

VISA STEEL



Annual Report 2011-12

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CONSOLIDATING BUSINESSES, UNLOCKING VALUE

VISA Steel has created a world class facility at Kalinganagar in Odisha, which is India's most attractive State for Special Steel, Ferro Chrome and Coke making and accounts for 33 % of total Iron Ore reserves, 28 % of Coal reserves and 97 % of Chrome ore reserves in India. Kalinganagar Industrial Complex is a large Steel hub in India and investment destination with excellent Road, Railway and Port connectivity.

The Company has a strong product portfolio with multiple revenue and EBIDTA streams from Special Steel, Ferro Chrome, Coke and Power businesses. Whilst the Ferro Chrome, Coke & Power businesses have been doing well, the Special Steel business has been facing challenges due to non-availability and high prices of Iron Ore which along with high interest costs and volatile foreign exchange rate have impacted the performance of the Company.

VISA Steel is now focusing on consolidating its operations and improving efficiencies as well as restructuring its loans and unlocking value through strategic partnerships to raise equity and deleverage.



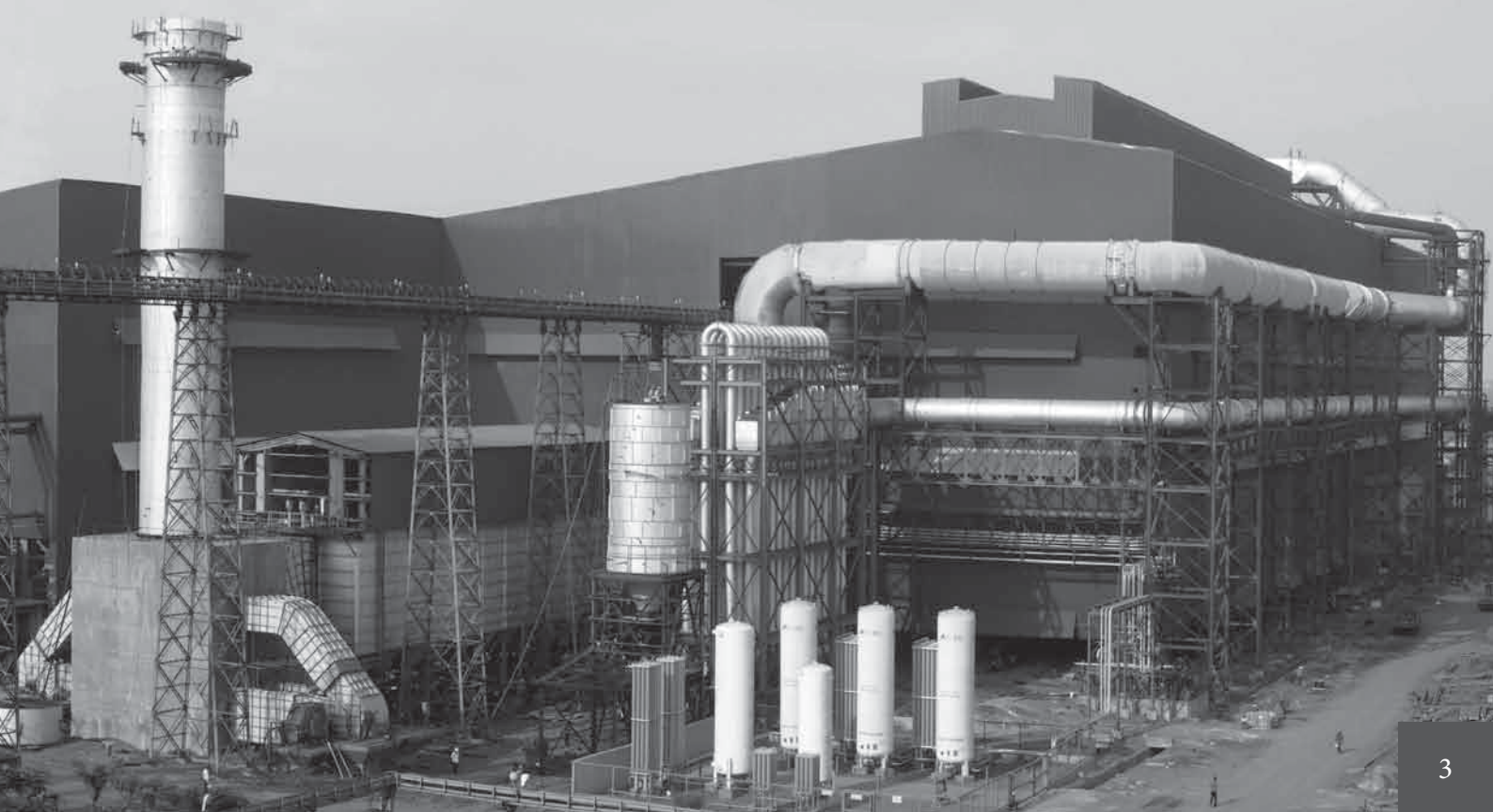
SPECIAL STEEL BUSINESS



VISA Steel has set up 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.

Due to the sharp drop in availability of Iron Ore and the consequent increase in prices, the Special Steel business has been adversely impacted. The Company is on the verge of getting Iron Ore Mines in Odisha. The Iron Ore availability is also likely to improve from OMC's Daitari Mines after getting forest clearance for Baliparvat Stockyard and the start up of the Iron Ore Pellet Plant being set up by BRPL. VISA Steel also plans to set up an Iron Ore Sinter Plant to ensure continuous availability of Iron Ore for smooth running of the Blast Furnace and enhance the profitability of the Special Steel business.

VISA Steel is also exploring option for having a strategic partnership with an Iron Ore Mining Company or a Global Steel Player.



FERRO CHROME BUSINESS



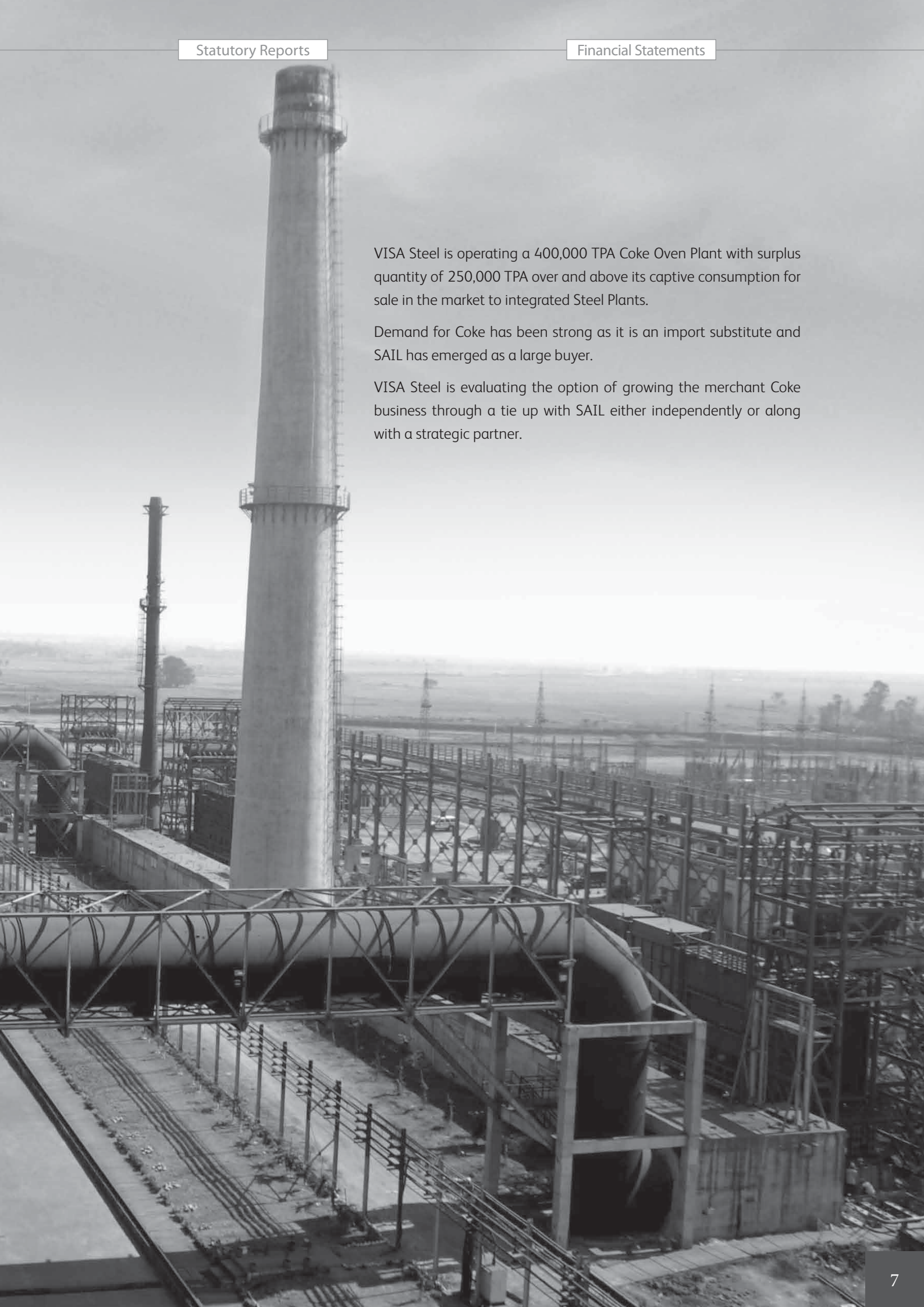
VISA Steel is operating a 50,000 TPA Ferro Chrome Plant for sale to various Stainless Steel Plants globally. In addition, a 100,000 TPA Ferro Chrome Plant is being implemented through VISA BAO, a Joint Venture with Baosteel, China. This would make VISA among the leading player in the Ferro Chrome industry.

The demand for Ferro Chrome has been strong 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.



COKE BUSINESS



A tall, cylindrical industrial chimney stands prominently in the foreground of a steel plant. The chimney is surrounded by a network of steel beams and walkways. In the background, various industrial structures, including smaller chimneys and storage tanks, are visible under a clear sky.

VISA Steel is operating a 400,000 TPA Coke Oven Plant with surplus quantity of 250,000 TPA over and above its captive consumption for sale in the market to integrated Steel Plants.

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

VISA Steel is evaluating the option of growing the merchant Coke business through a tie up with SAIL either independently or along with a strategic partner.

CAPTIVE POWER BUSINESS

