139,299 MT, an increase of 391% over last year's production of 28,370 MT. Similarly, power generation increased 472% touching 223 million units, hot metal production surged 76% to 150,424 MT, LAM coke production increased 7% to 353,601 MT and ferro chrome production galloped 93% to 47,649 MT.

Competence begets commitment

At VISA Steel, competence and commitment go hand in hand.



Our work on the 0.5 million TPA Steel Melt Shop and Bar and Wire Rod Mill is nearing completion.



This is just the competence part of the story. However, at VISA Steel, a strong culture of urgency is reflected in ensuring timely commissioning of the facilities. The completion of these facilities mean that the first phase of the Integrated Special Steel Complex will be operational.

Power **unleashes possibilities**

At VISA Steel, captive power reduces grid dependence and insulates bottomline.



A 50 MW Power Plant has already been set up and another 25 MW is nearing completion. Our power generation increased 472%, from 39 million units to 223 million units.

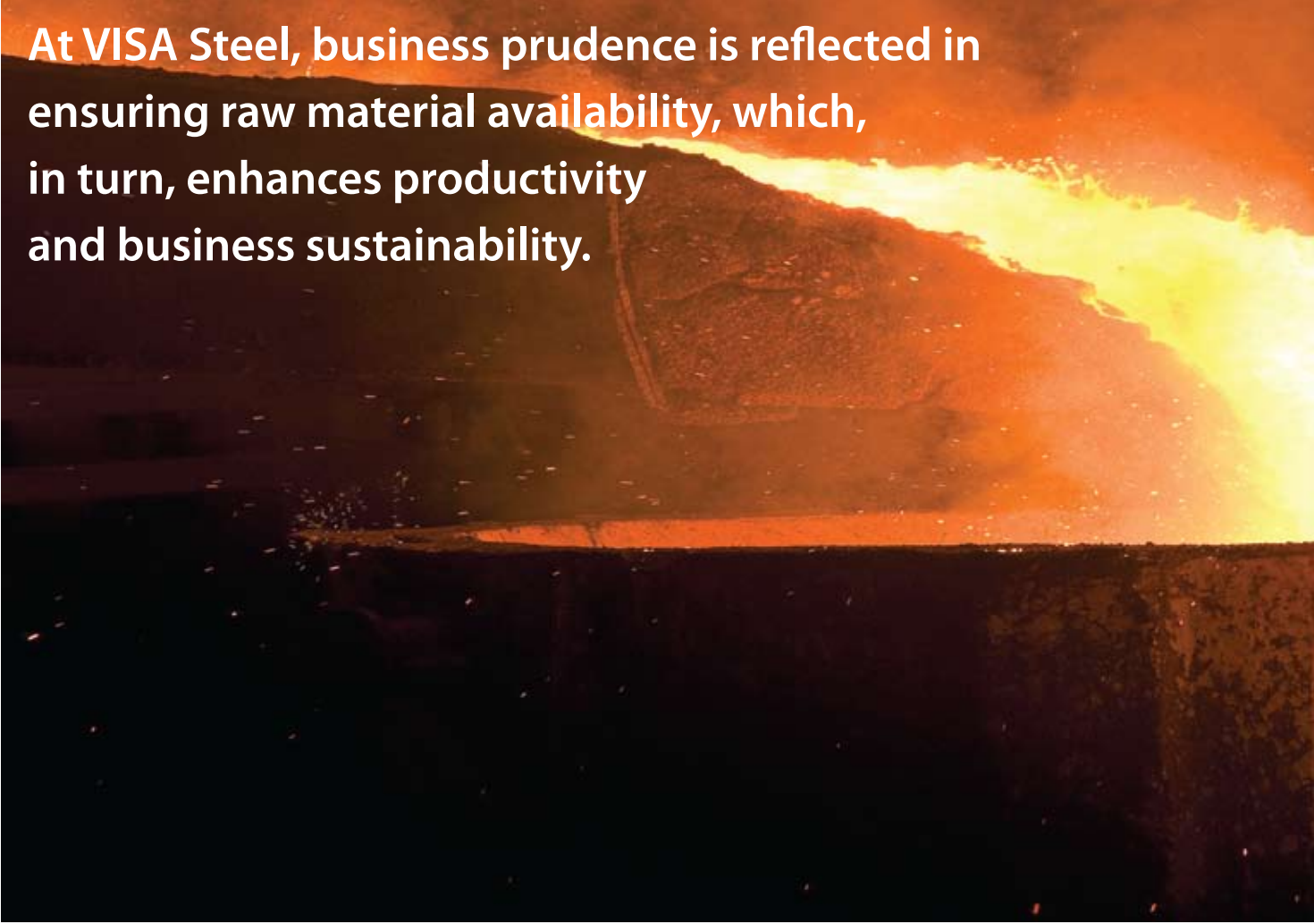


An additional 2 x 150 MW is planned to be set up in Orissa and 2 x 150 MW in Chhattisgarh to raise the total generation to 675 MW.

This will result in an opportunity to sell a part of the captive power generated, creating another revenue stream, besides of course, the cost advantages and continuous assurance of captive power.

Prudence **generates productivity**

At VISA Steel, business prudence is reflected in ensuring raw material availability, which, in turn, enhances productivity and business sustainability.



We plan to integrate backwards to the mining of coal, iron ore and chrome ore. A share of 54 million tonne steam coal reserve has been jointly allotted at Patrapara Coal Block in Talcher, Orissa.