



VISA STEEL

Annual Report 2010 - 11

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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Next Altitude



Over the last 6 years, VISA Steel has continuously strengthened its business presence in the iron and steel industry. The financial year 2010-11 marked the completion of our first round of capacity expansions to drive its next-altitude growth. We operationally strengthened ourselves and executed the expansions projects, despite a difficult environment.

Whilst Coke and Ferro Chrome revenue stream shall remain, the pig iron and sponge iron shall be used in the production of value-added special steel, the benefits of which will be reflected in our financials from financial year 2011-12 onwards. The focus going forward shall be to start mining our own iron ore and coal so that we can move to higher operating margins.

At VISA Steel, we are at the threshold of an interesting turning point. We have already laid the foundation and are now geared for the big leap ahead. This progression is natural as we have consolidated our capabilities to accelerate our momentum; to ensure uninterrupted growth through the formulation of flexible strategies.

Resource Integration

Having completed full integration on the manufacturing facilities, the focus is now to mine our own iron ore and coal to secure stable raw material supplies and lower costs.





We have a 54 million tonne share of a coal block in Patrapada at Talcher which is under development. We are also on the verge of getting iron ore mines in Orissa and Chhattisgarh. We have completed prospecting work for a Chrome Ore mine and are in the process of developing the same. We are further exploring opportunities to acquire coal mines in Australia and Indonesia. The consolidated affect of mining our own iron ore and coal shall lead to strengthening our operating margins from current levels of 15-20% to 30-35% in the near future.

0.5 million TPA to 1 million TPA Special Steel

With the strong economic growth potential in India and demand for steel being driven by the infrastructure, automobile and capital goods sector, we have drawn up strategies to deliver volume growth in value added steel products.



The Kalinganagar facility has an infrastructure capability of 1 million TPA Special Steel. With 0.5 million TPA now operational, we plan to scale it up to 1 million TPA over the next three to five years. This will provide us with economies of scale. We have the experience in execution, equipment sourcing & technology and the infrastructure to witness another wave of expansion which would be implemented in phases going forward.

50,000 TPA to 200,000 TPA Ferro Chrome

The expansion at our ferro chrome facility will enhance our capabilities, strengthen our brand and help us attain leadership in this business segment.



The construction work of the ferro chrome plant at Kalinganagar through VISA BAO is progressing with sustained momentum. The cumulative capacity would be ramped up from 50,000 TPA to eventually 200,000 TPA. Whilst 50,000 TPA is already in operation, additional 100,000 TPA is being implemented through VISA BAO, our joint venture with Baosteel, China. This would make VISA among the leading player in the Ferro Chrome industry.



75 MW to 375 MW Power

Energy is one of the key cost components in Steel and Ferro Alloy Operations. The low cost and uninterrupted availability of power is critical to facilitate operations, reduce external dependence and optimise costs. In short, we will enhance energy efficiency.

