



# 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.

# Contents

## Overview

Next Altitude	01
About VISA Steel	12
Vision and Values	13
Strategic Goals	14
Strategy and Mission	15
Financial and Operational Performance	16
Corporate Highlights	17
Chairman's Statement	18
Managing Director's Review	20
Profile of the Board of Directors	22
Societal Commitment	24

## Statutory Reports

Report of the Directors	26
Management Discussion and Analysis	36
Report on Corporate Governance	42

## Financial Statements

Standalone	59
Consolidated	92
Subsidiary Companies	116

# 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

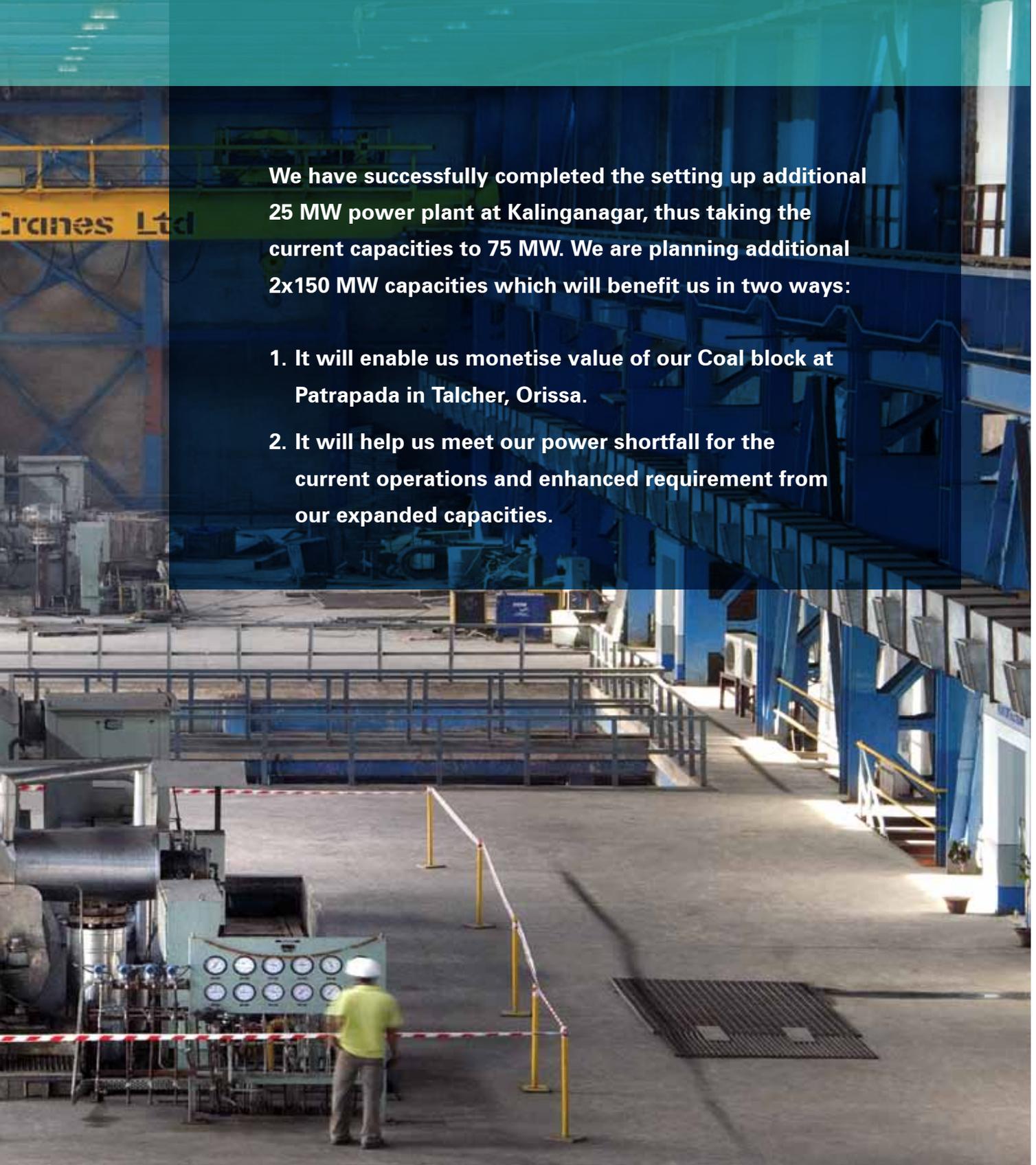
Energy is one of the key cost components in Steel and Ferro Alloy Operations. The low cost and uninterrupted availability of power is critical to facilitate operations, reduce external dependence and optimise costs. In short, we will enhance energy efficiency.





**We have successfully completed the setting up additional 25 MW power plant at Kalinganagar, thus taking the current capacities to 75 MW. We are planning additional 2x150 MW capacities which will benefit us in two ways:**

- 1. It will enable us monetise value of our Coal block at Patrapada in Talcher, Orissa.**
- 2. It will help us meet our power shortfall for the current operations and enhanced requirement from our expanded capacities.**



# Human Capital

Sustained business progression must involve human innovativeness and ownership. We believe an organization is only as good or as efficient as the team that drives it. The implementation of ESOP Scheme shall further drive ownership among the employees.





At VISA Steel, we are focusing on building a strong and passionate team of individuals, and creating an enabling working environment to accelerate operations. We have introduced ESOP for our employees, not popular in a steel industry. VISA Steel is one of the early movers in this sphere and plans to unveil a host of HR measures to create an inspired workforce. The HR initiatives are expected to motivate team members, drive retention and attract new talent.



# About VISA Steel



- Part of the Rs. 5,000 Crore VISA Group.
- Registered office in Bhubaneswar, Corporate Office in Kolkata and manufacturing facilities at Kalinganagar and Golagaon in Orissa and Raigarh in Chhattisgarh.
- Shares listed on the Bombay Stock Exchange and the National Stock Exchange.

## Current Operations at Kalinganagar, Orissa

Facility	Capacity
Coke Oven Plant	400,000 TPA
Ferro Chrome Plant	50,000 TPA
Pig Iron Plant	225,000 TPA
Sponge Iron Plant	300,000 TPA
Power Plant	75 MW
Steel Melt Shop	500,000 TPA
Bar & Wire Rod Mill	500,000 TPA

## Projects Under Implementation in Orissa

- VISA BAO –100,000 TPA Ferro Chrome Plant in Orissa, in joint venture with Baosteel.

## Projects Under Planning in Orissa & Chhattisgarh

- Expansion of Special Steel to 1 million TPA & Power generation to 375 MW at Kalinganagar in Orissa.
- 1 million TPA Steel Plant and 300 MW Power Plant at Raigarh in Chhattisgarh.



## Vision

Emerge as a low cost producer of value added steel products with captive mineral resources and power

## Values



**Transparency** – We are transparent and honest in our profession to all our stakeholders



**Governance** – We are committed to best standards of safety, corporate social responsibility and corporate governance.



**Team Work** – We work together as a team to benefit from our complementary strengths



**Attitude** – We demonstrate ownership in our attitude to create sustainable value for shareholders



**Passion** – We are passionately committed to delivering excellence in performance

# Strategic Goals



Integrate across value chain with captive mines and power.

Build partnerships with customers and suppliers.

Leadership in business segment through market share.

Family of capable, motivated and happy employees.

Maximize shareholder value by Market Cap and ROCE.

# Strategy and Mission



## **Integrate across value chain with captive mines and power**

- Securing mining leases for key raw materials – iron ore, coal, chrome ore & coking 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 with corporate branding.

## **Maximize 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.

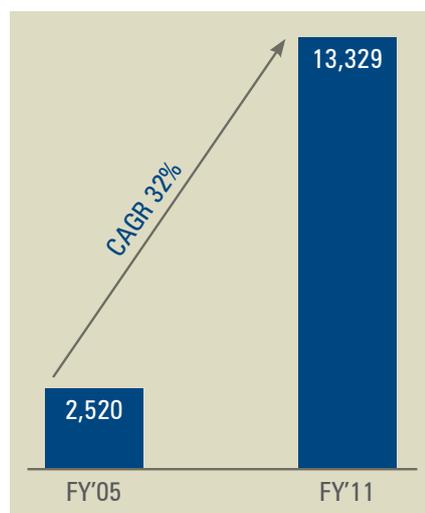
## **Family of capable, motivated and happy employees**

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

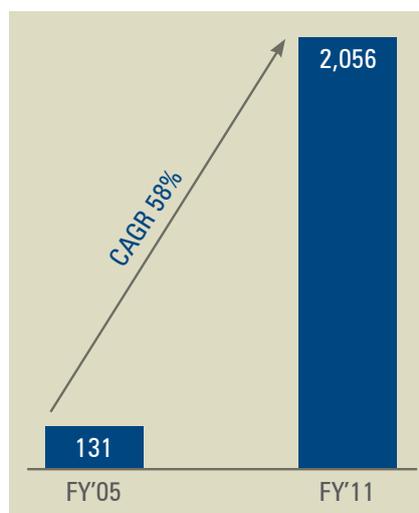
# Financial and Operational Performance

## SALES TURNOVER, EBITDA AND PAT

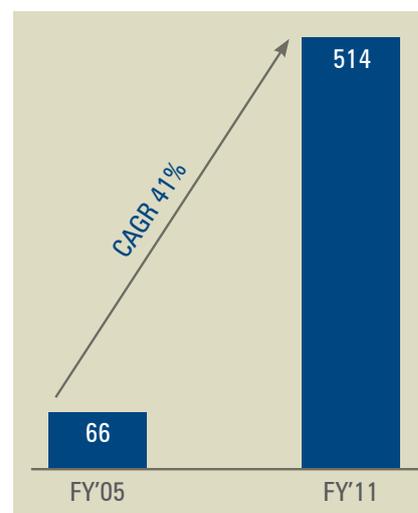
### Turnover (Rs. million)



### EBITDA (Rs. million)



### PAT (Rs. million)



Financial Highlights (Rs. million)	FY'11	FY'10	Growth
Revenue	13,329	11,715	13.8%
EBITDA	2,056	1,976	4.0%
EBITDA Margin	15.4%	16.9%	(1.5)%
PAT	514	474	8.4%
Net Margin	3.9%	4.0%	(0.1)%
Cash Profit	1,189	1,256	(5.3)%
Share Capital	1,100	1,100	0.0%
Net Worth	4,130	3,423	20.7%

Operational Highlights	FY'11	FY'10
Coke (in MT)	340,339	353,601
Ferro Chrome (in MT)	44,372	47,649
Hot Metal (in MT)	46,233	150,424
Sponge Iron (in MT)	134,538	139,299
Power (in Mn Units)	226	223

## CORPORATE HIGHLIGHTS



- Revenue crossed Rs. 13,329 million
- EBIDTA at Rs. 2,056 million
- Profit after tax at Rs. 514 million
- Completed the 3rd 25 MW Power Generation Facility
- Completed the 500,000 TPA Special Steel Plant
- The Company's subsidiary, VISA BAO Limited, made significant progress towards setting up a 100,000 TPA Ferro Chrome Plant
- Introduced ESOP Scheme

# Chairman's Statement

“ *VISA Steel shall continue to create value and deliver sustainable growth while achieving best standards of safety, corporate governance, corporate social responsibility and investor communication.* ”



Dear Shareholders,

The global economy has continued to witness a sustained growth due to growth in emerging economies led by China and India and also due to the additional stimulus in US and bail out packages in Europe. However, this had resulted in inflationary pressures which have forced many Central Banks, especially in China and India to raise interest rates.

In spite of the volatile and challenging environment on raw material availability and pricing, the Company has delivered healthy growth in performance. We will build on our consistent and well executed strategy to grow in the value added steel products, while being focused on allocation of captive mines for raw materials and captive power generation.

VISA Steel has since completed the Special Steel project. Consequently the revenues from LAM Coke and Ferro Chrome shall continue, but the Pig Iron and Sponge Iron shall get covered into value added Special Steel long products. This will be a key driver of revenues and margins going forward.

VISA Steel shall continue to create value and deliver

sustainable growth while achieving best standards of safety, corporate governance, corporate social responsibility and investor communication.

## Annual Results

For the year ended 31 March 2011, the Company recorded a revenue growth of 14% to Rs. 13,329 million from Rs. 11,715 million in the previous year and the EBIDTA increased to Rs. 2,056 million from Rs. 1,976 million in the financial year 2009-10. The PAT also surged to Rs. 514 million from Rs. 474 million during financial year 2009-10.

The growth in revenues has been driven by improved price realizations from Coke, Ferro Chrome, Pig Iron and Sponge Iron in spite of lower sales volumes for Pig Iron. The Company achieved satisfactory production volumes in spite of pressure on smooth availability of raw material.

## The Industry

The Global Steel market is being driven by emerging economies with increasing importance of China and India. China now accounts for 630 million tones or 45% of the Global Steel production of 1.4 billion tones in 2010.

India is poised to be a dominant player in the Global Steel industry with a strong growth in its economy. Demand for steel products is being driven primarily by infrastructure and consumption led sectors including construction, automobile, white goods and oil & gas.

India remains a large exporter of iron ore and importer of steel. During the year, a 20% export tax on iron ore has been imposed to discourage exports of this primary raw material and encourage value addition of this natural resource within the country. This has been an encouraging step and should enhance capacity addition for steel making within the Country to meet the supply constraints.

However, Coking Coal still continues to be a challenge for the Steel industry in India. Due to the volatile global environment, there has been a shift in pricing mechanism of coking coal from annual to quarterly to monthly benchmark prices.

There is a huge growth potential in Steel consumption in India given that per capita steel consumption is very low compared to China and the global average. The States of Orissa, Chhattisgarh & Jharkhand which account for majority of the iron ore and coal reserves are most attractive locations for setting up steel plants and we are focused on creating high quality assets in these locations.

## Vision & Strategy

The Company is focused on its vision to emerge as a low cost producer of value added Steel products with captive mineral resources and captive power.

Having completed the full integration on the manufacturing facilities, the Company is now focused on mining its own iron ore and coal in order to improve margins. Since the Company has already qualified all the required criteria, it is confident of securing a captive Iron Ore mining lease in Orissa and Chhattisgarh in the very near future. The Patrapada Coal block wherein the Company has a share of 54 million tonnes is currently under development. The prospecting work for the

Chrome Ore deposit has also been completed by Ghotaringa Minerals Limited.

The Company plans to expand the special steel production in Orissa from 0.5 million to 1 million TPA and power generation from 75 MW to 375 MW over the next few years. The Company also plans to start works on its 2.5 million TPA Steel Plant in Chhattisgarh by setting up a 1 million TPA Steel Plant and 300 MW Captive Power Plant in the first phase.

VISA Steel and Baosteel Resources have made full equity contribution in VISA BAO Limited, for setting up an Integrated Ferro Chrome Complex in Orissa and the project is in advanced stage of construction.

## Outlook

Our revenues and profitability are expected to improve with the completion of our Special Steel Plant. We shall maintain our growth trajectory in the coming years and endeavour to become a leader in value added Steel products to create value for our shareholders and deliver sustainable growth for the nation.

I would like to place on record my sincere appreciation and thank the entire team of VISA Steel for their relentless commitment and passion to transform the Company's vision into a vibrant reality. I am also grateful to the members of the Board of the Company for their invaluable guidance and contribution. I would also like to express my sincere thanks to all the stakeholders for their confidence and faith and to all the Government, Regulatory Authorities & Banks for their valued support

Warm Regards,



Vishambhar Saran

# Managing Director's Review

“ *The focus is now to backward integrate into mining of iron ore, chrome ore and coal as quickly as possible in order to reduce raw material costs and improve margins.* ”



The financial year 2010-11 was a year of healthy growth at VISA Steel. We have created a strong foundation by creating a fully integrated Steel Complex with infrastructure ready for driving the next level of growth.

The increase in price realisations across Coke, Ferro Chrome, Pig Iron and Sponge Iron has enabled the Company to register a healthy growth in sales revenue, despite lower production and sales volumes of Pig Iron. We had stable margins inspite of higher raw material costs (coking coal, iron ore and chrome ore). We completed the Special Steel Project and also introduced an ESOP Scheme. We shall continue to focus towards high quality of growth and maximization of shareholder value.

## Stable Operations

During the financial year 2010-11, we registered satisfactory production volumes despite pressure on smooth availability of raw material.

- LAM Coke production was 340,339 MT in 2010-11 compared to 353,601 MT in 2009-10;

- Ferro Chrome production was 44,372 MT in 2010-11 compared to 47,649 MT in 2009-10;
- Hot Metal production was 46,233 MT in 2010-11 compared to 150,424 MT in 2009-10 due to closure of OMC's Daitari Mines;
- Sponge Iron production was 134,538 MT in 2010-11 compared to 139,299 MT in 2009-10;
- Power generation was 226 million units in 2010-11 compared to 223 million units in 2009-10.

## Completion of Special Steel Plant

The 0.5 million TPA Special Steel Plant and an additional 25 MW Power Plant has been completed. This will be a key driver of revenues and margins going forward.

## Raw Material and Mining Leases

The Company sources its vital raw materials such as iron ore and chrome ore from the Orissa Mining Corporation, whereas coking coal is imported from Australia under a long-term contract with BHP Billiton. It has also signed a Fuel Supply Agreement with Mahanadi Coalfields Limited for the supply of steam coal.

The focus is now to backward integrate into mining of iron ore, chrome ore and coal as quickly as possible in order to reduce raw material costs and improve margins.

### Sales Realisation and Product Mix

The Coke and Ferro Chrome business have performed well. Due to tight availability of Coking Coal due to floods in Australia and Export Taxes of Coke from China, Coke prices have been firm. Due to power shortages in South Africa and growth in Stainless Steel industry in China, the Ferro Chrome prices have also been firm.

### Progress of New Projects

The Ferro Chrome plant in Orissa, in joint venture with Baosteel, China, is in advanced stages of construction.

The Company has acquired 280 acres for its steel making and power generation facilities at Raigarh in Chhattisgarh and has been granted Environmental Clearance.

### Efforts to Improve Risk Management and Control Systems

The Company continues to monitor its Foreign Exchange exposure very closely. Besides, the Company's SAP-enabled operations and stringent internal audit integrated operations, enhanced transparency and accelerated decision-making.

### Human Resource Initiative

The Company has implemented an ESOP Scheme and is among the few companies in the Steel Sector to offer such a Scheme. The value of stock options will continue to grow as we create value for the Company in the years to come and hope that employees with high level of commitment, passion and ownership will benefit from the same.

We continue to invest in recruiting young engineers and CA/MBA professionals with passion through Campus. They are trained and nurtured to enhance their technical and managerial skills at our Learning Centre and on-the-job training at the shop floor. The Company has a transparent performance appraisal system for increments

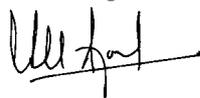
and promotions. We improve our team building and encourage family bonding through our annual social activities calendar.

### Corporate Conscience

We acknowledge the roles and responsibilities of a corporate citizen. In line with our core business philosophy, concern for Health, Safety and Environment continue to be one of our key priorities. We have installed better safety devices at critical locations under proper supervisions in order to achieve high safety standards. We continue to direct our community development initiatives in the states of Orissa and Chhattisgarh in the areas of education, healthcare, rural development, sports and culture.

I would like to take this opportunity to express my sincere gratitude to our team for their commitment, dedication and hard work, which has been our primary engine for growth.

Warm Regards,



Vishal Agarwal

# Profile of the Board of Directors



**1**

**Vishambhar Saran,**  
*Chairman*

Mr. Saran has experience of almost 42 years in the iron & steel industry, with over 25 years with Tata Steel in the areas of development & operations of mines, mineral beneficiation plants and ferro alloy plants, port operations and international trading of raw materials for the iron & steel industry. A mining engineer from BHU, he rose to the level of Director (Raw Materials) in Tata Steel before taking over as Chairman of the VISA Group in 1994. In a short span of time, he built the VISA Group into a minerals and metals conglomerate with a strong global presence in Australia, China, India, Indonesia, Singapore, South Africa and Switzerland. He is the Honorary Consul of Bulgaria for Eastern India.

**2**

**Maya Shanker Verma,**  
*Chairman, Finance & Banking Committee*

Mr. Verma is a career banker with a multilevel and wide ranging experience of over 50 years, encompassing an understanding of the commercial, developmental and investment banking as well as asset management and capital market operations. A Master of Arts and Certified Associate of the Indian Institute of Bankers, Mr. Verma held senior-most and critical positions in India's financial system and regulatory regimes like Chairman, State Bank of India, IDBI Bank and Telecom Regulatory Authority of India.

**3**

**Shiv Dayal Kapoor,**  
*Chairman, Audit Committee*

Mr. Kapoor has over 42 years of rich experience in the minerals and metals industry. He is the former Chairman of MMTC Limited and Neelachal Ispat Nigam Ltd. and had been on the Board of many renowned Public Sector Enterprises. A B.Sc. in Metallurgical Engineering from BHU and an MBA from the University of Leeds, UK, he is a recipient of the Best Chief Executive Gold Award – Rajiv Ratna National Award 2005 and Top CEO of the year Award 2000 – Indian Institute of Marketing & Management, amongst others.

**4**

**Debi Prasad Bagchi,**  
*Chairman, Selection Committee*

Mr. Bagchi brings to the Board his deep knowledge of the administrative services and the State of Orissa, especially in the steel & mining sector. He has held prestigious positions of authority like Additional Secretary, Commerce – Government of India; Secretary, Ministry of Small Scale Industry – Government of India; Chief Secretary – Government of Orissa, etc. A Master of Arts in Economics and an M. Phil in Public Administration, Mr. Bagchi was also the Chairman-cum-Managing Director of Orissa Lift Irrigation Corporation and Managing Director of Orissa Mining Corporation Limited.

**5**

**Pradip Kumar Khaitan,**  
*Chairman, Remuneration Committee*

Mr. Khaitan is a legal luminary and has extensive experience in the fields of commercial & corporate laws, tax laws, arbitration, foreign collaborations, mergers & acquisitions and corporate restructuring. Mr. Khaitan is a Bachelor of Commerce, an LLB and an Attorney-at-Law (Bells Chamber, Gold Medalist). He is the Senior Partner of Khaitan & Co., a leading Indian law firm and also member of the Bar Council of India, the Bar Council of West Bengal and the Indian Council of Arbitration.

## 6

**Shanti Narain,***Chairman, Share Transfer & Investor Grievance Committee*

Mr. Narain brings with him his expertise in strategic management transport systems, especially the Railways, in the areas of planning, marketing, monitoring and control of operations & commercial activities and development of transport infrastructure. He holds a Masters degree in Science (Mathematics) and had been the Member, (Traffic) Railway Board for 4 years till February 2001. He is a member of several committees set up by the Government of India and professional societies.



## 7

**Saroj Agarwal,***Director*

Mrs. Agarwal laid the foundation of the VISA Group during the mid-eighties. She guides the organisation along its growth chart, while upholding its values and spirit. A Bachelor of Arts from BHU, she takes an active interest in philanthropic activities and contributes to the community through the VISA Trust where she is a trustee. She is currently the Managing Director of VISA International Limited and VISA Infrastructure Limited.

## 9

**Vishal Agarwal,***Managing Director*

Mr. Agarwal has over 14 years experience in the iron & steel industry with hands on experience of setting up Greenfield projects, having successfully established the plants at Golagaon and Kalinganagar. He is responsible for overall management of operations and projects and is the driving force behind many of the Company's strategy, finance, marketing and human resource initiatives. He holds a Bachelors degree in Economics from the London School of Economics and a Masters degree in Economics for Development from Oxford University. He is a Committee Member of the CII - Eastern Region Council.

## 8

**Vikas Agarwal,***Director*

Mr. Agarwal is responsible for developing and nurturing the global coal and coke business of the VISA Group and has been instrumental in securing investments in the Group's coal mining ventures in Australia and Indonesia. He holds a Masters degree in Manufacturing Engineering from Trinity College, Cambridge University and is currently the Managing Director of VISA Power Limited.

## 10

**Basudeo Prasad Modi,***Deputy Managing Director*

Mr. Modi is a Mechanical Engineer from the National Institute of Technology, a Post Graduate Diploma holder in Industrial Engineering and an MBA from the Institute of Business Management, Madras. He has several decades of rich experience in the field of Design, Project Management and Operation. He has worked at Bokaro Steel Plant, Bhilai Steel Plant, MECON and was the former Managing Director of Neelachal Ispat Nigam Ltd., Kalinganagar.

# Societal Commitment



VISA Steel has always believed in creation of wealth for all its stakeholders. As a responsible corporate, VISA Steel is focused on the happiness of people living in its larger neighbouring communities.

We are also committed to the best industry standards in Health, Safety and Environment. The best safety equipment has been deployed at the critical locations and constant supervision is also done to maintain the highest safety standards.

VISA Steel's CSR team works towards improving the living conditions of the underprivileged and makes a positive difference in their lives. A number of focused initiatives have been implemented particularly in the remote areas of Orissa and Chhattisgarh. Over the years, VISA Steel has directed its community development in the areas of education, healthcare, rural development, sports & culture.



## Education

**At VISA Steel, we truly believe in igniting young minds and in shaping the future of young India. In our endeavours to further the cause of education we have taken the following steps:**

- Established two premier educational institutions in Kolkata - The Heritage School and The Heritage Institute of Technology, through the Kalyan Bharti Trust.
- Introduced scholarship opportunities for brilliant and needy students.
- Offered scholarships to needy girl students at the Smt. Sarala Devi Saraswati Balika Inter College in the Tilhar district of Shahjahanpur, Uttar Pradesh.
- Provided facilities such as laboratories and science labs to enhance computer literacy at the Smt. Sarala Devi Saraswati Balika Inter College in the Tilhar district of Shahjahanpur, Uttar Pradesh.
- Planning to set up world-class, professionally managed primary and secondary schools in Bhubaneswar and Raipur, with facilities for extracurricular activities and sports.



### Healthcare

Healthcare has been identified as a primary objective in the community development programmes. The following healthcare initiatives are undertaken on a regular basis:

- Medical camps in the backward areas of Orissa and Chhattisgarh.
- Contributed to the construction of a blood bank in Jajpur, Orissa.
- Engaged in raising awareness on treatment of common diseases and hygiene and providing free medicines and medical facilities.



### Rural Development

- Installed bore-wells for providing clean drinking water in the backward areas.
- Provided employment according to the rehabilitation policy of the Government.
- Contributed towards renovation of the Biraja temple in Jajpur, Orissa.
- Participated in international forums for mentally and physically challenged persons by way of financial sponsorship.



### Sports & Culture

- Sponsored and organised an annual ladies golf tournament at the Tollygunge Club in Kolkata.
- Actively helped in promoting contemporary Indian art through exhibitions.
- Organised painting competitions to promote talented young artists.
- Sponsored sporting activities, particularly cricket tournaments in Kotmar and Patrapalli Villages in Chhattisgarh.



### Safety & Environment

- Strong team of medical personnel.
- Implements regular safety training sessions for employees and contract labour.
- Posters displaying the incorporation of safety measures.
- Launched water harvesting initiatives to protect ground water levels.
- Introduced plantation drive to improve greenery in industrial region.

# Report of the Directors



## Dear Shareholders,

Your Directors are pleased to present this Fifteenth Annual Report together with the Audited Statement of Accounts for the year ended 31 March 2011.

## Financial Results

(Rs. million)

Particulars	2010-11	2009-10
Net Revenue	13,059.01	11,569.42
Other Income	269.78	145.41
Total Income	13,328.79	11,714.83
Profit before interest, depreciation & tax	2,055.98	1,976.36
Interest (Net)	709.38	651.40
Depreciation	482.05	468.18
Profit before Taxation	864.55	856.78
Taxation - Current	182.61	96.00
- MAT Credit Entitlement	(127.74)	-
- Deferred	295.91	286.62
Profit after Tax	513.77	474.16
Appropriation - Proposed Dividend	110.00	110.00
- Corporate Tax on Dividend	17.84	18.69
Balance Carried to Balance Sheet	696.03	310.10

*The Company has achieved completion of 0.5 million TPA Special Steel Plant and 3rd 25 MW Power Plant taking the power generation to 75 MW. This will further boost the Company's growth in revenues and margins.*

## Operations

The Company is engaged in the business of manufacturing value added products from coal and minerals into LAM Coke, High Carbon Ferro Chrome, Pig Iron, Sponge Iron (DRI) and Special Steel (Long products). In addition, the Company generates Captive Power. During the year under review, production volumes across all Units have been stable and higher price realisation across various products has enabled the Company to register a robust growth in sales revenue. The operating margins of the Company have been stable inspite of higher cost of raw materials such as Coking Coal, Iron Ore, Chrome Ore and Thermal Coal. We continue to drive our cost competitiveness through efficient raw material procurement and captive power generation.

The Company has registered a revenue growth of 14% to Rs. 13,328.79 million in the FY'2010-11 compared to Rs. 11,714.83 million during the FY' 2009-10. The operating margins decreased to 15% at Rs. 2,055.98 million in the FY'2010-11 versus 17% at Rs. 1,976.36 million in the previous year. The PBT was Rs. 864.55 million for the FY'2010-11 as against Rs. 856.78 million and PAT was Rs. 513.77 million as against Rs. 474.16 million for the corresponding period.

During the year under review, the Company achieved satisfactory production volumes despite pressure on smooth availability of raw materials. The production of Coke was 340,339 MT compared to 353,601 MT in the previous year. The production of High Carbon Ferro Chrome was slightly lower at 44,372 MT compared to 47,649 MT during the previous year. The production of Pig Iron was 46,233 MT compared to 150,424 MT in the previous year mainly due to non-availability of raw materials owing to closure of OMC's Daitari mines. The production of Sponge Iron was 134,538 MT compared to 139,299 MT in the previous year. The captive power generated during the year was 226 million units as against 223 million units in the previous year.

The Company has achieved completion of 0.5 million TPA Special Steel Plant and 3rd 25 MW Power Plant taking the power generation to 75 MW. This will further boost the Company's growth in revenues and margins.

The Company has decided to set up an Iron Ore Sinter Plant in order to hedge the iron ore procurement as it is currently buying only sized iron ore. This would also ensure continuous smooth running of the Blast Furnace. The Company plans to set up additional Captive Power generation facilities to meet the shortfall in captive power generation vis-à-vis requirements including requirement of its subsidiary VISA BAO Ltd and a Lime Kiln Plant to ensure smooth running of Steel Melt Shop.

The Company has charted a vision for expanding the existing facility at Kalinganagar in Orissa from 0.5 million TPA to 1 million TPA Steel Plant and Power Plant from 75 MW to 375 MW and set up greenfield facility of 1 million TPA Steel Plant and 300 MW Power Plant at Raigarh in Chhattisgarh. The plan is to raise the total Steel production of the Company to 2 million TPA and power generation to 675 MW over the next few years and provide the foundation to maintain high quality growth and enhance value creation for its shareholders.

During the year, the Company has also signed a Memorandum of Understanding (MoU) with the Madhya Pradesh Trade & Investment Facilitation Corporation Ltd. (TRIFAC), a wholly owned undertaking of Government of Madhya Pradesh, for setting up a 1.25 million TPA Integrated Steel Plant with 300 MW Captive Power Plant and 100,000 TPA Manganese Alloy Plant, with a total investment of Rs. 4,025 Crores.

The Company's subsidiary – VISA BAO Limited, is setting up a 100,000 TPA Ferro Chrome Plant with 4 Submerged Arc Furnaces of 16.5 MVA each at Kalinganagar in Orissa. The Company has made significant progress towards implementation of the project.

A detailed analysis of the Company's operations, segment-wise performance, project review, risk management, strategic initiatives and financial review & analysis, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented under a separate section titled "Management Discussion & Analysis Report" forming part of the Annual Report.

## Dividend

Your Directors recommend a dividend of 10% for the year ended 31 March 2011, i.e., Rs. 1 per Equity Share in respect of 110,000,000 fully paid up Equity Shares of Rs. 10 each. The total outlay on account of dividend payment will be Rs. 110 million excluding Rs. 17.84 million on account of dividend distribution tax.

## Holding Company

Consequent to the *inter-se* transfer of shareholding between the Promoter Group companies (from VISA Minmetal AG, Switzerland to VISA Infrastructure Limited, India), VISA Infrastructure Limited has become the holding company with effect from 30 April 2010. The shareholding of VISA Infrastructure Limited in the Company is 57,612,167 equity shares of Rs. 10/- each equivalent to 52.37% as on 31 March 2011.

## Subsidiaries

The Company has two subsidiaries namely, VISA BAO Limited and Ghotaringa Minerals Limited:

- (i) VISA BAO Limited (VBL) is a Joint Venture between the Company and Baosteel Resources Co. Ltd., China. VBL is setting up a 100,000 TPA Ferro Chrome Plant in Orissa.
- (ii) Ghotaringa Minerals Limited (GML) has been incorporated to give effect to the joint venture agreement between the Company and Orissa Industries Limited (ORIND) for carrying out the business of mining of chrome ore and/or other minerals. GML has completed prospecting work over an area allotted to ORIND in Dhenkanal, Orissa.

The Company's investment in GML will enable the Company to directly procure chrome ore, mined by GML, for its Chrome Ore Beneficiation Plant, Chrome Ore Grinding Plant and the Ferro Chrome Plant which shall reduce raw material costs significantly.

The Audited Statement of Accounts of VBL and GML for the year ended 31 March 2011 are attached as required under Section 212 of the Companies Act, 1956.

## Promoter Group Companies

The names of Promoters and Companies comprising the "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, have been disclosed in the Annual Report for the purpose of

Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

## Directors

During the period under Report, Mr. Arvind Pande, Non-Executive & Independent Director retired from the Board of Directors of the Company with effect from 17 August 2010 and Mr. Vivek Agarwal, Non-Executive Director tendered his resignation with effect from 28 January 2011.

The Board places on record its appreciation for the valuable contribution made by them during their tenure.

At the meeting held on 29 October 2010, the Board of Directors had approved the re-appointment of Mr. Vishambhar Saran as Whole-time Director, designated as Chairman for a period of 3 years with effect from 15 December 2010, pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. Mr. Saran's re-appointment is subject to the approval of the Members and the said re-appointment together with the remuneration and terms & conditions are proposed in the Notice for the forthcoming Annual General Meeting for your approval.

At the meeting held on 4 February 2011, the Board of Directors had approved re-appointment of Mr. Basudeo Prasad Modi as Deputy Managing Director for a period of 1 year with effect from 1 April 2011, pursuant to the provisions of Sections 198, 269, 309, 316, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. Mr. Modi's re-appointment is subject to the approval of the Members and the said re-appointment together with the remuneration and terms & conditions are proposed in the Notice for the forthcoming Annual General Meeting for your approval.

At the meeting held on 30 May 2011, the Board of Directors had approved re-appointment of Mr. Vishal Agarwal as Managing Director for a period of 3 years with effect from 25 June 2011, pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. Mr. Agarwal's re-appointment is subject to the approval of the Members and the said re-appointment together with the remuneration and terms & conditions are proposed in the Notice for the forthcoming Annual General Meeting for your approval.

In accordance with the Article 157 and 158 of the Articles of Association of the Company, Mr. Vikas Agarwal, Mr. Shanti Narain and Mr. Pradip Kumar Khaitan, Directors, are liable to retire by rotation, at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Brief resume` of the above Directors, nature of their expertise in their specific functional areas, details of directorships in other companies and the chairmanship/ membership of Committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are given in the Notice for the forthcoming Annual General Meeting.

### Directors' Responsibility Statement

In terms of the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state:

- a. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the Directors had prepared the annual accounts on a going concern basis.

The Company's internal auditors, M/s. L.B. Jha & Co., Chartered Accountants, have conducted periodic audits to provide reasonable assurance that established policies and procedures are being followed.

### CEO / CFO Certification

A Certificate from the Managing Director and the Chief Financial Officer, pursuant to Clause 49(V) of the Listing Agreement had been tabled at the Board Meeting held on 30 May 2011 and is also annexed to this Report.

### Auditors and Auditors' Report

The Auditors of the Company, M/s. Lovelock & Lewes, Chartered Accountants, Kolkata, retire at the conclusion of the ensuing Annual General Meeting and have confirmed eligibility and willingness to accept the office of Auditors, if approved.

The Auditors' qualification under Paragraph 4 of their report read along with the notes to Item no.7 of Schedule 16 is self explanatory and does not require any further comments from the Directors.

As regards utilisation of short term funds for long term purposes as specified in para 17 of the Annexure to the Auditors' Report, your Directors wish to submit that the Company was in the stage of implementation of the project. Since the Company has completed the project work, this will be regularised with the operation of the Company.

### Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo is given in Annexure I forming part of this Report.

### Human Resources

The Company places significant emphasis on recruitment, training & development of human resources, which assumes utmost significance in achievement of corporate objectives. The Company integrates employee growth with organisational growth in a seamless manner through empowerment and by offering a challenging workplace aimed towards realisation of organisational goals. To this effect, your Company has a training centre at its Plant for knowledge-sharing and imparting need based training to its employees. The Company has also incorporated Performance Management System in SAP for performance appraisal of the employees. To ensure accommodation, hospitality and other facilities for its employees, the Company has set up a modern guest house at Kalinganagar.

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies

(Particulars of Employees) Rules, 1975, as amended, and the Companies (Particulars of Employees) Amendment Rules, 2011 are set out in Annexure II to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 read with Clause 32 of the Listing Agreement, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining a copy of the statement may write to the Company.

### Employees Stock Option

The Company has rescinded its Employee Stock Option Scheme 2008 under which no Options had been granted and implemented a new ESOP Scheme titled Employee Stock Option Scheme 2010 (ESOP Scheme 2010), for permanent employees including any Director, whether whole-time or otherwise, of the Company, its subsidiaries and the Holding Company to be administered by the Remuneration Committee of the Board of Directors of your Company. ESOP Scheme 2010 will provide an incentive to attract, retain and reward the employees and enable them to participate in future growth and financial success of the Company. Each option confers a right upon the employee to apply for one equity share of the Company.

During the year under report, 900,000 Stock Options were granted to the specified employees of the Company and its subsidiary, VISA BAO Limited under the ESOP Scheme 2010. As on 31 March 2011, none of the Options have been vested. The shares covered by such Options are 900,000.

The Company has received a certificate from the Auditors of the Company that the ESOP Scheme 2010 was implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolution passed at the Annual General Meeting held on 17 August 2010. The Certificate would be placed at the forthcoming Annual General Meeting for inspection by the Members.

As required by Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 information with respect to active Stock Options as on 31 March 2011 is given in a separate statement as Annexure III forming part of this Report.

### Fixed Deposits

The Company has not accepted or renewed any fixed deposits under Section 58A of the Companies Act, 1956.

### Consolidated Financial Statements

In terms of Clause 32 of the Listing Agreement with Stock Exchanges, Consolidated Financial Statements, conforming to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, are attached as a part of the Annual Report.

### Corporate Governance

The Company is committed in maintaining the highest standards of Corporate Governance and adheres to the stipulations prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. A Report on Corporate Governance & Shareholder Information together with the Auditors' Certificate thereon is annexed as part of the Annual Report.

The Company had also adopted a "Code of Conduct" for its Directors and Senior Management, as required under Clause 49 of the Listing Agreement and all Directors and Senior Managers have affirmed compliance with the Code for 2010-11. A certificate, signed by the Managing Director, affirming compliance of Directors & Senior Management, forms part of the Report on Corporate Governance.

### Acknowledgement

Your Directors record their sincere appreciation for the assistance, support and guidance provided by banks, financial institutions, customers, suppliers, regulatory & government authorities, project & other business associates and stakeholders. The Directors also commend the continuing commitment and dedication of the employees at all levels which has been critical for the Company's growth. The Directors look forward to their continued support in future.

Your Directors value your involvement as shareholders and look forward to your continuing support.

For and on behalf of the Board



Vishambhar Saran  
Chairman

Kolkata  
30 May 2011

## Annexure I to the Report of the Directors

Statement of particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

### A. Conservation of Energy

(a) Energy Conservation Measures Taken:

1. CFBC of 160t/hr capacity boiler has been commissioned for utilising the waste char & coal fines generated from Sponge Iron Plant.
2. Reduction of Coke burning loss in Coke Oven.
3. Reduction in air ingress in flue gas at Coke Oven resulting in higher steam temperature and lower specific consumption of steam per unit power generation.
4. Manganese ore consumption in Blast Furnace has been stopped & use of magnesite in Ferro Chrome Plant has been stopped.
5. Zero discharge of waste water.

(b) Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy:

1. Coke pusher car track is being repaired for smooth operation of Coke Oven Plant.
2. Coke pusher no. 2 will be renovated to improve machine availability.
3. Additional magnetic separator is being installed in DRI to recover magnetic particles going into oversize.

(c) Impact of Measures in (a) and (b) above have resulted in:

1. Saving in electrical energy and higher power generation.
2. Effective utilisation of waste heats.
3. Effective utilisation of solid waste like char and coal fines.

(d) Total Energy Consumption and Energy Consumption per Unit of Production (as per Form "A" below)

### FORM A

	2010-11	2009-10
<b>A. Power &amp; Fuel Consumption</b>		
1. Electricity		
(a) Purchased		
Unit (Kwh)	19,306,510	35,501,800
Total Amount - (Rs. million)	90.25	131.97
Rate / unit - (Rs.)	4.67	3.72
(b) Own Generation		
(i) Through Diesel Generator		
Unit (Kwh)	2,816	3,475
Units per ltr. of diesel oil (Kwh)	2.82	2.80
Cost/unit - (Rs.)	14.00	13.92
(ii) Through Steam Turbine / Generator		
Unit (Kwh)	225,961,000	223,283,900
Units per ltr. of fuel oil / gas	NIL	NIL
Cost/units - (Rs.)	NA	NA
2. Coal (Coking and non-coking coal at Coke Oven, Ferro Chrome & DRI)		
Quantity (MT)	695,187	811,448
Total Cost - (Rs. million)	4,928.77	4,615.92
Average Rate - (Rs.)	7,089.85	5,688.50
3. Furnace Oil		
Quantity (k. ltrs.)	NIL	NIL
Total Amount - (Rs. million)	NIL	NIL
Average Rate	NIL	NIL

		2010-11	2009-10	
4.	Coke			
	Quantity (MT)	56,554	127,337	
	Total Cost - (Rs. million)	903.51	1,597.39	
	Rate / Tonne – (Rs.)	15,976.06	12,544.56	
<b>B. Consumption per unit of production</b>				
Products (with details)				
1.	Production of Pig Iron including by-products	MT	46,233	150,424
	Electricity	Kwh	187.61	174.07
	Furnace Oil	Ltr.	NIL	NIL
	Coal	Kg.	NIL	NIL
	Coke	Kg.	754.93	681.03
2.	Production of Coke including by-products	MT	284,464*	353,601
	Electricity	Kwh	12.45	9.39
	Furnace Oil	Ltr.	NIL	NIL
	Coal (Hard, Semi Hard & Semi Soft Coking Coal)	Kg.	1,428.10	1,454.46
3.	Production of Ferro Chrome including by-products	MT	44,372	47,649
	Electricity	Kwh	3,592.23	3,668.45
	Furnace Oil	Ltr.	NIL	NIL
	Coke	Kg.	487.94	522.46
	Coal	Kg.	9.58	NIL
4.	Production of Sponge Iron including by-products	MT	134,538	139,299
	Electricity	Kwh	132.54	134.77
	Furnace Oil	Ltr.	NIL	NIL
	Coal	Kg.	2,145.00	2,133.16
5.	Production of Chrome Concentrate & Chrome powder	MT	NIL	2,412
	Electricity	Kwh	NIL	76.29
	Furnace Oil	Ltr.	NIL	NIL
	Coke	Kg.	NIL	NIL

\* does not include production of coke on account of conversion: 55,876 MT.

## FORM B

Form for disclosure of particulars with respect to absorption.

### B. Technology Absorption

Research & Development (R&D)

1. Specific areas in which R&D was carried out by the Company:

- Use of Anthracite coal to reduce nut coke consumption in Ferro Chrome Plant.
- The Pig Iron yield has been improved due to modification of moulds and installation of movable trolley. This has also reduced jamming of Pig Casting Machine.
- Controlled cooling of Coke resulting in less moisture in the coke.
- Controlled cooling of ferro chrome hot cake to save water and reduce water accumulation in hot zone.
- Coke pusher car track is being repaired to improve efficiency & consistency.
- Use of Iron ore fines of Blast Furnace in Sponge Iron Plant.
- Installation of VVVF drive in Lobe Compressor of DRI Kiln.
- Installation of Weigh Feeders & Belt weighers in DRI Unit.

2. Benefits derived as a result of the above R&D:

- Increase in the sales realisation of Hot Metal.
- The pig iron yield has improved which has higher value compared to scrap.
- Higher the moisture in the coke, higher will be the coke rate in the Blast Furnace. The reduced coke rate is due to less moisture in the coke.

- (d) The specific consumption of chrome ore is reduced due to higher yield of Ferro Chrome.
- (e) Reduction in cost of Ferro Chrome due to non consumption of magnesite and use of less water.
- (f) Reduction in the cost of Sponge Iron due to increased recovery.
- (g) Reduction in power consumption due to VVVF technology.
- (h) Consistency in operations due to controlled and calibrated feed of raw materials, resulting in increased campaign life.
3. Future plan of action:
- (a) Use of Coke breeze for making composite chrome ore briquette, thereby reducing the specific consumption of sized coke in Ferro Chrome production, resulting in reduction in cost of Ferro Chrome.
- (b) Modification in the pig casting machine to be done to improve the pig iron yield further.
- (c) Installation of Sinter Plant for effective use of Blast Furnace wastes, Iron ore fines & Coke breeze.

### Technology absorption, adaptation and innovation

a. Imported technology

2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
400,000 TPA Environment friendly Clean type Non-recovery Coke Oven Technology.	Electrode handling technology for Ferro Chrome Plant.	0.5 MTPA Steel Melting Technology consisting of EAF, LRF etc. 0.5 MTPA Bar & Wire Rod Mill Technology.	NIL	NIL	300 TPD Lime Kiln

- b. Year of Import : as given above
- c. Has technology been fully absorbed :  
Coke Oven Technology and Electrode handling technology for Ferro Chrome Plant has been fully absorbed. SMS and Rolling Mill technologies are being perfected.
- d. If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action :  
Lime Kiln Technology is under implementation.

### Foreign Exchange Earnings and Outgo

Particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

- a) Activities relating to exports; initiatives taken to increase exports; development of new products and services; and export plans:

The Company realises the importance of a long term presence in the global market and has taken initiative to increase exports. The sales from exports have increase to Rs. 2,194.52 million from Rs. 1,952.94 million, showing a growth of 12.37%. Your Company exports to various customers in China, Japan and Korea.

- b) Total Foreign Exchange used and earned:

Particulars	(Rs. million)	
	2010-11	2009-10
<b>Foreign Exchange Earnings</b>		
Export Sales	2,194.52	1,952.94
<b>Foreign Exchange Outgo</b>		
Imports		
● Raw Materials	3,747.43	2,762.86
● Finished Goods	1,839.25	816.00
● Capital Goods	2,000.58	38.08
Traveling	6.71	3.03
Interest	61.36	74.57
Others	1.16	0.98

## Annexure III

### Annexure to the Directors' Report to the Shareholders Employee Stock Option Scheme

Statement as at 31 March 2011, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended:

Sl. No.	Particulars	Employee Stock Option Scheme 2010												
(a)	Total number of Options granted during the year	Grant A: 900,000												
(b)	The pricing formula	The options are granted at an exercise price equal to prevailing Market Price per Equity Share, being latest available closing price, prior to the date of the meeting of the Remuneration Committee, in which options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.  Accordingly, under Grant A, Options have been granted during the year at the closing market price of the shares of the Company on NSE on the day immediately preceding the date of grant of the options, i.e. Rs. 46.30 per share.												
(c)	Options vested (as on 31 March 2011)	NIL												
(d)	Options exercised during the year	NIL												
(e)	The total number of Equity Shares arising as a result of exercise of option	NIL												
(f)	Options lapsed during the year	NIL												
(g)	Variation of terms of options	NIL												
(h)	Money realised by exercise of options during the year (Rs.)	NIL												
(i)	Total number of options in force	900,000												
(j)	Employee wise details of options granted to:-													
	(i) Senior Managerial personnel:	Basudeo Prasad Modi 50,000 Prabir Ramendralal Bose 50,000 Manoj Kumar Digga 50,000												
	(ii) any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year;	NONE												
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NONE												
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs. 4.67												
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	If the Company had followed fair value method for accounting the stock options, compensation cost would have been higher by Rs. 1.4 million for Financial Year 2010-11. Consequently Profit after tax for Financial Year 2010-11 would have been lower by Rs. 1.4 million and accordingly earnings per share would be Rs. 4.66.												
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price of Options granted during the year whose: <table border="1"> <tr> <td>Exercise price equals market price</td> <td>Rs. 46.30 per option.</td> </tr> <tr> <td>Exercise price is greater than market price</td> <td>N.A.</td> </tr> <tr> <td>Exercise price is less than market price</td> <td>N.A.</td> </tr> </table> Weighted average fair value of options granted during the year whose: <table border="1"> <tr> <td>Exercise price equals market price</td> <td>Rs. 19.56 per option</td> </tr> <tr> <td>Exercise price is greater than market price</td> <td>N.A.</td> </tr> <tr> <td>Exercise price is less than market price</td> <td>N.A.</td> </tr> </table>	Exercise price equals market price	Rs. 46.30 per option.	Exercise price is greater than market price	N.A.	Exercise price is less than market price	N.A.	Exercise price equals market price	Rs. 19.56 per option	Exercise price is greater than market price	N.A.	Exercise price is less than market price	N.A.
Exercise price equals market price	Rs. 46.30 per option.													
Exercise price is greater than market price	N.A.													
Exercise price is less than market price	N.A.													
Exercise price equals market price	Rs. 19.56 per option													
Exercise price is greater than market price	N.A.													
Exercise price is less than market price	N.A.													
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	Black Scholes Options Pricing Model												
	(i) risk-free interest rate,	7.93%												
	(ii) expected life,	4 years												
	(iii) expected volatility,	55.29%												
	(iv) expected dividends, and	2.77%												
	(v) the price of the underlying share in market at the time of option grant	Rs. 46.30 per share												
		Based on the above assumptions, the Fair Value per option is Rs. 19.56.												

The Company has received a Certificate from the Auditors of the Company that the Scheme has been implemented in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolution passed by the Members on 17 August 2010.

## CEO / CFO CERTIFICATION TO THE BOARD

The Board of Directors  
VISA Steel Limited  
Kolkata 700 027

30 May 2011

Pursuant to the provisions of Clause 49(V) of the Listing Agreement, we, Vishal Agarwal, Managing Director and Manoj Kumar Digga, Chief Financial Officer hereby certify that:

- (a) we have reviewed financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls.
- (d) we have indicated to the auditors and the Audit Committee that:
  - (i) there have been no significant changes in internal control over financial reporting during the year;
  - (ii) there have been no significant changes in accounting policies during the year; and
  - (iii) there have been no instances of significant fraud of which we have become aware.



Vishal Agarwal  
Managing Director



Manoj Kumar Digga  
Chief Financial Officer

Persons constituting group coming within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include the following:

### **Bodies Corporate -**

VISA Infrastructure Limited; VISA International Limited; VISA Power Limited; VISA Comtrade Limited; VISA BAO Limited; VISA Cement Limited; Ghotaringa Minerals Limited; VISA Aluminium Limited; VISA Realty Limited; VISA Minmetal Limited; VISA Urban Infra Limited; VISA Power Trading Company Limited; VISA Power (M.P) Limited; VISA Aviation Limited; Tastebuds Gourmet Foods Pvt. Limited; Fatehpur Logistics Private Limited; VISA Group Limited; VISA Bulk Shipping Pte Limited; VISA Resources Pte Limited; VISA GMR Limited.

### **Individual Promoters -**

Vishambhar Saran; Saroj Agarwal; Vishal Agarwal; Vikas Agarwal; Vivek Agarwal; Vishambhar Saran & Sons (HUF).

# Management Discussion and Analysis



## Overview

During the financial year 2010-11, the Company has achieved healthy growth in sales and profitability and is poised to emerge as a stronger Company to deliver enhanced shareholder value over the coming years. Your Company registered a stable performance during 2010-11 with a 14% growth in revenues to Rs. 13,328.79 million, 4% growth in EBIDTA to Rs. 2,055.98 million, 1% increase in PBT to Rs. 864.55 million and 8% rise in PAT to Rs. 513.77 million.

## Industry Structure and Developments

### Steel Industry Overview

The global economy has witnessed a sustained growth largely driven by the additional stimulus and bail out packages announced by various countries which has created liquidity and stimulated demand, leading to the recovery in the US and Europe. The Chinese and Indian economies have been the fastest economies. However, this has led to inflationary pressures which have forced central bank to raise interest rates.

The steel industry has also seen a reasonable growth in demand and increase in production volumes especially in China and India. However, this has once again put pressure on raw material availability and prices. The floods in Queensland, Australia have put further pressure on the prices of Coking Coal which has increased from USD 200 per MT levels to USD 300 per

MT levels. Due to the volatility in Coking Coal prices over the last couple of years, there has been a shift in pricing mechanism for Coking Coal from annual to quarterly to partly monthly benchmark prices. This has resulted in volatility in prices of iron and steel products as well.

China continues to drive the global steel industry with a production of approx. 630 million tons in 2010 which equates to approx. 45% of global Steel production. Chinese Steel demand continues to be driven by large capital expenditure and government infrastructure projects across the country. However, it is expected that the production growth for steel in the current decade will slow down, which should reduce raw material prices.

The Indian economy grew at 8.6% in 2010-11 against 7.2% last year which shows a remarkable growth. The economy is likely to grow at over 8% over the next decade driven by the infrastructure (power, road, railways, ports etc.) and consumption (automobile, real estate etc.) sectors which will result in robust growth in demand for various iron and steel products.

The States of Orissa, Chhattisgarh and Jharkhand which account for majority of the iron ore and coal reserves in the country will remain the most attractive locations for setting up iron and steel manufacturing capacity in the coming years.

*The States of Orissa, Chhattisgarh and Jharkhand which account for majority of the iron ore and coal reserves in the country will remain the most attractive locations for setting up iron and steel manufacturing capacity in the coming years.*

### Company Overview

Your Company's current saleable products include Iron and Steel products such as LAM Coke, Ferro Chrome, Pig Iron, Sponge Iron and Special Steel. Your Company has completed project work for the 0.5 million TPA Special Steel Plant and additional 25 MW Power Plant which will further boost growth in revenues and margins.

### Business Review

The current business of your Company comprises of manufacturing of Iron and Steel products such as Coke, Ferro Chrome, Pig Iron, Sponge Iron and Special Steel.

The manufacturing facilities of your Company are situated at Kalinganagar which includes Coke Oven, Ferro Chrome, Blast Furnace, Sponge Iron, Power and Special Steel and at Golagaon in Orissa where the Chrome Ore Beneficiation & Chrome Ore Grinding Plants are located.

### Iron & Steel Products

#### (a) LAM Coke

The Coke Oven Plant, with a total capacity of 400,000 TPA, operates on the stamp-charging technology which allows blending of semi-soft and semi-hard Coking Coals with prime hard Coking Coals to produce Low Ash Metallurgical Coke.

The total coke production during 2010-11 was 340,339 MT compared to 353,601 MT in 2009-10. Coking coal, the primary raw material for producing coke, was imported from Australia. Coke was partly consumed in the Blast Furnace and partly sold with total sales contribution amounting to Rs. 4,803.18 million, equating to 36% of total revenues.

#### (b) Ferro Chrome

The Ferro Chrome Plant, with a total capacity of 50,000 TPA produced 44,372 MT of Ferro Chrome in 2010-11 compared to 47,649 MT in 2009-10. The main raw material is Chrome Ore (sourced from OMC), Coke and Power. Ferro Chrome is sold to various Special and Stainless Steel Plants in India and globally. The sales contributed 19% of total revenues during the year amounting to Rs. 2,518.25 million.

#### (c) Pig Iron

The Blast Furnace with a total capacity of 225,000 TPA is currently producing Hot Metal which is

poured into moulds to produce Pig Iron. Basic grade Pig Iron is sold to various Steel plants in eastern India while foundry grade Pig Iron is sold to major customers in eastern and northern India.

The total hot metal production during 2010-11 was 46,233 MT due to closure of OMC's Daitari Mines as compared to 150,424 MT of hot metal in 2009-10.

Pig Iron sales contributed to 6% of the total revenues of the Company during the year under review, amounting to Rs. 835.02 million.

#### (d) Sponge Iron

The Sponge Iron Plant having capacity of 300,000 TPA produced 134,538 MT during 2010-11 of Sponge Iron as against 139,299 MT of Sponge Iron during 2009-10. It has contributed 17% of the total revenues amounting to Rs. 2,277.92 million.

The main raw materials for Sponge Iron Plant are Iron Ore and Thermal Coal. Whilst Iron Ore is procured mainly from OMC, the Coal is procured from Mahanadi Coalfields Limited.

#### (e) Power

The Power Plant produced 226 million KWH of power during the year 2010-11 as against 223 million KWH produced during 2009-10. The Power produced was mainly used captively. The Company completed the project work for 3rd 25 MW Power Plant taking the total capacity to 75 MW.

#### (f) Special Steel

The Company completed the project work for the 0.5 million TPA Special Steel Plant and sales of Special Steel products shall commence from FY'2011-12 onwards. This will further boost the Company's growth in revenues and margins.

### Project Overview

The Company has decided to set up an Iron Ore Sinter Plant in order to hedge the iron ore procurement as it is currently buying only sized iron ore. This would also ensure continuous smooth running of the Blast Furnace. The Company plans to set up additional power generation facilities to meet the shortfall in captive power generation vis-à-vis requirements including VISA BAO requirement and a Lime Kiln Plant to ensure smooth running of Special Steel Plant.



## Strategic Initiatives

### Joint Venture with Baosteel

VISA BAO Limited, a subsidiary of your Company is in the process of setting up a 100,000 TPA Ferro Chrome Plant at Kalinganagar Industrial Complex. The Company has made significant progress towards implementation of the project including equipment ordering, basic and detailed engineering, civil and structural work etc.

### Project expansion

Your Company has charted a vision for expanding the existing facility at Kalinganagar in Orissa from 0.5 million TPA to 1 million TPA Steel Plant and Power Plant from 75 MW to 375 MW and set up greenfield facility of 1 million TPA Steel Plant and 300 MW Power Plant at Raigarh in Chhattisgarh. The plan is to raise the total Steel production of the Company to 2 million TPA and power generation to 675 MW over the next few years and provide the foundation to maintain high quality growth and enhance value creation for its shareholders.

Your Company has also taken necessary steps for securing its raw material requirements and integrating backwards into mining of Iron Ore, Coal and Chrome Ore.

## Opportunities and Threats

Your Company is poised to seize the opportunities in the Iron & Steel Industry (both for steel & intermediary saleable products) through its strengths of locational and logistical advantages, raw material linkages, technology edge and management expertise. These opportunities will be linked directly to the growing demand from the automobile and auto components, infrastructure, construction and power sectors. Your Company's strategic location in Kalinganagar offer scope for seamless value addition in its manufacturing process from hot metal to stainless steel. Your Company is also well positioned in its conscious adherence to a modular project implementation,

thereby enabling ploughing of internal accruals in future projects, thereby reducing costs related to financing.

The threats for your Company would come from adverse fluctuations in input and capital costs, foreign exchange variations and taxes & duties. The buoyancy in the Iron & Steel Sector has attracted many players, resulting in reduced availability of skilled manpower and contractor workforce. Delay in implementation of project may lead to opportunity loss in revenue generation and rise in costs.

## Risk Management

Your Company has identified major focus areas for risk management to ensure organisational objectives are achieved and has a well defined structure and proactive approach to assess, monitor and mitigate risks associated with these areas, briefly enumerated below:

- a) Project implementation – Project status is monitored on a regular basis by the project management team to counter slippages and reviewed on a monthly basis by the executive management. Consultants are present on-site for mitigating contingencies on the implementation front. Necessary coverage has been taken in the form of an extensive Erection All Risk Policy.
- b) Foreign Exchange – Your Company deals in sizeable amount of foreign exchange in imports of capital items and raw materials and exports of finished products. A comprehensive and robust forex policy has been formulated for insulating the Company by hedging foreign exchange exposure.
- c) Systems – Your Company has implemented SAP, the leading software for Enterprise Resource Planning, to integrate its operations and to use best business and commercial practices.
- d) Statutory compliances – Procedure is in place for monthly reporting of compliance of statutory obligations and is reported to the Board of Directors at its meetings.

## Finance Review and Analysis

Your Company reported revenues of Rs. 13,328.79 million, registering a 14 per cent increase over FY'2009-10 and PAT increased from Rs. 474.16 million to Rs. 513.77 million during FY'2010-11.

### Highlights

	Rs. million			
	2010-11	2009-10	Change	Percent
Net Sales / Income from Operations	13,059.01	11,569.42	1,489.59	13
Other Income	269.78	145.41	124.37	86
<b>Total Income</b>	<b>13,328.79</b>	<b>11,714.83</b>	<b>1,613.96</b>	<b>14</b>
<b>Expenditure</b>				
(Increase) / decrease in stock	(745.68)	(176.82)	568.86	322
Raw Materials consumed	8,009.69	6,866.18	1,143.51	17
Purchase of Trading Products	2,397.26	1,447.24	950.02	66
Employee Cost	428.68	327.88	100.80	31
Other expenses	1,182.86	1,273.99	(91.13)	(7)
<b>Operating Profit</b>	<b>2,055.98</b>	<b>1,976.36</b>	<b>79.62</b>	<b>4</b>
Interest & Finance Charges (Net)	709.38	651.40	57.98	9
Depreciation	482.05	468.18	13.87	3
<b>Profit before Tax</b>	<b>864.55</b>	<b>856.78</b>	<b>7.77</b>	<b>1</b>
Provision for Tax	350.78	382.62	(31.84)	(8)
<b>Profit after tax</b>	<b>513.77</b>	<b>474.16</b>	<b>39.61</b>	<b>8</b>
<b>Cash Profit</b>	<b>1,188.55</b>	<b>1,255.73</b>	<b>(67.18)</b>	<b>(5)</b>

### Sales & Other Income

Sales growth was primarily driven by better price realisations for Coke, Ferro Chrome, Pig Iron and Sponge Iron inspite of lower volumes in Pig Iron. Other Income constitutes mainly income from sale of Scrap, Coke conversion, DEPB licence, receipt of insurance claim proceeds, etc.

### Raw materials consumed

Raw material consumption value has increased by 17% due to stable production volumes and higher prices of Iron Ore, Coking Coal, Chrome Ore and Thermal Coal.

### Employee Cost and Other Expenses

Employee cost increased due to rise in manpower strength for the expanding facilities and annual increments. Other expenses decreased due to lower Power & Fuel and Stores & Spares costs due to lower production in Blast Furnace.

### Interest & Finance Charges

The net interest and finance charges increased during the year due to higher interest rates and increased

availability of term loans for projects and working capital facilities for its operations.

### Depreciation

Depreciation was stable during the year mainly since there was marginal addition in Fixed Assets.

### Profit before Tax

Your Company has registered a PBT of Rs. 864.55 million as against Rs. 856.78 million last year. PBT has improved mainly on account of better margins from the Coke and Ferro Chrome businesses and lower power cost due to captive power generation.

### Profit after Tax

Your Company has registered PAT of Rs. 513.77 million as against Rs. 474.16 million last year.

### Cash Profit

During the year under review, Cash Profit has decreased marginally to Rs. 1,188.55 million as against Cash Profit of Rs. 1,255.73 million in the previous year.



## Balance Sheet analysis

### Fixed Assets & Investments

The Gross Block has increased marginally on account of additions in vehicles and computers etc. The Capital WIP increased due to the Power Plant and Special Steel Plant. During the year the Company has invested Rs. 10 million in VISA Urban Infra Limited.

### Inventories

Inventory of raw materials went up during the year due to higher prices of raw materials. The average inventory turnover reduced to 103 days from 110 days during 2010-11.

### Sundry Debtors, Loans & Advances

Gross debtors decreased by 26% despite a 13% increase in sales, which was possible due to better debtor management during the year. Your Company's

focus on improving collections and stringent credit assessment procedures, helped bring down the average debtors turnover from 23 days to 16 days during the year.

Loans & advances increased mainly on account of advances made to suppliers for raw materials, capital items and statutory deposits.

### Cash & Bank Balances

Your Company has deployed its cash accruals in fixed deposits with banks at attractive rates of interest towards margin money for working capital.

### Sundry Creditors & Current Liabilities

Sundry Creditors has increased due to sharp increase in coking coal prices. A substantial increase in capital creditors of Power Plant and Special Steel Plant has also contributed significantly in increase in sundry creditors.

## Key Ratios

Key financial ratios improved during the year due to better operational and financial performance, summary of which is given below:

Particulars	2010-11	2009-10
EBIDTA / Turnover (percent)	15.43	16.87
Profit After Tax / Turnover (percent)	3.85	4.05
EBIDTA / Net Interest (no. of times)	2.90	3.03
Debt to Equity	2.95	3.12
Return on Average Capital Employed (percent)	8.05	8.91
Return on Equity (percent)	12.44	13.85
Book Value per share (Rs./share)	37.54	31.12
Earning per share (Rs./share)	4.67	4.31
Cash Earning per share (Rs./ share)	10.80	11.42
Market Capitalisation (Rs. million) as on 31 March	4,945	4,670



## Developments In Human Resources & Industrial Relations

Your Company recognises the fact that manpower is one of the vital constituents of a successful organisation. The growth of your Company and execution of new projects places emphasis on the recruitment process and your Company has been successful in attracting professional talent. The Learning Centre at Kalinganagar, Orissa continuously trains & develops employees to suit organisational needs. The total number of employees in your Company, including those inducted as trainees in the Company, as on 31 March 2011 was 1,344.

## Internal Control and Systems

The internal control systems in your Company commensurates with the size and nature of its operations and periodic audits are conducted in various disciplines to ensure adherence to the same. During the year, M/s. L. B. Jha, Internal Auditors of your Company had independently evaluated the adequacy and efficacy of the audit controls. The direct reporting of the Internal Auditors to the Audit Committee of the Board ensures independence of the audit and compliance functions. The Internal Auditors regularly report to the Audit Committee on their observations on the Company's processes, systems and procedures ascertained during the course of their audit. Concerted efforts towards stabilisation of SAP have also contributed to tightening of control systems. Your Company has been able to adapt adequately to this ERP package and is placed to derive significant benefits from the same. Emphasis is placed on adequacy, reliability and accuracy of

dissemination of financial data and information. Compliance issues are given utmost importance and reported regularly to the Board.

Your Company has been accredited with the ISO 9001 certification. It shows commitment to quality, customers and a willingness to work towards improving efficiency.

## Outlook

India has immense potential for creating new steel capacity. Indian per capita steel consumption is presently very low compared to world average which further re-confirms the opportunities for steel demand to continue accelerating in the times ahead. Your Company with a well diversified product portfolio is well poised to take advantage of the growth in the demand for Special Steel products, Coke and Ferro Chrome.

## Cautionary Statement

Statements in this "Management Discussion & Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, input availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

# Report on Corporate Governance



## Corporate Governance: Our Philosophy

Corporate Governance which has become the integral part of business operations encompasses the key elements such as integrity, transparency, fairness and adoption of highest standards of business ethics to benefit the interest of the stakeholders. Corporate governance is beyond the realm of law. It stems from the culture and mindset of management and cannot be regulated by legislation alone. Corporate governance also provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined.

VISA Steel Limited (the Company) has been practicing the principles of good Corporate Governance by adopting best practices followed in the area of corporate governance, disclosure standards while protecting the interests of stakeholders in every business decision. The Board of Directors and its

committees, on behalf of and for the benefit of the Company's stakeholders endeavor to achieve high level of transparency, integrity and equity in all its operations to meet stakeholders aspirations and societal expectations. Your Company endeavours to uphold the principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning, which are vital to achieve its vision of emerging as a low cost producer of value added steel products with captive mineral resources and power.

## Compliance with the SEBI Code on Corporate Governance

In line with this, we are pleased to inform you that, as on 31 March 2011, the Company is in compliance with all the requirements of Clause 49 of the Listing Agreement. The necessary disclosures as required under Clause 49 of the Listing Agreement have been covered in this Annual Report.

## I. BOARD OF DIRECTORS

### Composition of the Board

Board / Committee Position as on 31 March 2011

Name of the Director	Executive / Non-Executive / Independent <sup>1</sup>	No. of Outside Directorship(s) held			Outside Committee positions held <sup>2</sup>	
		Public	Private	Foreign	Chairman	Member
Mr. Vishambhar Saran	Executive Chairman	12	-	1	-	-
Mr. Maya Shanker Verma	Non-Executive, Independent	4	3	-	2	1
Mr. Shiv Dayal Kapoor	Non-Executive, Independent	6	-	-	1	4
Mr. Debi Prasad Bagchi	Non-Executive, Independent	8	1	-	2	6
Mr. Pradip Kumar Khaitan	Non-Executive, Independent	14	-	1	-	6
Mr. Shanti Narain	Non-Executive, Independent	2	-	-	-	2
Mrs. Saroj Agarwal	Non-Executive	9	-	-	1	-
Mr. Vikas Agarwal	Non-Executive	11	2	-	-	3
Mr. Vishal Agarwal	Managing Director	13	-	-	2	2
Mr. Basudeo Prasad Modi	Deputy Managing Director	3	-	-	-	-

- 1 Independent director is as defined in Clause 49 of the Listing Agreement.
- 2 For this purpose, only two Committees, viz., the Audit Committee and the Shareholders' / Investors' Grievance Committee have been considered. This excludes Committee positions in private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.
- 3 At the last Annual General Meeting of the Company held on 17 August 2010, Mr. Arvind Pande, retiring Director, who was a Non-Executive & Independent Director on the Board of the Company, did not opt for re-election. Hence Mr. Pande ceased to be director with effect from that date. Due to retirement of Mr. Arvind Pande, Independent Director, the number of Independent Directors on the Board had reduced from 6 to 5 temporarily and the Company was taking steps to induct an Independent Director on the Board of the Company. Further, Mr. Vivek Agarwal, Non-Executive Director, resigned from the Board of Directors of the Company w.e.f. 28 January 2011. The composition of the Board of Directors of the Company as on 31 March 2011 is in compliance with the requirements of Clause 49 (IA) of the Listing Agreement.

### Details of the Board Meeting and Attendance

Date of the Board Meeting	City	No. of Directors Present
19 May 2010	Kolkata	9
30 July 2010	Kolkata	9
29 October 2010	Kolkata	9
4 February 2011	Kolkata	10

**Details of remuneration paid to the Board of Directors**
**A. Non-Executive Directors**

Name of the Director	Sitting Fees paid <sup>1</sup>	Commission Payable <sup>2</sup>	Total payments paid / payable in 2010-11	No. of Board Meetings		Attended Last AGM <sup>3</sup>
	(Rs.)	(Rs.)	(Rs.)	Held	Attended	
Mr. Maya Shanker Verma	140,000	578,313	718,313	4	3	No
Mr. Arvind Pande (ceased to be a Director w.e.f. 17 August 2010)	-	-	-	2	-	No
Mr. Shiv Dayal Kapoor	180,000	795,181	975,181	4	4	Yes
Mr. Debi Prasad Bagchi	160,000	686,747	846,747	4	4	Yes
Mr. Pradip Kumar Khaitan	50,000	216,867	266,867	4	2	No
Mr. Shanti Narain	160,000	722,892	882,892	4	4	No
Mrs. Saroj Agarwal	80,000	-	80,000	4	4	No
Mr. Vikas Agarwal	170,000	-	170,000	4	4	No
Mr. Vivek Agarwal (ceased to be a Director w.e.f. 28 January 2011)	-	-	-	3	-	No
<b>Total</b>	<b>940,000</b>	<b>3,000,000</b>	<b>3,940,000</b>			

Note:

1. During 2010-11, sitting fees were paid @ Rs. 20,000 per Board Meeting and Rs. 10,000 per Committee Meeting, i.e. Audit, Share Transfer & Investor Grievance, Finance & Banking, Remuneration and Selection Committees.
2. Commission is paid out of profits of the Company for the relevant financial year, not exceeding 1% of the net profits, to the Independent Directors of the Company. Commission is calculated based on the weightage given to the attendance at the Board and Committee meetings.
3. Annual General Meeting was held on 17 August 2010.
4. No stock options have been granted during the year to any of the above Directors.

**B. Executive Directors**

Name of the Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration paid during 2010-11			
			All elements of remuneration package, i.e. salary, benefits, bonuses, etc. (Rs.)	Fixed component & performance linked incentives, along with performance criteria	Service contracts, notice period, severance fee	Stock option details, if any
Mr. Vishambhar Saran	See Note (a)	Chairman	27,487,534	See note (b)	See note (c)	See note (d)
Mr. Vishal Agarwal	See Note (a)	Managing Director	22,158,238	See note (b)	See note (c)	See note (d)
Mr. Basudeo Prasad Modi	See Note (a)	Deputy Managing Director	6,149,536	See note (b)	See note (c)	See note (d)

- (a) Mr. Vishambhar Saran is the husband of Mrs. Saroj Agarwal and father of Mr. Vishal Agarwal and Mr. Vikas Agarwal. Other than this, none of the other Directors are in any way related to any other Director.
- (b) Mr. Vishambhar Saran, Chairman is entitled to performance linked incentive in the form of commission not exceeding 2% of the net profits of the Company u/s 198 of the Companies Act, 1956, subject to a maximum limit of 9 months salary till 14 December 2010. On 15 December 2010, Mr. Saran was re-appointed as Whole-time Director designated as Chairman of the Company for a period of three years. As per the terms and conditions of his re-appointment including remuneration, he is entitled to Commission upto 2% of the net profits of the Company for the relevant financial year computed in the manner laid down in Section 198 of the Companies Act, 1956, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. Accordingly, Mr. Saran is entitled to commission of Rs. 9,925,785 for the FY'2010-11.

Mr. Vishal Agarwal, Managing Director is also entitled to performance linked incentive in the form of commission not exceeding Rs. 5,184,000, i.e., not exceeding 9 months' basic salary for FY'2010-11.

Mr. Basudeo Prasad Modi, Deputy Managing Director is entitled to a Merit Bonus of Rs. 1,200,000 p.a. as per the terms of his appointment and remuneration, approved by the Members.

The Company has internal norms for assessing performance of its Executive Directors which is done by the Board.

- (c) Mr. Vishambhar Saran has been re-appointed as Whole-time Director, designated as Chairman for a period of 3 years with effect from 15 December 2010. This appointment may be terminated by either party by giving 1 month's notice in writing and no severance fee is payable. The re-appointment is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

At the Annual General Meeting of the Company, held on 29 July 2008, Mr. Vishal Agarwal was re-appointed as the Managing Director w.e.f. 25 June 2008 for a period of three years. The appointment may be terminated by either party by giving 1 month's notice in writing and no severance fee is payable. The present term of re-appointment will expire on 24 June 2011.

The Board of Directors, had in its meeting held on 30 May 2011, re-appointed Mr. Vishal Agarwal as Managing Director for a period of 3 years effective from 25 June 2011. The appointment may be terminated by either party by giving 1 month's notice in writing and no severance fee is payable. The re-appointment is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

Mr. Basudeo Prasad Modi has been re-appointed as Deputy Managing Director for a period of 1 year effective from 1 April 2011. The appointment may be terminated by either party by giving 1 month's notice in writing and no severance fee is payable. The re-appointment is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

- (d) The Company rescinded its Employee Stock Option Scheme 2008 under which no Options had been granted and implemented a new ESOP Scheme titled Employee Stock Option Scheme 2010 (ESOP Scheme 2010), salient features of which were duly approved by the Members of the Company at the Annual General Meeting held on 17 August 2010. The ESOP Scheme 2010 was framed pursuant to the approval of the Members of the Company at the aforesaid Annual General Meeting and adopted by the Remuneration Committee of Board of Directors of the Company at its meeting held on 4 February 2011. Mr. Vishambhar Saran and Mr. Vishal Agarwal, being promoters of the Company, are not eligible for grant of Options under the ESOP Scheme 2010. Mr. Basudeo Prasad Modi has been granted 50,000 Options, details of which are as follows:

Grant Date	No. of Options granted	Exercise Price per Option	Vesting Details		Options exercised so far <sup>#</sup>
			No. of Options vested / to be vested	Vesting Dates	
4 February 2011	50,000*	Rs. 46.30 (Not issued at a discount)	12,500	4 February 2012	-
			12,500	4 February 2013	-
			12,500	4 February 2014	-
			12,500	4 February 2015	-

\* Each option when exercised would be converted into one Equity Share of Rs. 10 each fully paid-up.

# The options are exercisable within a period of 3 years from the date of vesting.

- (e) During the financial year 2010-11, 4 meetings of the Board of Directors were held. Mr. Vishambhar Saran, Chairman, Mr. Vishal Agarwal, Managing Director and Mr. Basudeo Prasad Modi, Deputy Managing Director were present in all the 4 Board Meetings. Mr. Basudeo Prasad Modi was present at the last Annual General Meeting held on 17 August 2010. Mr. Vishambhar Saran and Mr. Vishal Agarwal were not able to attend the Annual General Meeting due to unavoidable circumstances.

## II. BOARD COMMITTEES

### Audit Committee

The Audit Committee comprises of 4 Directors, all Non-Executive Directors, out of which 3 are Independent Directors, details given under as on 31 March 2011:

Mr. Shiv Dayal Kapoor, Chairman	- Independent Director
Mr. Maya Shanker Verma	- Independent Director
Mr. Debi Prasad Bagchi	- Independent Director
Mr. Vikas Agarwal	- Non-Executive Director

All members of the Audit Committee are financially literate and possess requisite accounting or financial management expertise.

The Company Secretary acts as Secretary to the Committee. The powers, role and terms of reference of the Committee are as per Clause 49 of the Listing Agreement and the Committee reviews information as prescribed under Clause 49 at its meetings. The broad terms of reference of the Audit Committee are:

1. Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
2. Reviewing with the management the internal control systems, internal audit functions, observations of the auditors, periodical financial statements before submission to the Board.
3. Recommendation of matters relating to financial management and audit reports.
4. The Committee is authorised to investigate into matters contained in the terms of reference or referred / delegated to it by the Board and, for this purpose, has full access to information / records of the Company including seeking external professional support, if necessary.

During the financial year 2010-11, the Committee met four times on 19 May 2010, 30 July 2010, 29 October 2010 and 4 February 2011 and the details of attendance by the Committee members are as given under:

Name of the Director	No. of meetings	
	Held	Attended
Mr. Shiv Dayal Kapoor	4	4
Mr. Maya Shanker Verma	4	3
Mr. Arvind Pande <sup>1</sup>	2	-
Mr. Debi Prasad Bagchi	4	4
Mr. Vikas Agarwal	4	4
Mr. Vivek Agarwal <sup>2</sup>	3	-

Note : 1. Mr. Arvind Pande ceased to be a Director w.e.f. 17 August 2010.

2. Mr. Vivek Agarwal ceased to be a Director w.e.f. 28 January 2011.

### Share Transfer and Investor Grievance Committee

The Share Transfer and Investor Grievance Committee comprises of the following Directors as on 31 March 2011:

Mr. Shanti Narain, Chairman	- Independent Director
Mr. Maya Shanker Verma	- Independent Director
Mr. Shiv Dayal Kapoor	- Independent Director
Mr. Vishal Agarwal	- Managing Director

The primary function of the Committee is to supervise and ensure efficient transfer of shares, issue of new / duplicate share certificates, dematerialisation & rematerialisation of shares and speedy redressal of investor grievances.

As on 31 March 2011, 99.77% of the Company's shares are in dematerialised form and the shares are compulsorily traded on the stock exchanges in the dematerialised form.

During the financial year 2010-11, the Committee met four times on 19 May 2010, 30 July 2010, 29 October 2010 and 4 February 2011 and the details of attendance by the Committee members are as given under:

Name of the Director	No. of meetings	
	Held	Attended
Mr. Shanti Narain <sup>1</sup>	4	4
Mr. Maya Shanker Verma	4	3
Mr. Shiv Dayal Kapoor	4	4
Mr. Arvind Pande <sup>2</sup>	2	-
Mr. Vishal Agarwal	4	4

Note : 1. Mr. Shanti Narain was appointed as Chairman of the Share Transfer & Investor Grievance Committee with effect from 29 October 2010.

2. Mr. Arvind Pande was Chairman of the Share Transfer & Investor Grievance Committee upto 17 August 2010. He ceased to be a Director w.e.f. 17 August 2010.

Details of shareholders' complaints are given in the "Shareholders Information" section of the Annual Report.

The Company Secretary is also the Compliance Officer of the Company.

### Remuneration Committee

There is a Remuneration Committee in place with roles, powers and duties, to be determined by the Board from time to time. The Committee recommends appropriate compensation packages for Directors and Executive Officers to retain best available personnel for key positions and provide performance based incentives. The scope of the Remuneration Committee had been expanded to include powers related to issuance of ESOP / ESPS to employees, implementation and administration of the ESOP Scheme 2010. The Committee comprises of the following Directors as on 31 March 2011:

Mr. Pradip Kumar Khaitan, Chairman	- Independent Director
Mr. Debi Prasad Bagchi	- Independent Director
Mr. Shanti Narain	- Independent Director
Mr. Vikas Agarwal	- Non-Executive Director

Three meetings of the Remuneration Committee were held during the financial year on 19 May 2010, 29 October 2010 and 4 February 2011 and the details of attendance by the Committee members are as given under:

Name of the Director	No. of meetings	
	Held	Attended
Mr. Pradip Kumar Khaitan	3	1
Mr. Debi Prasad Bagchi	3	3
Mr. Shanti Narain	3	3
Mr. Vikas Agarwal	3	3
Mr. Vivek Agarwal <sup>1</sup>	2	-

Note : 1. Mr. Vivek Agarwal ceased to be a Director w.e.f. 28 January 2011.

### Finance & Banking Committee

In addition to the above Committees, your Company has a Finance & Banking Committee with powers to approve strategies, plans, policies and actions related to corporate finance. The Committee comprises of the following Directors as on 31 March 2011:

Mr. Maya Shanker Verma, Chairman	- Independent Director
Mr. Shiv Dayal Kapoor	- Independent Director
Mr. Pradip Kumar Khaitan	- Independent Director
Mr. Vikas Agarwal	- Non-Executive Director
Mr. Vishal Agarwal	- Managing Director

Two meetings of the Committee were held during 2010-11 on 19 May 2010 and 4 February 2011 and the details of attendance by the Committee members are as given under:

Name of the Director	No. of meetings	
	Held	Attended
Mr. Maya Shanker Verma	2	2
Mr. Shiv Dayal Kapoor	2	2
Mr. Pradip Kumar Khaitan	2	-
Mr. Vikas Agarwal	2	2
Mr. Vishal Agarwal	2	2

### Selection Committee

In terms of Section 314(1B) of the Companies Act, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003, as amended by the Director's Relatives (Office or Place of Profit) Amendment Rules, 2011, for selecting and appointing employees, who are relatives of the Directors and carrying monthly remuneration exceeding Rs. 250,000, your Company has a Selection Committee in place. The role of the Committee is also to determine the remuneration and revisions to the same and making periodic recommendations to the Board on their performance. The Committee comprises of the following Independent Directors as on 31 March 2011:

Mr. Debi Prasad Bagchi, Chairman	- Independent Director
Mr. Pradip Kumar Khaitan	- Independent Director
Mr. Shanti Narain	- Independent Director

Mr. Arvind Pande was a member of the Selection Committee upto 17 August 2010. He ceased to be a Director w.e.f. 17 August 2010.

A meeting of the Selection Committee was held on 29 October 2010 which was attended by Mr. Debi Prasad Bagchi and Mr. Shanti Narain.

## III. SUBSIDIARY COMPANIES

The Company has two subsidiary companies, VISA BAO Limited (VBL) and Ghotaringa Minerals Limited.

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Under this definition, VBL is a "material non-listed Indian subsidiary" of your Company.

In accordance with the Clause 49 (III) of the Listing Agreement, the following is duly complied with:

- Mr. Shiv Dayal Kapoor, an Independent Director on the Board of Directors of the Company is a Director on the Board of Directors of VBL.
- The Audit Committee reviews the financial statements and in particular, the investments made by the unlisted subsidiary companies.
- The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for their review.

## IV. DISCLOSURES

### Related Party transactions

Related Party transactions as specified under Clause 49 of the Listing Agreement is placed before the Audit Committee. A comprehensive list of Related Parties and their transactions as required by AS-18 issued by the Institute of Chartered Accountants of India, forms part of Note 12, Schedule 16 to the Accounts in the Annual Report.

### Disclosure of Accounting Treatment

The accounting treatment in the preparation of financial statements is in line with that prescribed by the Accounting Standards u/s 211(3C) of the Companies Act, 1956.

### Code of Conduct

The Code of Conduct applicable to the Directors and Senior Management, as approved by the Board of Directors is available on the website of the Company – [www.visasteel.com](http://www.visasteel.com). All Directors and Senior Management Personnel have affirmed compliance with the Code and a declaration signed by the Managing Director is given below:

"I hereby confirm that, the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2010-11."

Kolkata  
Date: 30 May 2011

Vishal Agarwal  
Managing Director

### Risk Management

The Company periodically identifies, assesses and monitors risks associated with project implementation, foreign exchange fluctuation, processes and systems, statutory compliances, HR policies etc. The Internal Auditor conducts periodical audits and reports to the Audit Committee at its meetings on the adequacy of the procedures.

### Details on use of proceeds from public issues

During the year, the Company did not raise any money through public issue, right issues or preferential issues and there was no unspent money raised through such issues.

### Remuneration of Directors

All details of remuneration to Directors have been disclosed above.

The details of the shares held by the Non-Executive Directors as on 31 March 2011 are as given below:

Name of the Director	No. of shares held
Mr. Maya Shanker Verma	1,017
Mr. Shiv Dayal Kapoor	-
Mr. Debi Prasad Bagchi	-
Mr. Shanti Narain	-
Mr. Pradip Kumar Khaitan	-
Mrs. Saroj Agarwal	70,100*
Mr. Vikas Agarwal	20,100*

\*Beneficial interest of these shares vests with VISA International Limited.

### Details of Directors appointed / re-appointed

Details of Directors being appointed / re-appointed, have been disclosed in the Notice for the Annual General Meeting (AGM), i.e. a brief resume, nature of expertise in specific functional areas, names of directorships and committee memberships and their shareholding in the Company.

### Means of communication

#### - Quarterly results

Which newspapers normally published in

- Business Standard  
- Sambad (Oriya)

Any website, where displayed

- [www.visasteel.com](http://www.visasteel.com)

Whether it displays official news releases	- Yes
Presentation to investors / analysts: are they available on the website	- Available as and when made
Whether Shareholder Information Report forms part of the Annual Report	- Yes

### General Body Meetings

Current AGM date, time and venue:

The forthcoming Annual General Meeting will be held on Tuesday, 26 July, 2011 at 4.00 p.m. at Jayadev Bhawan, Ashok Nagar, Unit II, Bhubaneswar 751 001.

Location and time, where last three AGMs held:

Year	Location	Date	Time	Whether special resolutions passed
2009-10	Jayadev Bhavan, Ashok Nagar, Unit-II, Bhubaneswar 751 001	17 August 2010	11.30 a.m.	Yes
2008-09	Jayadev Bhavan, Ashok Nagar, Unit-II, Bhubaneswar 751 001	26 August 2009	12.30 p.m.	Yes
2007-08	Jayadev Bhavan, Ashok Nagar, Unit-II, Bhubaneswar 751 001	29 July 2008	12.30 p.m.	No

### Postal Ballot

Whether resolutions were put through postal ballot last year : Yes

The Postal Ballot Notice dated 30 July 2010 pursuant to Section 192A of the Companies Act, 1956 was sent to the Members of the Company in relation to Ordinary Resolutions for seeking the Members' assent or dissent for increasing the borrowing limits of the Company under Section 293(1)(d) of the Companies Act, 1956 and for authorising the Board of Directors to create mortgage and/or charge on the assets of the Company for securing borrowings in accordance with Section 293(1)(a) of the Companies Act, 1956. The Members were requested to return the postal ballot forms duly completed along with the assent (for) or dissent (against), so as to reach the Scrutinizer on or before 19 September 2010.

Details of voting pattern :

Particulars	Resolution No.1 Authorisation for increase in the borrowing limits of the Company under Section 293(1)(d) of the Companies Act, 1956		Resolution No. 2 Creation of security under Section 293(1)(a) of the Companies Act, 1956	
	No. of Postal Ballot Forms	No. of Shares	No. of Postal Ballot Forms	No. of Shares
Total Postal Ballot Forms received	567	80,554,929	567	80,554,879
-Valid Postal Ballot Forms	528	80,521,258	504	80,513,828
-Invalid Postal Ballot Forms	39	33,671	63	41,051
Postal Ballot Forms with assent for the Resolution	494	80,503,122	476	80,494,403
Postal Ballot Forms with dissent for the Resolution	34	18,136	28	19,425

The Ordinary Resolutions as contained in the Postal Ballot Notice dated 30 July 2010 were duly passed by the requisite majority. Votes cast in favour were 99.94% of the total votes cast on the resolution no. 1 and 99.92% of the total votes cast on the resolution no. 2.

Person who conducted the postal ballot exercise :

Mr. Debendra Raut of M/s. D. Raut & Associates, Practising Company Secretary was appointed as Scrutinizer to receive and scrutinize the completed postal ballot forms received from the Members and for conducting the Postal Ballot in a fair and transparent manner.

Procedure for postal ballot :

After receiving the approval of the Board of Directors, the Notice, Explanatory Statement along with the Postal Ballot Form and prepaid self addressed reply envelope were despatched to the Members to enable them to consider and vote for or against the resolution within a period of 30 days from the date of despatch. After the last date of receipt of Postal Ballot, the Scrutinizer, after due verification, submitted his report. The result for the above Postal Ballot resolution was declared by the Chairman and was posted at the Registered Office of the Company. The results were also published in the Newspapers and intimated to the Stock Exchanges.

Whether any resolution is proposed to be conducted through postal ballot :

At present there is no such proposal.

Details of non-compliance by the Company, penalties or strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There are no penalties or strictures imposed on the Company by SEBI or Stock Exchanges or any statutory authority on any capital market issue during the last 3 years.

Details of compliance with mandatory requirements and adoption of non-mandatory requirements of this clause.

Your Company is in compliance with all the mandatory requirements of this Clause and with regard to the non-mandatory requirements, your Company already has a Remuneration Committee in place. The Company also issues Investor & Press Releases on a quarterly basis, subsequent to the publication of the financial results, which are sent to the Stock Exchanges and are available on the website of the Company. Other non-mandatory requirements shall be put in place, as and when considered and approved by the Board.

Certificate from the Auditors regarding compliance of the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is annexed herewith.

# Shareholders Information

## 1. Annual General Meeting

- Date and Time : 26 July 2011 at 4.00 p.m.
- Venue : Jayadev Bhavan,  
Ashok Nagar, Unit II,  
Bhubaneswar 751 001

## 2. Financial Year

: April to March

## 3. Financial Calendar (Tentative)

:

Financial reporting and Limited Review for the quarter ending 30 June 2011	End July 2011
Financial reporting and Limited Review for the half year ending 30 September 2011	Mid October 2011
Financial reporting and Limited Review for the quarter ending 31 December 2011	End January 2012
Financial reporting for the year ending 31 March 2012	End May 2012
Annual General Meeting for the year ending 31 March 2012	End July 2012

## 4. Dates of Book Closure

: 18 July 2011 to 26 July 2011 (both days inclusive)

## 5. Dividend Payment Date

: The Dividend will be credited / despatched between 1 August 2011 and 8 August 2011 to the eligible members.

## 6. Registered Office

: VISA House  
11, Ekamra Kanan,  
Nayapalli  
Bhubaneswar 751 015  
Tel: +91 0674 2552 479, Fax: +91 0674 2554 661  
E-mail: investors@visasteel.com  
Website: www.visasteel.com

## 7. Listing Details

: Equity Shares  
Bombay Stock Exchange Limited  
Floor 25, Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai 400 001  
Stock Symbol: (532721)  
  
The National Stock Exchange of India Limited  
"Exchange Plaza", Bandra – Kurla Complex  
Bandra (E), Mumbai 400 051  
Stock Symbol: (VISASTEEL)

Note: Listing fees has been paid to the Stock Exchanges for the year 2011-12.

## 8. Stock Price Data :

	Bombay Stock Exchange				National Stock Exchange			
	High	Low	Close	No. of Shares Traded	High	Low	Close	No. of Shares Traded
	(Rs.)			(Nos)	(Rs.)			(Nos)
Apr-10	47.00	40.10	44.05	61,285,611	46.90	40.60	44.00	9,027,852
May-10	44.30	33.50	35.20	2,959,005	44.20	33.45	35.20	6,617,035
Jun-10	38.80	34.25	37.05	1,389,830	40.00	34.55	37.15	3,413,465
Jul-10	41.15	36.50	38.85	1,834,328	41.10	36.90	38.80	3,192,628
Aug-10	39.50	35.00	35.30	1,391,052	39.60	35.10	35.30	2,726,750
Sep-10	43.60	35.35	38.60	4,705,417	43.45	35.50	38.65	9,449,672
Oct-10	43.60	38.00	40.20	2,368,029	43.50	38.85	40.25	4,959,681
Nov-10	43.80	34.25	36.10	1,107,187	43.15	34.45	36.20	2,513,814
Dec-10	38.40	33.05	36.75	597,742	38.30	32.85	36.95	1,447,269
Jan-11	45.60	36.35	44.45	3,196,319	45.65	36.10	44.65	7,920,604
Feb-11	47.85	42.00	43.85	1,203,370	48.00	42.45	44.00	2,557,451
Mar-11	47.35	41.00	44.95	443,957	47.05	42.50	45.20	999,476

## 9. Stock Code :

	Reuters	Bloomberg
Bombay Stock Exchange	VISA.BO	VISA:IN
National Stock Exchange	VISA.NS	VISA:IN

## 10. Stock Performance :

Stock performance (indexed)



**11. Stock Performance over the past few years :**

(In Percentage)	1 Year	2 Years	3 Years	4 Years	5 Years
VISASTEEL	6.60	144.99	2.26	70.88	(-)14.71
BSE Sensex	10.94	100.29	24.29	48.75	72.38
NSE Nifty	11.14	93.10	23.21	52.65	71.45

**12. Registrars and Transfer Agents :**

(Share transfer and communication regarding share certificates, dividends and change of address)

Karvy Computershare Private Limited  
Unit: VISA Steel Limited  
Plot No. 17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad 500 081  
Tel: + 91 40 4465 5000, Fax: + 91 40 2342 0814  
Email: jayaramanvk@karvy.com  
Website: www.karvy.com

**13. Share Transfer System :**

The Board of Directors have delegated powers to the Registrars & Transfer Agents for effecting share transfers, splits, consolidation, sub-division, issue of duplicate share certificates, rematerialisation and dematerialisation etc., as and when such requests are received.

The Company obtains a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement from a Company Secretary in practice and files a copy of the certificate with the Stock Exchanges. Further, reconciliation of the share capital report is also submitted on a quarterly basis for reconciliation of the share capital of the Company.

**14. Investor Services :**

- Complaints received during the year

Nature of complaints	2010-11		2009-10	
	Received	Cleared	Received	Cleared
Relating to non-allotment, non-receipt of refund cheques arising out of the IPO exercise.	-	-	1	1
Grievance related to non receipt of dividend	23	23	7	7
Relating to complaints from SEBI / Stock Exchanges.	1	1	1	1
<b>Total</b>	<b>24</b>	<b>24</b>	<b>9</b>	<b>9</b>

- Number of pending complaints as on 31 March 2011: NIL

- Number of pending share transfers as at 31 March 2011: NIL

### 15. Details of Unclaimed Shares as on 31 March 2011:

Pursuant to Clause 5A of the Listing Agreement, the details of shares issued pursuant to the initial public issue of the Company which remains unclaimed and are lying in the escrow account as on 31 March 2011 are as follows:

Year	Opening Balance as on 1.4.2010		Cases disposed off during the Financial Year 2010-11		Closing Balance as on 31.3.2011	
	No. of Cases	No. of Shares	No. of Cases	No. of Shares	No. of Cases	No. of Shares
2010-2011	14	4,055	-	-	14	4,055

### 16. Distribution of Shareholding as on 31 March:

No. of equity shares held	2011				2010			
	No. of shareholders	% of shareholders	No. of shares held	% shareholding	No. of shareholders	% of shareholders	No. of shares held	% shareholding
1 - 500	25,679	82.79	4,364,105	3.97	30,321	82.18	5,243,831	4.77
501 - 1000	3,260	10.51	2,483,948	2.26	3,883	10.52	2,979,272	2.71
1001 - 2000	1,245	4.01	1,826,129	1.66	1,589	4.31	2,343,967	2.13
2001 - 3000	263	0.85	687,697	0.63	352	0.95	919,417	0.83
3001 - 4000	109	0.35	397,845	0.36	152	0.41	549,024	0.50
4001 - 5000	140	0.45	672,702	0.61	187	0.51	904,811	0.82
5001 - 10000	169	0.55	1,238,392	1.12	200	0.54	1,549,319	1.41
10001 and above	152	0.49	98,329,182	89.39	213	0.58	95,510,359	86.83
Total	31,017	100.00	110,000,000	100.00	36,897	100.00	110,000,000	100.00

### 17. Categories of Shareholding as on 31 March:

Category	2011			2010		
	No. of shareholders	No. of shares held	% shareholding	No. of shareholders	No. of shares held	% shareholding
Promoters	8*	81,400,000	74.00	8*	80,000,000	72.73
Persons acting in concert	-	-	-	-	-	-
Mutual Funds	-	-	-	1	372,271	0.34
Banks and Financial Institutions	3	40,681	0.04	2	1,501	0.00
FII's	1	4,998,087	4.54	4	5,994,931	5.45
NRIs	555	672,627	0.61	645	754,721	0.69
Bodies Corporate	488	6,747,698	6.13	702	5,536,824	5.03
Indian Public	29,962	16,140,907	14.68	35,535	17,339,752	15.76
Total	31,017	110,000,000	100.00	36,897	110,000,000	100.00

\* Includes 6 shareholders where the beneficial interest of shares lies with VISA International Limited.

- 18. Dematerialisation of Shares and Liquidity:** : 99.77% of outstanding equity shares have been dematerialised upto 31 March 2011.
- The International Security Identification Number (ISIN) for your Company's shares is INE286H01012.
- The CIN allotted by the Ministry of Corporate Affairs is L51109OR1996PLC004601.
- 19. Details on use of Public Funds obtained in the last three years** : No funds had been raised from public in the last three years.
- 20. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity** : **Stock Options**  
In terms of the resolution passed by the Members in the Annual General Meeting on 17 August 2010, the Company has granted 900,000 Options to the specified employees of the Company and its subsidiary, VISA BAO Limited at an exercise price of Rs. 46.30 under the Employee Stock Option Scheme (ESOP Scheme 2010). As on 31 March 2011, none of the Options have been vested. The shares covered by such Options are 900,000.
- 21. Plant Locations** :  
Kalinganagar Industrial Complex  
At/P.O. Jakhapura,  
Dist. Jajpur,  
Orissa 755 019  
Tel: + 91 6726 242441  
Fax: + 91 6726 242442  
Village Golagaon,  
Near Duburi,  
P.O.Pankapal, Dist.Jajpur,  
Orissa  
Tel: + 91 6726 245470  
Fax: + 91 6726 245561
- 22. Investor Correspondence** : The Company Secretary,  
VISA Steel Limited  
VISA House, 8/10, Alipore Road,  
Kolkata 700 027  
Tel: + 91 33 3011 9000  
Fax: + 91 33 3011 9002  
Email: investors@visasteel.com

In line with the Circular no.SEBI/CFD/DIL/LA/1/2009/24/04 dated 24 April, 2009 issued by Securities and Exchange Board of India, the Company has opened a Demat Account titled "VISA Steel Limited – Demat Suspense Account" comprising shares allotted to investors during the IPO and not yet credited to the investors' demat account due to mismatch of information / invalid demat account. Investors who have not received credit of shares allotted to them during the IPO are requested to contact the Registrars / Company Secretary for the same.

## **AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To The Members of VISA Steel Limited

We have examined the compliance of conditions of Corporate Governance by VISA Steel Limited (the Company) for the year ended on 31 March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

The composition of Board of Directors as regards the number of Independent Directors, as required under Clause 49(IA)(ii) of the Listing Agreement could not be maintained from 17 August 2010 to 28 January 2011 for the reason stated in note no. 3 on the composition of the Board in the report on Corporate Governance. The composition of the Board of Directors of the Company as on 31 March 2011 is in compliance with the requirements of the Clause 49 (IA) of the Listing Agreement.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the Management, we certify that subject to our remarks in preceding paragraph the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Partha Mitra**

Partner

Membership No. 50553

For and on behalf of

Lovelock & Lewes

Firm Registration Number: 301056E

Chartered Accountants

Place: Kolkata

Date: 30 May 2011

# Auditors' Report

## to the Members of VISA Steel Limited

1. We have audited the attached Balance Sheet of VISA Steel Limited (the "Company") as at 31st March 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 

*As indicated in Note-7 in Schedule 16, approval of the Shareholders is awaited for managerial remuneration paid to the Chairman amounting to Rs. 11.29 millions.*
5. Subject to our remarks in paragraph 4 above and further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

# Auditors' Report

to the Members of VISA Steel Limited

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required

by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2011;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants

**Partha Mitra**

Partner

Place: Kolkata  
Date: 30 May, 2011

Membership Number 50553

# Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of VISA Steel Limited on the financial statements for the year ended 31 March 2011]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has granted unsecured loans, to one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs.2.5 millions.
  - (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
  - (d) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
  - (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
  - (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

## Annexure to Auditors' Report

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company

examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax and entry-tax as at 31st March 2011 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Wrong valuation of Closing Stock and loans converted to equity	5.49	Assessment Year 2003-04	The Commissioner of Income Tax Appeals, Kolkata, West Bengal
Income Tax Act, 1961	Under valuation of Closing Stock and disallowance of interest	44.56	Assessment Year 2004-05	The Commissioner of Income Tax Appeals, Kolkata, West Bengal
Income Tax Act, 1961	Disallowance of certain expenses	10.24	Assessment Year 2006-07	The Commissioner of Income Tax Appeals, Bhubaneswar, Orissa
Central Sales Tax (Orissa) Rules, 1957	Difference in way bill value and invoice value	0.01	Financial Year 1999-2000	The Joint. Commissioner of Sales Tax (Appeal), Jajpur Range, Jajpur Road, Orissa
Central Sales Tax (Orissa) Rules, 1957	Non-submission of 'C' Form	3.87	Financial Year 2005-06	The Commissioner of Commercial Taxes, Cuttack, Orissa
Orissa Value Added Tax Act, 2005	Reversal of Consignment Sale, Input Tax Credit on Stock	16.90	Financial Year 2005-06	The Commissioner of Commercial Taxes, Cuttack, Orissa
Orissa Entry Tax Act, 1999	Adhoc freight addition for calculating landed cost	1.34	Financial Year 2004-05	The Asst. Commissioner of Sales Tax (Appeals), Jajpur Range, Jajpur Road, Orissa
Orissa Entry Tax Act, 1999	Entry tax on imported coke	96.63	Financial year 2009-10 2010-11	The Commissioner of Commercial Taxes, Cuttack, Orissa
Orissa Entry Tax Act, 1999	Purchase of coal and coke including freight	43.57	Financial Year 2005-06	The Commissioner of Commercial Taxes, Cuttack, Orissa
Orissa Sales Tax. Act 1947	Non-payment of Surcharge	0.01	Financial Year 2004-05	The Asst. Commissioner of Sales Tax (Appeals), Jajpur Range, Jajpur Road, Orissa

# Annexure to Auditors' Report

10. The Company has no accumulated losses as at 31st March 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. *On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, funds aggregating Rs.1813.78 million raised on a short term basis have been used for the purpose of long-term investment in Fixed Assets.*
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debenture during the period and accordingly the question of creation of security or charge does not arise.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For and on behalf of  
Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants

**Partha Mitra**

Partner

Place: Kolkata  
Date: 30 May, 2011

Membership Number 50553

# Balance Sheet

as at 31 March 2011

Rs. million

	Schedule	31 March 2011		31 March 2010	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	1	1,100.00		1,100.00	
Reserves and Surplus	2	2,432.86	3,532.86	2,046.93	3,146.93
<b>Loan Funds</b>					
Secured Loan	3		13,732.38		11,076.99
Unsecured Loan	3A		348.82		350.39
Deferred Taxation [Refer Note 11 Schedule 16]			597.01		301.10
			<b>18,211.07</b>		<b>14,875.41</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4		9,319.91		9,265.60
Less : Depreciation			1,610.78		1,129.31
Net Block			7,709.13		8,136.29
Capital Work in Progress including Advances			13,905.38	21,614.51	7,700.70
<b>Investments</b>	5		610.40		600.40
<b>Current Assets, Loans and Advances</b>					
Inventories	6		3,956.80		3,417.07
Sundry Debtors	7		479.86		648.78
Cash and Bank Balances	8		885.08		833.41
Interest Accrued on Deposits			19.35		18.15
Loans and Advances	9		1,593.81		1,415.77
			6,934.90		6,333.18
<b>Less: Current Liabilities and Provisions</b>					
Liabilities	10		10,807.54		7,780.24
Provisions	11		141.20		139.47
			10,948.74	(4,013.84)	7,919.71
<b>Miscellaneous Expenditure</b>					
[To the extent not written off or adjusted]					
Share Issue Expenses				-	24.55
			<b>18,211.07</b>		<b>14,875.41</b>
<b>Notes on Accounts</b>	16				

The Schedules referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**  
Partner  
Membership Number 50553

Place : Kolkata  
Date : 30 May 2011

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Subhra Giri**  
Company Secretary

**Vishal Agarwal**  
Managing Director

**Manoj Kumar Digga**  
Chief Financial Officer

Place : Kolkata  
Date : 30 May 2011

# Profit & Loss Account

for the year ended 31 March 2011

		Rs. million			
	Schedule	31 March 2011		31 March 2010	
<b>INCOME</b>					
Sales		13,404.10		11,983.07	
Less: Excise Duty on Sales		345.09	13,059.01	413.65	11,569.42
Other Income	12		269.78		145.41
			<b>13,328.79</b>		<b>11,714.83</b>
<b>EXPENDITURE</b>					
Materials	13		9,661.27		8,136.60
Expenses	14		1,611.54		1,601.87
Interest (net)	15		709.38		651.40
Depreciation			482.05		468.18
			<b>12,464.24</b>		<b>10,858.05</b>
<b>Profit Before Taxation</b>			<b>864.55</b>		<b>856.78</b>
Provision for Taxation					
Current Tax			182.61		96.00
MAT Credit Entitlement			(127.74)		-
Deferred Tax			295.91		286.62
<b>Profit After Taxation</b>			<b>513.77</b>		<b>474.16</b>
Balance brought forward from previous year			310.10		(35.37)
			<b>823.87</b>		<b>438.79</b>
<b>APPROPRIATION</b>					
Proposed Dividend			110.00		110.00
Income Tax on Proposed Dividend			17.84		18.69
<b>Balance Carried forward to Balance Sheet</b>			<b>696.03</b>		<b>310.10</b>
Basic and Diluted Earning Per Share			4.67		4.31
<b>Notes on Accounts</b>	16				

The Schedules referred to above form an integral part of the Profit & Loss Account.  
This is the Profit & Loss Account referred to in our report of even date.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**  
Partner  
Membership Number 50553

Place : Kolkata  
Date : 30 May 2011

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Subhra Giri**  
Company Secretary

**Vishal Agarwal**  
Managing Director

**Manoj Kumar Digga**  
Chief Financial Officer

Place : Kolkata  
Date : 30 May 2011

# Schedules

## to the Balance Sheet

	Rs. million	
	31 March 2011	31 March 2010
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
160,000,000 Equity Shares of Rs.10/- each	1,600.00	1,600.00
<b>Issued and Subscribed</b>		
110,000,000 Equity Shares of Rs.10/- each fully paid up	1,100.00	1,100.00
<b>Note:</b>		
(a) Of the above 57,612,167 Equity Shares of Rs.10/- each are held by VISA Infrastructure Limited, the Holding Company [Refer Note 4 Schedule 16].		
(b) Of the above 8,360,000 Equity Shares of Rs.10/- each allotted for consideration other than cash pursuant to a scheme of amalgamation without payment being received in cash.		
<b>2 RESERVES &amp; SURPLUS</b>		
Capital Reserve	0.07	0.07
Share Premium Account	1,645.00	1,645.00
General Reserve - As per last account	91.76	91.76
Profit and Loss Account	696.03	310.10
	<b>2,432.86</b>	<b>2,046.93</b>
<b>3 SECURED LOAN</b>		
From Banks		
Cash Credit [Refer Note 3(a) Schedule 16]	1,569.40	404.49
Term Loan [Refer Note 3(b) & 3(c) Schedule 16]	11,294.89	10,569.36
Vehicle and Other Loan [Refer Note 3(d) Schedule 16]	90.08	14.46
From Others		
Term Loan [Refer Note 3(b) & 3(c) Schedule 16]	453.06	-
Vehicle and Other Loan [Refer Note 3(d) Schedule 16]	324.95	88.68
	<b>13,732.38</b>	<b>11,076.99</b>
<b>3A UNSECURED LOAN</b>		
From Banks - Short Term		
SIDBI	98.82	100.39
From Others	250.00	250.00
	<b>348.82</b>	<b>350.39</b>

# Schedules

to the Balance Sheet (Contd.)

ASSETS	Gross Block (At Cost)						Depreciation			Net Block	
	As at 1 April 2010	Addition /Adjustment	Deletion /Adjustment	As at 31 March 2011	As at 1 April 2010	For the Year	Deletion /Adjustment	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010	
<b>Tangible :</b>											
Land- Freehold	13.08	-	-	13.08	-	-	-	-	13.08	13.08	
Land- Leasehold	146.51	-	-	146.51	9.24	1.71	-	10.95	135.56	137.27	
Buildings	738.49	0.38	-	738.87	60.77	22.91	-	83.68	655.19	677.72	
Plant & Machinery	8,161.45	35.29	-	8,196.74	971.44	436.14	-	1,407.58	6,789.16	7,189.75	
Furniture & Fixtures	38.09	3.81	-	41.90	18.98	2.41	-	21.39	20.51	19.11	
Vehicles	153.59	13.11	0.91	165.79	54.86	18.41	0.58	72.69	93.10	98.73	
<b>Intangible :</b>											
Computer Software	14.39	2.63	-	17.02	14.02	0.47	-	14.49	2.53	0.63	
<b>Total</b>	<b>9,265.60</b>	<b>55.22</b>	<b>0.91</b>	<b>9,319.91</b>	<b>1,129.31</b>	<b>482.05</b>	<b>0.58</b>	<b>1,610.78</b>	<b>7,709.13</b>	<b>8,136.29</b>	
<b>2010</b>	<b>8,448.16</b>	<b>827.82</b>	<b>10.38</b>	<b>9,265.60</b>	<b>666.93</b>	<b>468.18</b>	<b>5.80</b>	<b>1,129.31</b>	<b>8,136.29</b>		

# Schedules

to the Balance Sheet (Contd.)

	Rs. million	
	31 March 2011	31 March 2010
<b>5 INVESTMENTS - AT COST</b>		
<b>Long Tern - Trade - Unquoted</b>		
<b>Subsidiary Companies</b>		
VISA BAO Limited 59,150,000 Equity Shares of Rs.10/- each, fully paid up [Including beneficial interest in 5 Equity Shares of Rs.10/- each, fully paid up]	591.50	591.50
Ghotaringa Minerals Limited 890,000 Equity Shares of Rs.10/- each, fully paid up [Including beneficial interest in 44,500 Equity Shares of Rs.10/- each, fully paid up]	8.90	8.90
<b>Joint Venture Companies</b>		
VISA Urban Infra Limited 10,00,000 Equity Shares of Rs.10/- each, fully paid up	10.00	-
Patrapada Coal Mining Company Private Limited [Rs. Nil (2010: 100)] Equity Shares of Rs.10/- each fully paid up [Rs.Nil (2010:Rs.1,000)]	-	-
	<b>610.40</b>	<b>600.40</b>
<b>6 INVENTORIES - AT LOWER OF COST OR NET REALISABLE VALUE</b>		
Stores & Spare Parts*	203.29	126.60
Raw Materials	1,395.83	1,757.66
Finished Goods	1,770.42	1,144.97
By-Products	516.34	345.02
Work-in-Progress	70.92	42.82
	<b>3,956.80</b>	<b>3,417.07</b>
* Including Capital items lying in stores	41.89	71.53
<b>7 SUNDRY DEBTORS - UNSECURED</b>		
Debts Outstanding for a period exceeding six months		
Considered Good	-	35.39
Considered Doubtful	33.53	0.90
Other debts- Considered Good	479.86	613.39
	513.39	649.68
Less: Provision for Doubtful Debts	33.53	0.90
	<b>479.86</b>	<b>648.78</b>
<b>8 CASH AND BANK BALANCES</b>		
Cash in Hand	0.40	0.14
Balance with Scheduled Banks in :		
Current Account	18.53	74.86
Share Refund Order Account	0.34	0.34
Fixed Deposit Account	865.02	757.70
Dividend Account	0.79	0.37
	<b>885.08</b>	<b>833.41</b>

# Schedules

## to the Balance Sheet (Contd.)

		Rs. million	
		31 March 2011	31 March 2010
<b>9</b>	<b>LOANS AND ADVANCES UNSECURED - CONSIDERED GOOD [UNLESS OTHERWISE STATED]</b>		
	Loan to Subsidiary	2.50	-
	Advances Recoverable in Cash or in kind or for value to be received		
	Considered Good	1,004.05	1,199.31
	Considered Doubtful	25.94	23.50
		1,029.99	1,222.81
	Less: Provision for Doubtful Advances	25.94	23.50
		1,004.05	1,199.31
	Deposits with		
	Customs, Port Trust etc.	6.05	6.56
	Others	354.58	97.24
	Advance Payment of Income Tax [Net of Provision Rs.448.01 million (2010: Rs.265.33 million)]	94.67	108.44
	MAT Credit Entitlement	127.74	-
	Advance Payment of Fringe Benefit Tax [Net of Provision Rs.15.06 million (2010: Rs.15.06 million)]	4.22	4.22
		<b>1,593.81</b>	<b>1,415.77</b>
	Due by Directors	-	-
	Maximum Amount due at any time during the year	11.92	16.62
	Due by an officer	-	-
	Maximum Amount due at any time during the year	0.31	0.54
	Due by a Private Company in which a Director is a Director	1.21	1.21
<b>10</b>	<b>LIABILITIES</b>		
	Sundry Creditors (Refer Note 14 Schedule 16)	9,982.64	6,964.05
	Advance from Subsidiary Companies	390.25	393.60
	Advance from Customers	87.09	254.80
	Other Liabilities	345.09	166.33
	Interest accrued but not due on loans	1.34	0.75
	Unclaimed dividend	0.79	0.37
	Share Refund Order Account	0.34	0.34
		<b>10,807.54</b>	<b>7,780.24</b>
<b>11</b>	<b>PROVISIONS</b>		
	Leave Encashment	13.36	10.78
	Proposed Dividend	110.00	110.00
	Income Tax on Proposed Dividend	17.84	18.69
		<b>141.20</b>	<b>139.47</b>

# Schedules

## to the Profit and Loss Account

Rs. million

	31 March 2011		31 March 2010	
<b>12 OTHER INCOME</b>				
Insurance Claim received		40.81		17.76
Gain on Exchange Fluctuation (net)		-		38.43
Liabilities no longer required written back		22.17		-
Provisions no longer required written back		23.34		-
Miscellaneous Income		183.46		89.22
		<b>269.78</b>		<b>145.41</b>
<b>13 MATERIALS</b>				
Raw Material Consumed				
Opening Stock	1,757.66		2,143.22	
Add: Purchase	7,647.86		6,480.62	
Less: Closing Stock	1,395.83	8,009.69	1,757.66	6,866.18
Purchase of Finished Goods		2,397.26		1,447.24
(Increase)/Decrease in Stock				
Opening Stock				
Finished Goods	1,144.97		1,058.22	
By-Products	345.02		178.57	
Work-in-Progress	42.82		120.82	
	1,532.81		1,357.61	
Less: Closing Stock				
Finished Goods	1,770.42		1,144.97	
By-Products	516.34		345.02	
Work-in-Progress	70.92		42.82	
	2,357.68	(824.87)	1,532.81	(175.20)
Increase/(Decrease) in Excise Duty on Stock		79.19		(1.62)
		<b>9,661.27</b>		<b>8,136.60</b>

# Schedules

to the Profit and Loss Account (Contd.)

	Rs. million			
	31 March 2011		31 March 2010	
<b>14 EXPENSES</b>				
Salary, Wages & Bonus	403.42		310.90	
Contribution to Provident & Other Funds	20.99		12.98	
Workmen and Staff Welfare Expenses	4.27	428.68	4.00	327.88
Consumption of Stores & Spare Parts		178.88		214.30
Power & Fuel		91.02		161.15
Rent		26.96		31.33
Repairs & Maintenance				
- Building	3.24		7.49	
- Plant & Machinery	52.68		42.72	
- Others	5.15	61.07	5.30	55.51
Insurance		18.99		53.12
Rates & Taxes		15.22		20.11
Material Handling Expenses		165.09		242.47
Customs & Cess		6.36		0.07
Freight & Selling Expenses		229.25		157.54
Loss on Sale of Assets		-		1.15
Bank & Finance Charges		182.45		137.65
Loss on Exchange Fluctuation (net)		7.53		-
Bad Debts Written off		-		15.86
Provision for Doubtful Debts		33.53		-
Provision for Doubtful Advances		18.14		12.50
Advances Written off		-		10.00
Miscellaneous Expenditure Written off		24.55		26.77
Miscellaneous Expenses		123.82		134.46
		<b>1,611.54</b>		<b>1,601.87</b>
<b>15 INTEREST (NET)</b>				
Interest on:				
Overdraft Facilities	161.90		116.25	
Term Loan	462.94		460.77	
Vehicle Loan	3.79		5.31	
Others	218.41	847.04	187.46	769.79
Less: Interest Income (Gross) (Tax Deducted at Source Rs.6.83 million (2010: Rs.6.10 million))				
Bank Fixed Deposits	(43.37)		(28.55)	
Others	(94.29)	(137.66)	(89.84)	(118.39)
		<b>709.38</b>		<b>651.40</b>

# Schedules

## to the Accounts

### 16 NOTES ON ACCOUNTS

#### 1 Statement on Significant Accounting Policies

##### (a) Principal Accounting Policies

The financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. A summary of important accounting policies which have been applied consistently are set out below. Financial Statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India.

##### (b) Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

##### (c) Fixed Assets

(i) Fixed Assets are stated at their acquisition cost (net of CENVAT credit), where applicable together with any incidental expenses of acquisition/installation. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition/construction of qualifying assets. Impairment loss, if any, ascertained as per the Accounting Standard u/s 211 (3C) of the Companies Act, 1956.

(ii) Depreciation on fixed assets, other than leasehold land, is provided on Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956. Leasehold land is amortized over the period of lease. No depreciation is provided for freehold land.

(iii) Computer software has been capitalised as Intangible Assets and are being amortised in equal installments over its useful life of three years.

(iv) Profit or loss on disposal of fixed assets is recognised in Profit and Loss Account.

##### (d) Investments

Investments of long term nature is stated at cost, less adjustment for diminution, other than temporary, in the value thereof.

##### (e) Inventories

Inventories are stated at cost (net of CENVAT credit) or net realisable value, whichever is lower. Cost is determined on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and includes, where applicable appropriate overheads. Obsolete, slow moving and defective inventories are identified at the time of physical verification and where necessary, provision is made for such inventories.

##### (f) Sales

Sales represent the invoiced value of goods and services supplied, net of value added tax (VAT)/sales tax but inclusive of excise duty.

##### (g) Transactions in Foreign Currencies

Transactions in foreign currencies are recorded in rupees by applying the exchange rate prevailing on the date of transaction. Transactions remaining unsettled are translated at the rate of exchange ruling at the end of the year. Exchange gain or loss arising on settlement/translation is recognised in the Profit and Loss Account. Premium or discount on forward contracts are amortised over the life of the contract. Foreign exchange forward contracts are revalued at the balance sheet date and the exchange difference between the spot rate at the date of the contract and the spot rate on the balance sheet date is recognised as gain/loss in the Profit & Loss Account.

# Schedules

## to the Account (Contd.)

### 16 NOTES ON ACCOUNTS (CONTD.)

#### (h) Employee Benefits

##### (I) Post Retirement Benefits:

###### (a) Provident Fund

The Company Operates defined contribution schemes Like Provident Fund. The Company makes regular contribution to Provident Fund which are fully funded and administered by Government and are Independent of Company's finance. Contributions are recognized in Profit & Loss Account on an accrual basis.

###### (b) Gratuity

Defined Benefit Plans like Gratuity Schemes are also maintained by the Company. The Company has taken out a policy with Life Insurance Corporation of India (LICI) for future payment of Gratuity liability to its employees. Gratuity liability is determined at the end of each year by LICI in accordance with the method stated in the Accounting Standard 15 (Revised 2005) on "Employee Benefits" and such liability has been provided for in the accounts. Annual Premium determined by LICI is contributed.

##### (II) Other Employee Benefits:

###### (a) Leave Encashment

Leave encashment benefit is determined on the basis of independent actuarial valuation, at the end of each year in accordance with the method stated in AS 15 (Revised 2005) and such liability is provided for in the accounts and charge is recognized in the Profit and Loss Account.

###### (b) Other Employee Benefits are accounted for on accrual basis.

#### (i) Deferred Tax

Deferred Tax is recognised using the liability method, at the current rate of taxation, on all timing differences to the extent it is probable that a liability or asset will crystallise. Deferred Tax Assets are recognised subject to consideration of prudence and are periodically reviewed to reassess realisation thereof.

#### (j) Borrowing Cost

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalized as a part of the cost of such assets upto the date when such assets are ready for its intended use. Other borrowing costs are charged to Profit & Loss Account.

#### (k) Leases

Assets acquired as leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

#### (l) Miscellaneous Expenditure - To the extent not written off or adjusted

Public issue expenses have been amortized in equal installment over a period of five years.

### 2 (a) Claim against the Company not acknowledged as debt:

- (i) In respect of a charter party dispute between VISA Comtrade (Asia) Limited (the "Charterer") and Transfield Shipping Inc., Panama (the "Owner of the Vessel - Prabhu Gopal"), the said Owner of the vessel has filed a civil suit in the Hon'ble Calcutta High Court against the Company and the Charterer and claimed relief for a decree for US\$ 0.30 million to be expressed in Indian Currency at such rate of exchange and/or on such terms as the Court may deem fit and proper, Injunction, Costs or other reliefs. The company has not accepted the claim as it was not a party to the said Agreement and hence cannot be made a party to the suit. The Hon'ble Court passed interim order dated 11 May 2005 & 20 June 2005, restraining the Company and the Charterer from withdrawing any amount from a specified bank account without leaving a balance for a sum of Rs.12.50 million,

# Schedules

## to the Account (Contd.)

### 16 NOTES ON ACCOUNTS (CONTD.)

which has been set aside by the bank from cash credit limit of the Company. The Company has been legally advised that the above interim order has been expired due to efflux of time and has not been extended by the Hon'ble Calcutta High Court.

- (ii) Applications have been filed by the legal heirs of a deceased employee of the Company and his sister respectively, who died in a road accident while travelling in the Company's vehicle for their personal work, claiming a compensation of Rs.6.05 million and interest @ 18% per annum and Rs.0.55 million respectively. The Company has contested the claims, which are currently pending before the Motor Accident Claims Tribunal, Bhubaneswar and the Additional District Judge cum 3rd Motor Accident Claims Tribunal, Rourkela respectively.

		Rs. million	
		31 March 2011	31 March 2010
<b>(b)</b>	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advance Rs.417.10 million ; 2010: Rs.47.73million)	1,298.91	2,578.33
<b>(c)</b>	Contingent liability not provided for in respect of:		
	(i) Bank Guarantee	5.68	186.82
	(ii) Income Tax matter on Appeal	63.63	63.63
	(iii) Sales Tax matter on Appeal	74.24	18.83
	(iv) Value Added Tax matter on Appeal	20.37	20.37
	(v) Entry Tax matter on Appeal	170.01	50.59
	(vi) Customs Duty matter on Imported Goods	34.86	-

- (d)** The Company has obtained licenses from the Government of India under EPCG Scheme for import of machineries at a reduced Customs Duty and thereby saved an amount of Rs.384.40 million towards duty upto 31 March 2011(2010 : Rs.522.17 million). As per the requirement under the said Scheme, the Company is required to export amounting to Rs.2986.46 million (2010 : Rs.4177.32 million) within the specified periods, failing which, the Company has to make payment to the Government of India equivalent to the duty benefit enjoyed along with interest. The Company is confident that the above export obligation will be met during the specified period.
- 3** (a) The working capital facilities from banks are secured by way of first hypothecation charge ranking pari-passu with other banks on the whole of the current assets, namely, stock of raw material, stock in process, semi finished & finished goods, stores & spares not relating to plant & machinery (i.e. consumable stores & spares), bills receivable & book debts and all other movables, both present and future, whether installed or not provided that the charge in favour of the banks on the movable plant & machinery, machinery spares, tools & accessories shall be subject to the charges created and/or to

# Schedules

## to the Account (Contd.)

### 16 NOTES ON ACCOUNTS (CONTD.)

be created thereon in favour of the term lenders to secure the long term borrowings/loans for capital expenditure. The working capital facilities are also secured by second mortgage charge on the land situated at Kalinganagar Industrial Complex , District Jajpur, Orissa together with building and structures thereon and all plant & machinery attached to the earth or permanently fastened to anything attached to the earth along with corporate guarantee of VISA International Limited and personal guarantee of Managing Director of the Company.

- (b) Term Loan from Banks & Financial Institutions other than General Corpus Corporate Loan is secured by way of first charge on the land and fixed assets situated at Kalinganagar Industrial Complex, District Jajpur, Orissa together with hereditaments and premises and building, plant and machineries permanently affixed thereto and other erections thereon both present and future at Plant at Kalinganagar Industrial Complex, District Jajpur, Orissa and second charge on all the current assets of the Company ranking pari-passu with other banks along with Corporate Guarantee of VISA International Limited and personal guarantee of Managing Director of the Company.

General Corpus Corporate Loan is secured by first charge on all the movable fixed assets of the Company and second charge on all the current assets of the Company both present and future on pari passu basis alongwith other term lenders.

- (c) Subordinate Debt Facility from a Consortium of banks and financial institutions through IL&FS Financial Services Limited acting as Facilitator is secured by way of a second mortgage & charge on pari-passu basis with the Working Capital Lenders of all such immovable properties and interest in the immovable properties including buildings, structures, plant and machinery embedded therein, present & future in the industrial land situated at Kalinganagar Industrial Complex, District Jajpur, Orissa, and by way of second charge on pari-passu basis with the Term Loan lenders on all the movable current assets and movable plant & machinery, spares, tools, accessories both present & future along with Corporate Guarantee of VISA International Limited. The registration of the above charge is pending.
- (d) Equipment Finance and other loan from banks and financial Institutions are secured by way of hypothecation of vehicles/machinery taken under the loan arrangement.
- 4** Pursuant to an inter se transfer of shares between the Promoter Group Companies, VISA Minmetal AG transferred its entire shareholding to a Promoter Group Company, VISA Infrastructure Limited subsequent to which VISA Infrastructure Limited became the holding Company of the Company w.e.f. 30 April 2010.

# Schedules

to the Account (Contd.)

## 16 NOTES ON ACCOUNTS (CONTD.)

		Rs. million			
		MT	31 March 2011	MT	31 March 2010
<b>5 a) Quantitative Information</b>					
	The Company manufactures Pig Iron, Coke, Ferro Chrome, Sponge Iron, Chrome Concentrate and Chrome Powder, generates power and trades in Coal and Coke. The relevant particulars are as under:				
<b>i) Licensed Capacity</b>		N.A.		N.A.	
<b>ii) Installed Capacity (As certified by the management)</b>					
	Pig Iron	225,000		225,000	
	Chrome Concentrate	100,000		100,000	
	Chrome Powder	100,000		100,000	
	Coke	400,000		400,000	
	Ferro chrome	50,000		50,000	
	Sponge Iron	300,000		300,000	
	Power generated at Captive Power Plant (MKWH)	438		438	
<b>iii) Opening Stock</b>					
	Pig Iron	2,066	34.73	7,216	129.42
	Chrome Concentrate	7,920	138.16	10,589	117.85
	Chrome Powder	92	0.35	92	0.35
	Coal & Coke	22,630	258.57	-	-
	LAM Coke	48,259	613.93	43,213	620.10
	Ferro chrome	1,068	38.20	4,607	190.49
	Sponge Iron	5,144	61.03	4,934	-
			<b>1,144.97</b>		<b>1,058.22</b>
<b>iv) Production</b>					
	Pig Iron (Note 1)	42,454		135,540	
	Chrome Concentrate	-		2,412	
	LAM Coke (Note 2)	265,621		327,154	
	Ferro chrome (Note 3)	42,187		45,771	
	Sponge Iron (Note 4)	134,538		139,299	
	Power generated at Captive Power Plant (MKWH)	226		223	
	(Note 5)				
	1. Does not include By-products generated	3,779		14,884	
	2. Includes used for own consumption	52,548		124,576	
	Does not include Production By way of Conversion	51,763		-	
	Does not include By-products generated	18,842		26,447	
	Does not include By-products generated by way of conversion	4,113		-	
	3. Does not include By-products generated	2,185		1,878	
	4. Including Trial Run Production	-		9,335	
	5. Includes used for Captive Consumption (MKWH)	201		215	

# Schedules

to the Account (Contd.)

## 16 NOTES ON ACCOUNTS (CONTD.)

		Rs. million	
	MT	31 March 2011	31 March 2010
<b>v) Purchases</b>			
Coal & Coke	334,733	2,397.26	1,438.27
Sponge Iron	-	-	8.97
		<b>2,397.26</b>	<b>1,447.24</b>
<b>vi) Closing Stock *</b>			
Pig Iron	12,595	293.19	34.73
Chrome Concentrate	-	-	138.16
Chrome Powder	92	0.35	0.35
Coal & Coke	32,133	463.95	258.57
LAM Coke	44,341	724.49	613.93
Ferro chrome	2,384	119.92	38.20
Sponge Iron	10,333	168.52	61.03
		<b>1,770.42</b>	<b>1,144.97</b>
* After adjustment of shortage/excess			
<b>vii) Sales</b>			
Pig Iron	31,327	835.02	2,562.29
Chrome Concentrate	5,600	71.66	-
Chrome Powder	-	-	-
Coal & Coke	325,337	2,230.99	1,221.45
LAM Coke	224,746	4,803.18	3,312.33
Ferro chrome	40,872	2,518.25	2,517.48
Sponge Iron	129,349	2,277.92	1,731.08
By-products	-	590.08	611.86
		<b>13,327.10</b>	<b>11,956.49</b>
Power Generated at Captive Power Plant (MKWH)	25	77.00	26.58
<b>Total Sales</b>		<b>13,404.10</b>	<b>11,983.07</b>

# Schedules

to the Account (Contd.)

## 16 NOTES ON ACCOUNTS (CONTD.)

		Rs. million	
	MT	31 March 2011	31 March 2010
<b>b) Details of Raw Material Consumed</b>			
Chrome Ore	107,125	1,179.15	744.77
Iron Ore	387,340	1,712.34	1,419.58
Coke (Note 1)	4,006	59.38	43.12
Coal	695,187	4,928.77	4,495.62
Others		130.05	163.09
		<b>8,009.69</b>	<b>6,866.18</b>
Note:			
1. Does not include captive consumption of coke	52,548		124,576
<b>c) Consumption of Raw Material</b>	%		%
Indigenous	43	3,462.43	4,108.35
Imported	57	4,547.26	2,757.83
		<b>100</b>	<b>6,866.18</b>
<b>d) Stores &amp; Spares Consumed</b>	%		%
Indigenous	100	178.88	214.30
Imported	-	-	-
		<b>100</b>	<b>214.30</b>
<b>e) CIF Value of Imports</b>			
Raw Material		3,747.43	2,762.86
Finished Goods		1,839.25	816.00
Capital Goods		2,000.58	38.08
		<b>7,587.26</b>	<b>3,616.94</b>
<b>f) Expenditure in Foreign Currency</b>			
Travelling		6.71	3.03
Interest		61.36	74.57
Others		1.16	0.98
		<b>69.23</b>	<b>78.58</b>
<b>g) Earning in Foreign Currency</b>			
Export Sales		2,194.52	1,952.94
<b>h) Miscellaneous Expenses include Auditors' Remuneration:</b>			
Audit Fees		1.10	0.85
Tax Audit Fees		0.15	0.10
Other Services		0.75	0.55
Re-imbursment of expenses		0.11	0.07
		<b>2.11</b>	<b>1.57</b>

**i)** Addition/ Adjustment of Fixed Assets and Capital Work in Progress include borrowing cost amounting to Rs.Nil (2010 ; Rs.90.63 million) and Rs.850.45 million (2010: Rs.510.69 million) respectively.

# Schedules

## to the Account (Contd.)

### 16 NOTES ON ACCOUNTS (CONTD.)

		Rs. million		
	MT	31 March 2011	MT	31 March 2010
<b>6 Earning Per Share</b>				
Profit/(Loss) After Tax (A)		513.77		474.16
Weighted average number of Rs.10 equity share outstanding during the year (B)		110,000,000		110,000,000
Basic and Diluted Earning per Share (A/B) (Rs.)		<b>4.67</b>		<b>4.31</b>
<b>7 Directors Remuneration</b>				
Salaries, Allowances & Bonus		34.74		39.78
Retirement benefits		3.67		2.96
Perquisites		2.28		3.59
Commission		18.11		11.82
		58.80**		58.15#
Director's Sitting Fees		0.94		1.24
<b>Total</b>		<b>59.74</b>		<b>59.39</b>
Profit for the year before taxation as per Profit & Loss Account		864.55		856.78
Add: Depreciation	482.05		468.18	
Provision for Doubtful Debts and Advances	51.67		12.50	
Directors' Remuneration for the current year	58.80	592.52	42.23	522.91
		1,457.07		1,379.69
Less: Depreciation u/s 350 of the Companies Act, 1956	482.05	482.05	468.18	468.18
		975.02		911.51
Commission to Executive Directors		15.11		8.82
Commission to Non Executive Directors*		3.00		3.00
		18.11		11.82
* Within the overall limit of 1% of Net Profit		9.75		9.12

\*\*Remuneration includes an amount of Rs.11.29 million paid to the Whole-time Director designated as Chairman w.e.f 15 December 2010, which is subject to the approval of the Shareholders of the Company.

# Includes Rs.15.92 million towards 2008 - 09 Managerial Remuneration paid during 2009 -10 after obtaining the approval of Central Govt for waiver of recovery.

# Schedules

## to the Account (Contd.)

### 16 NOTES ON ACCOUNTS (CONTD.)

**8** During the year the Joint Venture Company Patrapada Coal Mining Co. Private Limited is dissolved with effect from 05 October 2010.

**9 Investment in Joint Venture**

The Company has invested in VISA Urban Infra Limited during the year vide the consortium agreement with VISA Infrastructure Limited and VISA Realty Limited to start up a project of star hotel and convention centre at Naya Raipur, Chhatisgarh.

Joint Venture	VISA Urban Infra Limited
Country of Incorporation	India
% of Ownership Interest as at 31 March 2011	26.00%

The Company's interests in the joint venture is reported as Long Term Investment in Schedule 5 and stated at cost. However, the Company's share of each of the assets and liabilities etc. (each without elimination of the effect of transactions between the Company and the joint venture) in the Joint Venture are:

	Rs. million	
	31 March 2011	31 March 2010
<b>Amounts in respect of Joint Venture</b>		
<b>Income</b>	0.01	-
<b>Expenses</b>	0.01	-
<b>Assets</b>		
Capital Work in Progress	10.82	-
Current Assets	0.42	-
<b>Liabilities</b>		
Current Liabilities	1.32	-
<b>10 Operating Leases</b>	9.75	8.22
Rent [Including minimum lease payment Rs.Nil (2010: Rs. Nil)] The company leasing arrangements which is in the nature of operating lease are in respect of various premises having a tenure of 3 years. There is no obligation for renewal of these agreements and are renewable by mutual consent on mutually agreeable terms		
<b>11 Deferred Tax Provision</b> has been made in the accounts in accordance with the requirements of the Accounting Standard on "Taxes on Income" (AS 22) issued by The Institute of Chartered Accountants of India. The major components of the deferred tax Liabilities/(Assets) based on the tax effects of timing differences are as follows:		
<b>Deferred Tax Liabilities</b>		
Depreciation	784.02	736.01
Public Issue Expenses	-	8.16
	784.02	744.16
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation	(153.67)	(347.75)
Unabsorbed Loss Carried Forward	-	(76.99)
Others	(33.34)	(18.32)
	(187.01)	(443.06)
	<b>597.01</b>	<b>301.10</b>

# Schedules

## to the Account (Contd.)

### 16 NOTES ON ACCOUNTS (CONTD.)

#### 12 Related Party Disclosures

Nature of Relationship	Name of the Related Parties:
Holding Company	VISA Minmetal AG (Upto 30 April 2010)
	VISA Infrastructure Limited
Subsidiaries	Ghotaringa Minerals Limited
	VISA BAO Limited
Joint Venture Company	VISA Urban Infra Limited
	Patrapada Coal Mining Company Pvt Ltd (Upto 5 October 2010)
Enterprise having significant influence	VISA International Limited
Fellow Subsidiaries	VISA Aluminium Limited
	VISA Cement Limited
	VISA Comtrade Limited
	VISA Power Limited
	VISA Power Trading Company Limited
Key Managerial Personnel	Mr. Vishambhar Saran
	Mr. Vishal Agarwal
	Mr. Basudeo Prasad Modi
Relatives of Key Managerial Personnel	Mrs. Saroj Agarwal
	Mr. Vikas Agarwal
	Mr. Vivek Agarwal
	Mr. Ashok Agarwal
Enterprise over which Relatives of Key Managerial Personnel having significant influence	VISA Aviation Limited
	VISA Power (M.P) Limited
	VISA Realty Limited
	Far East Trading AG
	VISA Minmetal AG
	VISA Minmetal Limited
	VISA Bulk Shipping Pte Limited
	VISA Resources Pte Limited
	Tastebuds Gourmet Foods Private Limited
VISA Trust	

# Schedules

to the Account (Contd.)

## 16 NOTES ON ACCOUNTS (CONTD.)

### Details of Transactions with Related Parties

Nature of Transaction	31 March 2011										31 March 2010					Rs. million
	Holding Company	Subsidiary Company	Joint Venture Company	Fellow Subsidiaries	Enterprise having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprise over which Relatives of Key Managerial Personnel having significant influence	Holding Company	Subsidiary Company	Joint Venture Company	Fellow Subsidiaries	Enterprise having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	
Rent	3.59	-	-	-	7.21	-	-	0.81	-	-	-	-	6.77	-	-	-
Hire Charges	-	-	-	50.88	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	11.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Goods	-	-	-	1,181.47	-	-	-	-	-	-	-	1,268.55	-	-	-	152.08
Freight for the above	-	-	-	66.03	-	-	-	-	-	-	-	65.06	0.08	-	-	783.30
Sale of Goods	-	-	-	1,339.62	0.62	-	1,254.61	-	-	-	-	1,369.64	-	-	-	52.47
Travelling Expenses	-	-	-	-	-	-	2.04	-	-	-	-	-	-	-	-	11.33
Purchase of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	1.69	0.87	-	-	-
Sale of Fixed Assets	-	-	-	0.33	-	-	-	-	-	-	-	-	-	-	-	1.37
Interest Received (Net)	-	0.12	-	18.70	-	-	-	-	-	-	-	-	-	-	-	-
Investment made	-	-	10.00	-	-	-	-	-	295.75	-	-	-	-	-	-	-
Re-imbursment of expenses (Net)	20.80	3.36	6.65	0.78	0.04	-	0.05	-	-	-	-	35.73	0.01	-	-	0.04
Unsecured Loan Given	-	2.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Loan Taken	-	-	-	-	-	-	-	-	-	-	250.00	-	-	-	-	-
Advance Received against CWIP	-	-	-	240.00	-	-	-	-	-	-	-	-	-	-	-	-
Advance Received	-	-	-	-	-	-	-	-	393.60	-	-	-	-	-	-	-
Security Deposits Given	260.00	-	-	-	-	-	-	-	-	-	-	-	20.00	-	-	-
Refund of Deposits	-	-	-	-	7.50	-	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	-	-	55.80	-	-	-	-	-	-	-	39.21	2.51	-
Sitting Fees	-	-	-	-	-	0.25	-	-	-	-	-	-	-	-	0.24	-
Outstanding at closing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debit	282.30	-	10.00	-	12.55	-	376.60	-	-	1.21	567.42	-	-	-	-	-
Credit	-	387.75	-	974.68	-	-	-	-	393.60	-	-	-	3.24	-	-	670.40

# Schedules

## to the Account (Contd.)

### 16 NOTES ON ACCOUNTS (CONTD.)

#### Details of Transactions with Related Parties

Disclosure in respect of transactions in excess of 10% of the total related party transactions of the same type

Rs. million

Nature of Transactions	Name of the Related Party	Rs. million	
		31 March 11	31 March 10
Rent Paid	VISA International Limited	7.21	6.77
	VISA Infrastructure Limited	3.59	0.81
Purchase of Goods	VISA Comtrade Limited	1,181.47	1,268.55
	VISA Resources Pte Limited	-	152.08
Freight paid for the above	VISA Bulk Shipping Pte Limited	570.73	781.80
	VISA Comtrade Limited	66.03	-
Sale of Goods	VISA Comtrade Limited	1,339.62	1,369.64
	VISA Resources Pte Limited	1,254.61	-
Purchase of Fixed Assets	VISA Comtrade Limited	-	1.69
	VISA International Limited	-	0.87
Hire Charges	VISA Comtrade Limited	50.88	-
Professional Fees	VISA Infrastructure Limited	11.25	-
Interest Received	VISA Comtrade Limited	36.18	-
Interest Paid	VISA Power Limited	17.48	-
Travelling Expenses	VISA Aviation Limited	2.04	11.33
Sitting Fees	Mrs. Saroj Agarwal	0.08	0.10
	Mr. Vikas Agarwal	0.17	0.14
Remuneration	Mr. Vishambhar Saran	27.49	17.46
	Mr. Vishal Agarwal	22.16	16.86
	Mr. Basudeo Prasad Modi	6.15	4.89
Investment made	VISA Urban Infra Limited	10.00	-
	VISA BAO Limited	-	295.75
Sale of Fixed assets	VISA Power Limited	0.33	-
	VISA Aviation Limited	-	1.37
Reimbursement of Expenses (Net)	VISA Infrastructure Limited	20.80	-
	VISA BAO Limited	3.36	-
	VISA Comtrade Limited	-	35.56
	VISA Urban Infra Limited	6.65	-
Advance Received against CWIP	VISA Power Limited	160.00	-
	VISA Comtrade Limited	80.00	-
Advance Received	VISA BAO Limited	-	393.60
Security Deposit Given	VISA International Limited	-	20.00
	VISA Infrastructure Limited	260.00	-
Refund of Deposits	VISA International Limited	7.50	-
Unsecured Loans Given	Ghotaringa Minerals Limited	2.50	-
Unsecured Loan taken	VISA Power Limited	-	250.00

# Schedules

## to the Account (Contd.)

### 16 NOTES ON ACCOUNTS (CONTD.)

#### 13 Employee Benefits

The Company maintains provident fund with Regional Provident Fund Commissioner, contributions are made by the company to the Fund, based on the current salaries. In the provident fund schemes, contribution are also made by the employees. An amount of Rs.15.94 million (2010 : Rs.12.98 million) has been charged to the Profit and Loss Account on account of the above defined contribution schemes.

The Company operates defined benefit schemes like gratuity and leave encashment. The Company has taken out a policy with Life Insurance Corporation of India (LIC) for future payment of gratuity liability to its employees. Annual actuarial valuations are carried out by LIC in compliance with Accounting Standard 15 (Revised 2005) on Employee Benefits. Annual contributions are also made by the Company. Employees are not required to make any contribution.

The Company also provides for leave encashment benefit to the employees. Annual actuarial valuations are carried out by an independent actuary in compliance with Accounting Standard 15 (Revised 2005) on Employee Benefits. Employees are not required to make any contribution.

	Rs. million			
	Gratuity 31 March		Leave Encashment 31 March	
	2011	2010	2011	2010
Amount recognised in the Balance Sheet are as follows:				
Present value of funded obligation	11.48	8.36	-	-
Fair Value of Plan Assets	16.35	12.47	-	-
	(4.87)	(4.11)	-	-
Unrecognized past service cost	-	-	-	-
Present value of un-funded obligation	-	-	13.36	10.78
Net (Asset)/Liability	(4.87)	(4.11)	13.36	10.78
Amount recognised in the Profit and Loss Account and charged to Salaries, Wages & Bonus and Contribution to Provident & Other Funds under Schedule 14 are as follows:				
Current Service cost	3.27	2.84	1.66	2.20
Interest cost	0.67	0.52	0.89	0.72
Expected Return on Plan Assets	(1.13)	(0.84)	-	-
Net actuarial loss/(gain) recognised during the year	(0.41)	(1.36)	1.01	1.42
<b>Total</b>	<b>2.40</b>	<b>1.16</b>	<b>3.56</b>	<b>4.34</b>
Reconciliation of opening and closing balances of the present value of the obligations:				
Opening defined benefit obligation	8.36	6.49	10.78	7.32
Current Service cost	3.27	2.84	1.66	2.20
Interest cost	0.67	0.52	0.89	0.72
Actuarial loss/(gain)	(0.41)	(1.36)	1.01	1.42
Benefits paid	(0.42)	(0.14)	(0.98)	(0.88)
Closing Defined Benefit Obligation	11.47	8.35	13.36	10.78
Reconciliation of opening and closing balances of the fair value of plan assets:				
Opening fair value of Plan Assets	12.47	9.29	-	-
Expected Return on Plan Assets	1.13	0.84	-	-
Contributions by employer	3.16	2.48	0.98	0.88
Benefits paid	(0.42)	(0.14)	(0.98)	(0.88)
Closing Fair Value on Plan Assets	16.34	12.47	-	-

# Schedules

to the Account (Contd.)

## 16 NOTES ON ACCOUNTS (CONTD.)

	Rs. million			
	Gratuity 31 March		Leave Encashment 31 March	
	2011	2010	2011	2010
Actual Return on Plan Assets [Plan Assets consist of funds maintained with LIC for gratuity scheme]	1.13	0.84	-	-
<b>Principal Actuarial Assumption Used:</b>				
Discount Rates	8%	8%	8.25%	8%
Expected Return on Plan Assets	8%	8%	-	-
Expected Salary increase rates	4.75%	6%	5%	-
Mortality Rates	LIC (1994-96) mortality tables		LIC (1994-96) mortality tables	

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated terms of the obligations.

The contribution expected to be made by the Company for the year ending 31 March 2012 cannot be readily ascertainable and therefore not disclosed.

	Rs. million			
	31 March 2011		31 March 2010	
	Principal	Interest	Principal	Interest
<b>14 Details of dues to Micro and Small enterprises:</b>				
(i) The amount remaining unpaid to any supplier as at the end of the accounting year;	52.00	-	187.74	-
(ii) the amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year;				
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23	-	-	-	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company.

# Schedules

to the Account (Contd.)

## 16 NOTES ON ACCOUNTS (CONTD.)

- 15 As at 31 March 2011, the company had net outstanding foreign currency exposures & its corresponding forward cover as given below:**

	Rs. million				
	2011			2010	
	Currency	FC	INR	FC	INR
Total Foreign Currency Exposure (Net)	USD	88.50	3,951.57	71.33	3,309.52
	EURO	16.16	1,021.67	-	-
	SCF	(0.09)	(4.37)	-	-
Covered by Forward Contracts	USD	49.85	2,291.69	27.67	1,248.89
	EURO	14.41	847.41	-	-

### 16 Share - based Compensation

The shareholders of the Company in Annual General Meeting held on 17 August 2010, has approved an Employee Stock Options Scheme 2010 (the "ESOP Scheme 2010"), formulated by the company, under which the Company may issue 55,00,000 options to its permanent employees and directors of the company, its subsidiaries and its holding company, as determined by the Remuneration Committee on its own discretion and in accordance with the SEBI Guidelines.

Each options when exercised would be converted into one fully paid - up equity share of Rs.10/- each of the Company. The ESOP Scheme 2010 is administered by the Remuneration Committee of the Board of Directors of the Company ("the Committee"). Under the ESOP Scheme 2010, the Committee had granted 900,000 options to its eligible employees during the year ended 31 March 2011. The following share-based payment arrangements were in existence during the reporting periods.

Particulars	ESOP Scheme 2010
Number of Options Granted	900000
Grant Date	4 February 2011
Vesting Plan	Graded vesting - between 12.5% & 25% based on continuity & performance
Vesting Period	Not earlier than one year and not later than five years from the date of grant of the options in one or more tranches.
Exercise Period	3 years from the date of vesting
Exercise Price (Rs. per Option)	46.30
Method of Accounting	Intrinsic Value

### Movement of Options Granted

The movement of the options for the year ended 31 March, 2011 is given below:

Particulars	Stock Options (Numbers)	Range of exercise Prices (Rs.)	Weighted Average	
			Exercise Price (Rs.)	Remaining contractual years
Outstanding at the beginning of the year	-			
Granted during the year	900,000	46.30	46.30	6.00
Forefeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	900,000	46.30	46.30	6.00
Exerciseable at the end of the year	-			

No stock options were entitled to be exercised during the year.

# Schedules

## to the Account (Contd.)

### 16 NOTES ON ACCOUNTS (CONTD.)

#### Fair Valuation:

At grant date, the estimated fair value of stock options granted was Rs.19.56. The fair valuation was carried out by an independent valuer using Black & Scholes model. The various inputs and assumptions considered in the pricing model at grant date for the stock options granted under ESOP Scheme 2010 are as under.

Particulars	Tranche I
Number of options granted	900000
Grant Date	4 February, 2011
Risk Free interest rate(%)	7.86 - 8.00
Option Life(Years)	2.5 - 5.5
Expected Volatility (%)	54.42 - 55.30
Expected Dividend Yield (%)	2.77
Share price at options grant date	46.30

Had the compensation cost for the stock options granted been recognised based on fair value at the date of grant in accordance with Black & Scholes Model, the proforma amount of net profit and earnings per share of the company would have been as under:

	(Rs. million)
<b>Net Profit as Reported</b>	513.77
Less: Dividend on Preference Shares (including Tax)	-
<b>Net Profit attributable to Equity shareholders</b>	513.77
Add: Compensation cost under ESOP Scheme 2010 as per intrinsic value included in the Net Profit	-
Less: Compensation cost under ESOP Scheme 2010 as per Fair Value	1.40
<b>Proforma Net Profit</b>	512.37
Less: Tax adjustment for earlier years	-
<b>Proforma Profit after Tax adjustment for earlier years</b>	512.37
Weighted average number of Basic equity shares outstanding	110.00
Weighted average number of Diluted equity shares outstanding	110.14
Face Value of Equity Shares	10.00
<b>Reported Earning per Share( EPS)</b>	
Basic EPS (in Rs.)	4.67
Diluted EPS (in Rs.)	4.67
<b>Proforma Earning per Share (EPS)</b>	
Basic EPS (in Rs.)	4.66
Diluted EPS (in Rs.)	4.66

- 17** As the Company's business activity falls within a single business segment, viz. "Iron & Steel products", the disclosure requirements of Accounting Standard (AS-17) on "Segment Reporting", notified by the Companies (Accounting Standards) Rules, 2006, are not applicable.

- 18** Previous year's figures have been rearranged/re-grouped wherever necessary.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**  
Partner  
Membership Number 50553

Place : Kolkata  
Date : 30 May 2011

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Subhra Giri**  
Company Secretary

**Vishal Agarwal**  
Managing Director

**Manoj Kumar Digga**  
Chief Financial Officer

Place : Kolkata  
Date : 30 May 2011

# Cash Flow Statement

for the year ended 31 March 2011

Particulars	Rs. million	
	31 March 2011	31 March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before Tax and Exceptional Item	864.55	856.78
Adjusted for:		
Depreciation	482.05	468.18
Interest Expense	847.04	769.79
Interest Income	(137.66)	(118.39)
(Profit)/Loss on Sale of Fixed Assets	-	1.15
Miscellaneous Expenditure written off	24.55	26.77
Provision for Bad & Doubtful Debts	33.53	-
Bad Debts Written Off	-	15.86
Advance Written off	-	10.00
Provision for Doubtful Advances	18.14	12.50
Provision for Doubtful debts written back	(23.34)	-
Liabilities no longer required written back (net)	(22.17)	-
Unrealised Foreign exchange (Gain)/Loss	(192.36)	(107.26)
<b>Operating profit before working capital changes</b>	<b>1,894.33</b>	<b>1,935.38</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase)/Decrease in Sundry Debtors	134.90	160.26
- (Increase)/Decrease in Loans and Advances	(11.28)	(205.47)
- (Increase)/Decrease in Inventories	(569.37)	199.90
- Increase/(Decrease) in Trade and Other Payables	1,424.75	(259.79)
<b>Cash generated from operations</b>	<b>2,873.33</b>	<b>1,830.27</b>
- Taxes Paid	(150.99)	(88.72)
<b>Net cash from operating activities</b>	<b>2,722.34</b>	<b>1,741.55</b>

# Cash Flow Statement

for the year ended 31 March 2011 (Contd.)

Particulars	Rs. in million	
	31 March 2011	31 March 2010
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(4,479.22)	(3,079.33)
Proceeds from Sale of fixed assets	0.33	3.42
Purchase of investments	(10.00)	(295.75)
Interest Received	136.45	118.80
<b>Net cash used in investing activities</b>	<b>(4,352.44)</b>	<b>(3,252.86)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from long term borrowings	2,215.19	2,538.72
Repayment of long term borrowings	(724.70)	(270.99)
Proceeds from short term borrowings	1,166.42	233.23
Interest Paid	(846.45)	(860.79)
Dividend Paid	(110.00)	-
Dividend Tax Paid	(18.69)	-
<b>Net Cash used in financing activities</b>	<b>1,681.77</b>	<b>1,640.17</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>51.67</b>	<b>128.86</b>
Cash and cash equivalents as at 1 April 2010	833.41	704.55
<b>Cash and cash equivalents as at 31 March 2011</b>	<b>885.08</b>	<b>833.41</b>

## Notes to Cash Flow Statement

1. Cash and cash equivalents consist of cash in hand and balance with banks and deposits with banks.

	31 March 2011	31 March 2010
Cash in Hand	0.40	0.14
Balance with Scheduled Bank in :		
Current Account	18.53	74.86
Share Refund Order Account	0.34	0.34
Fixed Deposit Account	865.02	757.70
Dividend Account	0.79	0.37
<b>Cash &amp; cash equivalents</b>	<b>885.08</b>	<b>833.41</b>

2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statements (AS-3)' issued by the Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**  
Partner  
Membership Number 50553

Place : Kolkata  
Date : 30 May 2011

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Subhra Giri**  
Company Secretary

**Vishal Agarwal**  
Managing Director

**Manoj Kumar Digga**  
Chief Financial Officer

Place : Kolkata  
Date : 30 May 2011

# Balance Sheet Abstract

## AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No. :     4 6 0 1 State Code :     1 5

Balance Sheet Date :   3 1   0 3   2 0 1 1  
Date Month Year

### II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue :       N I L Right Issue :       N I L

Bonus Issue :       N I L Private Placement :       N I L

### iii. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities :   2 9 1 5 9 8 0 9 Total Assets :   2 9 1 5 9 8 0 9

#### Sources of Funds

Paid-up Capital :   1 1 0 0 0 0 0 Reserves & Surplus :   2 4 3 2 8 6 3

Secured Loans :   1 3 7 3 2 3 8 3 Unsecured Loans :   3 4 8 8 2 3

Deferred Taxation :   5 9 7 0 0 9

#### Application of Funds

Net Fixed Assets :   2 1 6 1 4 5 0 6 Investments :   6 1 0 4 0 0

Net Current Assets :   (-) 4 0 1 3 8 3 8 Misc. Expenditure :   N I L

Accumulated Losses :   N I L

### IV. PERFORMANCE OF COMPANY (Amount In Rs. Thousands)

Turnover \* :   1 3 3 2 8 7 9 1 Total Expenditure :   1 2 4 6 4 2 3 7

Profit Before Tax :   8 6 4 5 5 5 Profit After Tax :   5 1 3 7 7 2

Earning per share in Rs. :   4 . 6 7 Dividend % :   1 0

\* includes other income

### V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as Per Monetary Terms)

Item Code No. :   7 2 0 1 1 0 0 0 Product Description : Pig Iron

Item Code No. :   2 7 0 4 0 0 3 0 Product Description : Lam Coke

Item Code No. :   7 2 0 2 4 1 0 0 Product Description : Ferro Chrome

Item Code No. :   7 2 0 3 1 0 0 0 Product Description : Sponge Iron

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**Subhra Giri**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Place : Kolkata  
Date : 30 May 2011

# Statement Pursuant To Section 212 (3)

## Of The Companies Act, 1956

Ghotaringa Minerals Limited (GML), a company incorporated under the Companies Act, 1956 became subsidiary of the Company with effect from 30 September 2005. As on 31 March 2011, 89% of the issued and subscribed equity share capital of GML was held by the Company alongwith its nominees.

VISA BAO Limited (VBL), a Company incorporated under the Companies Act, 1956 became subsidiary of the Company with effect from 23 May, 2008. As on 31 March 2011, 65% of the issued and subscribed equity share capital of VBL was held by the Company alongwith its nominees.

Name of the subsidiary	Ghotaringa Minerals Ltd	VISA BAO Ltd
1 Financial Year of the Subsidiary ended on	31 March 2011	31 March 2011
2 Shares of the subsidiary held by the Company on the above date		
a Number	890,000	59,150,000
Face Value (Rs.)	10	10
b Extent of holding	89%	65%
3 Net aggregate amount of profits/(losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the company		
a Dealt with in the accounts of the Company for the year ended 31 March 2011 (Rs.)	1,905	42,560
b Not dealt with in the accounts of the Company for the year ended 31 March 2011 (Rs.)	NIL	NIL
4 Net aggregate amount of profits/(losses) for previous years of the subsidiary since it became a subsidiary so far as they concern members of the company		
a Dealt with in the accounts of the Company for the year ended 31 March 2011 (Rs.)	284,896	21,088,377
b Not dealt with in the accounts of the Company for the year ended 31 March 2011 (Rs.)	N.A	N.A

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**Subhra Giri**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Place : Kolkata

Date : 30 May 2011

# Auditors' Report

## to the Board of Directors of VISA Steel Limited on the Consolidated Financial Statements

1. We have audited the attached consolidated balance sheet of VISA Steel Limited (the "Company") and its subsidiaries and its joint venture; hereinafter referred to as the "Group" (refer Note 1(b) on Schedule 15 to the attached consolidated financial statements) as at 31st March, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management,
- as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of one subsidiary and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs 23.92 million and net assets of Rs 22.55 million as at 31st March 2011, total revenue of Rs.0.05 million, net profit of Rs 0.004 million and net cash outflows amounting to Rs 0.38 million for the year then ended. The financial statements and other financial information of the subsidiary have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated

# Auditors' Report

## to the Board of Directors of VISA Steel Limited on the Consolidated Financial Statements

Financial Statements, and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.

*As indicated in Note-7 in Schedule 15, approval of the Shareholders is awaited for managerial remuneration paid to the Chairman amounting to Rs.11.29 millions.*

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the component of the Group, as referred to above, and to the best of our information and according to the explanations given to us, *Subject to our remark in 4 above* in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
- (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date: and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of  
Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants

**Partha Mitra**  
Partner  
Place: Kolkata  
Date: May 30, 2011      Membership Number 50553

# Consolidated Balance Sheet

as at 31 March 2011

Rs. million

	Schedule	31 March 2011		31 March 2010	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	1	1,100.00		1,100.00	
Reserves and Surplus	2	2,465.32	3,565.32	2,079.46	3,179.46
Minority Interest			336.97		336.95
<b>Loan Funds</b>					
Secured Loan	3		13,732.38		11,076.99
Unsecured Loan	3A		348.82		350.39
Deferred Taxation [Refer Note 11 Schedule 15]			597.16		301.11
			<b>18,580.65</b>		<b>15,244.90</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4		9,323.50		9,267.63
Less : Depreciation			1,611.21		1,129.41
Net Block			7,712.29		8,138.22
Capital Work in Progress including Advances			14,464.63		7,728.42
Add - Share of Joint Venture [Refer Note 9 Schedule 15]			10.82	22,187.74	0.04
			<b>7,145.31</b>		<b>6,882.27</b>
<b>Current Assets, Loans and Advances</b>					
Inventories	5		3,956.80		3,417.06
Sundry Debtors	6		479.86		648.78
Cash and Bank Balances	7		1,062.10		1,364.73
Interest Accrued on Deposits			23.15		37.44
Loans and Advances	8		1,623.40		1,414.26
			<b>7,145.31</b>		<b>6,882.27</b>
<b>Less: Current Liabilities and Provisions</b>					
Liabilities	9		10,611.28		7,389.13
Provisions	10		141.20		139.47
			<b>10,752.48</b>	<b>(3,607.17)</b>	<b>7,528.60</b>
<b>Miscellaneous Expenditure</b>					
[To the extent not written off or adjusted]					
Share Issue Expenses			0.08		24.55
			<b>18,580.65</b>		<b>15,244.90</b>
<b>Notes on Consolidated Accounts</b>	15				

The Schedules referred to above form an integral part of the Consolidated Balance Sheet. This is the Consolidated Balance Sheet referred to in our report of even date.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**  
Partner  
Membership Number 50553

Place : Kolkata  
Date : 30 May 2011

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Subhra Giri**  
Company Secretary

**Vishal Agarwal**  
Managing Director

**Manoj Kumar Digga**  
Chief Financial Officer

Place : Kolkata  
Date : 30 May 2011

# Consolidated Profit & Loss Account

for the year ended 31 March 2011

		Rs. million			
		Schedule	31 March 2011	31 March 2010	
<b>INCOME</b>					
Sales			13,404.10	11,983.07	
Less: Excise Duty on Sales			345.09	413.65	11,569.42
Other Income	11		269.83		145.41
			<b>13,328.84</b>		<b>11,714.83</b>
<b>EXPENDITURE</b>					
Materials	12		9,661.27		8,136.60
Expenses	13		1,626.17		1,613.24
Interest (net)	14		694.33		602.83
Depreciation			482.38		468.28
			<b>12,464.15</b>		<b>10,820.95</b>
<b>Profit /(Loss) Before Taxation and Minority Interest</b>			<b>864.69</b>		<b>893.88</b>
<b>Provision for Taxation</b>					
Current Tax			182.66	108.63	
Mat Credit Entitlement			(127.74)	-	
Deferred Tax			296.05	286.62	395.25
<b>Profit /(Loss) after Taxation before share of Minority Interest</b>			<b>513.72</b>		<b>498.63</b>
Minority Interests			0.02		8.53
<b>Net Profit / (Loss)</b>			<b>513.70</b>		<b>490.10</b>
Balance brought forward from previous years			331.51		(29.90)
			<b>845.21</b>		<b>460.20</b>
<b>APPROPRIATION</b>					
Proposed Dividend			110.00		110.00
Income Tax on Proposed Dividend			17.84		18.69
<b>Balance Carried forward to Balance Sheet</b>			<b>717.37</b>		<b>331.51</b>
Basic and Diluted Earning Per Share			4.67		4.46
<b>Notes on Consolidated Accounts</b>	15				

The Schedules referred to above form an integral part of the Consolidated Profit & Loss Account. This is the Consolidated Profit & Loss Account referred to in our report of even date.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**  
Partner  
Membership Number 50553

Place : Kolkata  
Date : 30 May 2011

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Subhra Giri**  
Company Secretary

**Vishal Agarwal**  
Managing Director

**Manoj Kumar Digga**  
Chief Financial Officer

Place : Kolkata  
Date : 30 May 2011

# Schedules

## to the Consolidated Balance Sheet

	Rs. million	
	31 March 2011	31 March 2010
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
160,000,000 Equity Shares of Rs.10/- each	1,600.00	1,600.00
<b>Issued and Subscribed</b>		
110,000,000 Equity Shares of Rs.10/- each fully paid up	1,100.00	1,100.00
<b>Note:</b>		
(a) Of the above 57,612,167 Equity Shares of Rs.10/- each are held by VISA Infrastructure Limited, the Ultimate Holding Company.		
(b) Of the above 8,360,000 Equity Shares of Rs.10/- each allotted for consideration other than cash pursuant to a scheme of amalgamation without payment being received in cash.		
<b>2 RESERVES &amp; SURPLUS</b>		
Capital Reserve	11.19	11.19
Share Premium Account	1,645.00	1,645.00
General Reserve - As per last account	91.76	91.76
Profit and Loss Account	717.37	331.51
	<b>2,465.32</b>	<b>2,079.46</b>
Add: Share of Joint Venture [Refer Note 9 Schedule15]	-	-
	<b>2,465.32</b>	<b>2,079.46</b>
<b>3 SECURED LOAN</b>		
From Banks		
Cash Credit [Refer Note 3(a) Schedule 15]	1,569.40	404.49
Term Loan [Refer Note 3(b) & 3(c) Schedule 15]	11,294.89	10,569.36
Vehicle and Other Loan [Refer Note 3(d) Schedule 15]	90.08	14.46
From Others		
Term Loan [Refer Note 3(b) & 3(c) Schedule 15]	453.06	-
Vehicle and Other Loan [Refer Note 3(d) Schedule 15]	324.95	88.68
	<b>13,732.38</b>	<b>11,076.99</b>
<b>3A UNSECURED LOAN</b>		
From Banks - Short Term		
SIDBI	98.82	100.39
From Others	250.00	250.00
	<b>348.82</b>	<b>350.39</b>

# Schedules

to the Consolidated Balance Sheet (Contd.)

ASSETS	Gross Block (at cost)						Depreciation			Net Block	
	As at 1 April 2010	Addition/ Adjustment	Deletion/ Adjustment	As at 31 March 2011	As at 1 April 2010	For the Year	Deletion/ Adjustment	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010	
Goodwill on Consolidation	0.24	-	-	0.24	-	-	-	-	0.24	0.24	
<b>Tangible</b>											
Land- Freehold	13.07	-	-	13.07	-	-	-	-	13.07	13.07	
Land- Leasehold	146.51	-	-	146.51	9.24	1.71	-	10.95	135.56	137.27	
Buildings	738.49	0.38	-	738.87	60.77	22.91	-	83.68	655.19	677.72	
Plant & Machinery	8,161.90	35.90	-	8,197.80	971.48	436.28	-	1,407.76	6,790.04	7,190.16	
Furniture & Fixtures	38.09	4.06	-	42.15	18.98	2.42	-	21.40	20.75	19.11	
Vehicles	154.94	13.81	0.91	167.84	54.92	18.59	0.58	72.93	94.91	100.02	
<b>Intangible</b>											
Computer Software	14.39	2.63	-	17.02	14.02	0.47	-	14.49	2.53	0.63	
<b>TOTAL</b>	<b>9,267.63</b>	<b>56.78</b>	<b>0.91</b>	<b>9,323.50</b>	<b>1,129.41</b>	<b>482.38</b>	<b>0.58</b>	<b>1,611.21</b>	<b>7,712.29</b>	<b>8,138.22</b>	
<b>2010</b>	<b>8,448.40</b>	<b>829.61</b>	<b>10.38</b>	<b>9,267.63</b>	<b>666.93</b>	<b>468.28</b>	<b>5.80</b>	<b>1,129.41</b>	<b>8,138.22</b>		

Rs. million

# Schedules

to the Consolidated Balance Sheet (Contd.)

Rs. million

	31 March 2011	31 March 2010
<b>5 INVENTORIES - AT LOWER OF COST OR NET REALISABLE VALUE</b>		
Stores & Spare Parts*	203.29	126.59
Raw Materials	1,395.83	1,757.66
Finished Goods	1,770.42	1,144.97
By-Products	516.34	345.02
Work-in-Progress	70.92	42.82
	<b>3,956.80</b>	<b>3,417.06</b>
* Including Capital items lying in stores	41.89	71.53
<b>6 SUNDRY DEBTORS - UNSECURED</b>		
Debts Outstanding for a period exceeding six months		
Considered Good	-	35.39
Considered Doubtful	33.53	0.90
Other debts - Considered Good	479.86	613.39
	513.39	649.68
Less: Provision for Doubtful Debts	33.53	0.90
	<b>479.86</b>	<b>648.78</b>
<b>7 CASH AND BANK BALANCES</b>		
Cash in Hand	0.42	0.15
Balance with Scheduled Banks in		
Current Account	29.82	120.56
Share Refund Order Account	0.34	0.34
Fixed Deposit Account	1,030.31	1,243.31
Dividend Account	0.79	0.37
	1,061.68	1,364.73
Add - Share of Joint Venture [Refer Note 9 Schedule 15]	0.42	-
	<b>1,062.10</b>	<b>1,364.73</b>

# Schedules

to the Consolidated Balance Sheet (Contd.)

	Rs. million	
	31 March 2011	31 March 2010
<b>8 LOANS AND ADVANCES UNSECURED - CONSIDERED GOOD [UNLESS OTHERWISE STATED]</b>		
Advances Recoverable in Cash or in kind or for value to be received		
Considered Good	1,033.94	1,200.12
Considered Doubtful	25.94	23.50
	1,059.88	1,223.62
Less: Provision for Doubtful Advances	25.94	23.50
	1,033.94	1,200.12
Deposits with		
Customs, Port Trust etc.	6.05	6.56
Others	354.63	97.29
Advance Payment of Income Tax [Net of Provision Rs.469.26 million (2010: Rs.286.58 million)]	96.82	106.14
MAT Credit Entitlement	127.74	-
Advance Payment of Fringe Benefit Tax [Net of Provision Rs.15.16 million (2010: Rs.15.16 million)]	4.22	4.15
	1,623.40	1,414.26
Add - Share of Joint Venture [Refer Note 9 Schedule 15]	-	-
	<b>1,623.40</b>	<b>1,414.26</b>
<b>9 LIABILITIES</b>		
Sundry Creditors (Refer Note 14 Schedule 15)	10,170.81	6,964.55
Advance from Customers	87.09	254.80
Other Liabilities	349.59	168.28
Interest accrued but not due on loans	1.34	0.75
Unclaimed dividend	0.79	0.37
Share Refund Order Account	0.34	0.34
Add - Share of Joint Venture [Refer Note 9 Schedule 15]	1.32	0.04
	<b>10,611.28</b>	<b>7,389.13</b>
<b>10 PROVISIONS</b>		
Leave Encashment	13.36	10.78
Proposed Dividend	110.00	110.00
Income Tax on Proposed Dividend	17.84	18.69
	<b>141.20</b>	<b>139.47</b>

# Schedules

## to the Consolidated Profit and Loss Account

Rs. million

	31 March 2011		31 March 2010	
<b>11 OTHER INCOME</b>				
Insurance Claim received		40.81		17.76
Gain on Exchange Fluctuation (Net)		-		38.43
Liabilities no longer required written back		22.17		-
Provisions no longer required written back		23.34		-
Miscellaneous Income		183.51		89.22
		<b>269.83</b>		<b>145.41</b>

<b>12 MATERIALS</b>				
Raw Material Consumed				
Opening Stock	1,757.66		2,143.22	
Add: Purchase	7,647.86		6,480.62	
Less: Closing Stock	1,395.83	8,009.69	1,757.66	6,866.18
Purchase of Finished Goods		2,397.26		1,447.24
(Increase)/Decrease in Stock				
Opening Stock				
Finished Goods	1,144.97		1,058.22	
By-Products	345.02		178.57	
Work-in-Progress	42.82		120.82	
	1,532.81		1,357.61	
Less: Closing Stock				
Finished Goods	1,770.42		1,144.97	
By-Products	516.34		345.02	
Work-in-Progress	70.92		42.82	
	2,357.68	(824.87)	1,532.81	(175.20)
Increase/(Decrease) in Excise Duty on Stock		79.19		(1.62)
		<b>9,661.27</b>		<b>8,136.60</b>

# Schedules

to the Consolidated Profit and Loss Account (Contd.)

Rs. million

	31 March 2011		31 March 2010	
<b>13 EXPENSES</b>				
Salary, Wages & Bonus	412.52		316.77	
Contribution to Provident & Other Funds	21.24		13.19	
Workmen and Staff Welfare expenses	4.62	438.38	4.00	333.96
Consumption of Stores & Spare Parts		178.88		214.30
Power & Fuel		91.02		161.15
Rent		26.96		31.33
Repairs & Maintenance				
- Building	3.24		7.48	
- Plant & Machinery	52.68		42.72	
- Others	5.56	61.48	5.56	55.76
Insurance		18.99		53.12
Rates & Taxes		15.26		20.57
Material Handling Expenses		165.09		242.47
Customs & Cess		6.36		0.07
Freight & Selling Expenses		229.25		157.54
Loss on Sale of Assets		-		1.15
Bank & Finance Charges		182.57		137.67
Loss on Exchange Fluctuation (net)		7.53		-
Bad Debts Written off		-		15.86
Provision for Doubtful Debts		33.53		12.50
Provision for Doubtful Advances		18.14		-
Advances Written off		-		10.00
Miscellaneous Expenditure written off		24.55		26.77
Miscellaneous Expenses		128.17		139.02
		<b>1,626.16</b>		<b>1,613.24</b>
Add: Share of Joint Venture [Refer Note 9 Schedule 15]		0.01		-
		<b>1,626.17</b>		<b>1,613.24</b>

## 14 INTEREST (NET)

Interest on:				
Overdraft Facilities	161.90		116.25	
Term Loan	462.94		460.77	
Vehicle Loan	3.79		5.31	
Other	218.41	847.04	187.46	769.79
Less: Interest Income (Gross) [Tax Deducted at Source Rs.11.45 million (2010; Rs.11.35 million)]				
Bank Fixed Deposits	(15.15)		(48.56)	
Others	(137.55)	(152.70)	(118.40)	(166.96)
Add: Share of Joint Venture [Refer Note 9 Schedule 15]		(0.01)		-
		<b>694.33</b>		<b>602.83</b>

# Schedules

## to the Consolidated Accounts

### 15 NOTES ON ACCOUNTS

#### 1. Statement on Significant Accounting Policies

##### (a) Basis of Consolidation

The Consolidated financial statements comprises of the financial statements of VISA Steel Limited (the Holding Company) and its subsidiaries and joint venture. The Consolidated financial statements are prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures".

The Consolidated financial statements are prepared on the following basis:

- (i) The financial statements of the Holding Company and its Subsidiary Companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances, intra-group transactions and unrealised profit or losses thereon have been fully eliminated.
- (ii) The financial statements of the subsidiaries and joint venture used in the consolidation are drawn up to the same reporting date as that of the Holding Company.
- (iii) The excess value of the consideration given over the net value of the identifiable assets acquired in one of the subsidiary company is recognised as "Goodwill" and is not being amortised.
- (iv) Joint venture have been accounted for using the proportionate consolidation method whereby a venturer's share of each of the assets and liabilities of the jointly controlled entity is accounted for on a prorata basis.

##### (b) The subsidiary companies and joint venture considered in the Consolidated financial statements are:

	Country of Incorporation	% of Voting power held as at 31 March 2011 [Including Beneficial Interest]
<b>Subsidiaries</b>		
VISA BAO Limited	India	65%
Ghotaringa Minerals Limited	India	89%
<b>Joint Venture</b>		
VISA Urban Infra Ltd.	India	26%

##### (c) Principal Accounting Policies

The Consolidated Financial Statements have been prepared in accordance with applicable Accounting Standards in India. A summary of Important accounting policies are set out below.

##### (d) Basis of Accounting

The Consolidated Financial Statements have been prepared under the historical cost convention.

##### (e) Fixed Assets

- (i) Fixed Assets are stated at their purchase cost (net of CENVAT credit), where applicable together with any incidental expenses of acquisition/installation. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition/construction of qualifying assets. Impairment loss, if any, ascertained as per the Accounting Standard u/s 211(3C) of the Companies Act, 1956.
- (ii) Depreciation on fixed assets, other than leasehold land, is provided on Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956. Leasehold land is amortized over the period of lease. No depreciation is provided for freehold land.

# Schedules

## to the Consolidated Accounts (Contd.)

### 15 NOTES ON ACCOUNTS (CONTD.)

- (iii) Computer software has been capitalised as Intangible Assets and are being amortised in equal installments over its useful life of three years.
- (iv) Profit or loss on disposal of fixed assets is recognised in Profit and Loss Account.
- (f) Inventories**  
Inventories are stated at cost (net of CENVAT credit) or net realisable value, whichever is lower. Cost is determined on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and includes, where applicable appropriate overheads. Obsolete, slow moving and defective inventories are identified at the time of physical verification and where necessary, provision is made for such inventories.
- (g) Sales**  
Sales represent the invoiced value of goods and services supplied, net of value added tax (VAT)/sales tax but inclusive of excise duty.
- (h) Transactions in Foreign Currencies**  
Transactions in foreign currencies are recorded in rupees by applying the exchange rate prevailing on the date of transaction. Transactions remaining unsettled are translated at the rate of exchange ruling at the end of the year. Exchange gain or loss arising on settlement/translation is recognised in the Profit and Loss Account. Premium or discount on forward contracts are amortised over the life of the contract. Foreign exchange forward contracts are revalued at the balance sheet date and the exchange difference between the spot rate at the date of the contract and the spot rate on the balance sheet date is recognised as gain/loss in the Profit & Loss Account.
- (i) Employee Benefits**
- (I) **Post Retirement Benefits:**
- (a) **Provident Fund**  
The Companies operate defined contribution schemes like Provident Fund. The Company makes regular contribution to provident funds which are fully funded and administered by Government and are independent of Company's finance. Contributions are recognized in Profit & Loss Account on an accrual basis.
- (b) **Gratuity**  
Defined Benefit Plans like Gratuity Schemes are also maintained by the Companies. The Companies have taken out a policy with Life Insurance Corporation of India (LICI) for future payment of gratuity liability to its employees. Gratuity liability is determined as at the end of each year by LICI in accordance with the method stated in the Accounting Standard 15 (Revised 2005) on "Employee Benefits" and such liability has been provided for in the accounts. Annual Premium determined by LICI is contributed.
- (II) **Other Employee Benefits:**
- (a) **Leave Encashment**  
Leave encashment benefit is determined on the basis of independent actuarial valuation, at the end of each year in accordance with the method stated in AS 15 (Revised 2005) and such liability is provided for in the accounts and charge is recognized in the Profit and Loss Account.
- (b) Other Employee Benefits are accounted for on accrual basis.
- (j) Deferred Tax**  
Deferred Tax is recognised using the liability method, at the current rate of taxation, on all timing differences to the extent it is probable that a liability or asset will crystallise. Deferred Tax Assets are recognised subject to consideration of prudence and are periodically reviewed to reassess realisation thereof.

# Schedules

## to the Consolidated Accounts (Contd.)

### 15 NOTES ON ACCOUNTS (CONTD.)

**(k) Borrowing Cost**

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalized as a part of the cost of such assets upto the date when such assets are ready for its intended use. Other borrowing costs are charged to Profit & Loss Account.

**(l) Leases**

Assets acquired as leases where a significant portion of the risk and rewards of ownership are retained by the lesser are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

**(m) Miscellaneous Expenditure - To the extent not written off or adjusted**

Public issue expenses in respect of Holding Company have been amortized in equal installment over a period of five years.

**2. (a) Claim against the Holding Company not acknowledged as debt:**

- (i) In respect of a charter party dispute between VISA Comtrade (Asia) Limited (the "Charterer") and Transfield Shipping Inc., Panama (the "Owner of the Vessel - Prabhu Gopal"), the said Owner of the vessel has filed a civil suit in the Hon'ble Calcutta High Court against the Holding Company and the Charterer claimed relief for a decree for US\$ 0.30 million to be expressed in Indian Currency at such rate of exchange and/or on such terms as the Court may deem fit and proper, Injunction, Costs or other reliefs. The holding company has not accepted the claim as it was not a party to the said Agreement and hence cannot be made a party to the suit. The Hon'ble Court passed interim order dated 11 May 2005 & 20 June 2005, restraining the Holding Company and the Charterer from withdrawing any amount from a specified bank account without leaving a balance for a sum of Rs.12.50 million, which has been set aside by the bank from cash credit limit of the Holding Company. The Holding Company has been legally advised that the above interim order has been expired due to efflux of time and has not been extended by the Hon'ble Calcutta High Court.
- (ii) Applications have been filed by the legal heirs of a deceased employee of the Holding Company and his sister respectively, who died in a road accident while travelling in the Holding Company's vehicle for their personal work, claiming a compensation of Rs.6.05 million and interest @ 18% per annum and Rs.0.55 million respectively. The Holding Company has contested the claims, which are currently pending before the Motor Accident Claims Tribunal, Bhubaneswar and the Additional District Judge cum 3rd Motor Accident Claims Tribunal, Rourkela respectively.

	Rs. million	
	31 March 2011	31 March 2010
<b>(b)</b> Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advance Rs.417.10 million; 2010: Rs.47.73 million )	1,783.58	3,344.36
<b>(c)</b> Contingent liability not provided for in respect of the Holding Company:		
(i) Bank Guarantee	5.68	186.82
(ii) Income Tax matter on Appeal	63.63	63.63
(iii) Sales Tax matter on Appeal	74.24	18.83
(iv) Value Added Tax matter on Appeal	20.37	20.37
(v) Entry Tax matter on Appeal	170.01	50.59
(vi) Customs Duty matter on Imported Goods	34.86	-

# Schedules

## to the Consolidated Accounts (Contd.)

### 15 NOTES ON ACCOUNTS (CONTD.)

- (d) The Holding Company has obtained licenses from the Government of India under EPCG Scheme for import of machineries at a reduced Customs Duty and thereby saved an amount of Rs.384.40 million towards duty upto 31 March 2011(2010 : Rs.522.17 million). As per the requirement under the said Scheme, the Holding Company is required to export amounting to Rs.2986.46 million (2010 : Rs.4177.32 million) within the specified periods, failing which, the Holding Company has to make payment to the Government of India equivalent to the duty benefit enjoyed along with interest. The Holding Company is confident that the above export obligation will be met during the specified period.
- (e) In respect of Subsidiary Ghotaringa Minerals Limited, Prior Period income includes travelling expenses directly relating to exploration for minerals amounting to Rs.0.02 million and which has been transferred to Exploration Expenses under Capital Work in Progress.
3. (a) In respect of the Holding Company working capital facilities from banks are secured by way of first hypothecation charge ranking pari-passu with other banks on the whole of the current assets, namely, stocks of raw material, stock in process, semi finished & finished goods, stores & spares not relating to plant & machinery (i.e. consumable stores & spares), bills receivable & book debts and all other movables, both present and future, whether installed or not provided that the charge in favour of the banks on the moveable plant & machinery, machinery spares, tools & accessories shall be subject to the charges created and/or to be created thereon in favour of the term lenders to secure the long term borrowing/loans for capital expenditure. The working capital facilities are also secured by second mortgage charge on the land situated at Kalinganagar Industrial Complex , District Jajpur, Orissa together with building and structures thereon and all plant & machinery attached to the earth or permanently fastened to anything attached to the earth along with corporate guarantee of VISA International Limited and personal guarantee of Managing Director of the Holding Company.
- (b) In respect of the Holding Company term loan from bank other than General Corpus Corporate loan is secured by way of first charge on the land and fixed assets situated at Kalinganagar Industrial Complex, District Jajpur, Orissa together with hereditaments and premises and building, plant and machineries permanently affixed thereto and other erections thereon both present and future at Plant at Kalinganagar Industrial Complex, District Jajpur, Orissa and second charge on all the current assets of the Holding Company ranking pari-passu with other banks along with Corporate Guarantee of VISA International Limited and personal guarantee of Managing Director of the Holding Company.
- In respect of the Holding Company General Corpus Corporate Loan is secured by first charge on all the movable fixed assets of the Holding Company and second charge on all the current assets of the Holding Company both present and future on pari-passu basis along with other term lenders.
- (c) In respect of the Holding Company, Subordiante Debt Facility from a Consortium of banks and financial institutions through IL&FS Financial Services Limited acting as Facilitator is secured by way of a second mortgage & charge on pari-passu basis with the Working Capital Lenders of all such immovable properties and interest in the immovable properties including buildings, structures, plant and machinery embedded therein, present & future in the industrial land situated at Kalinganagar Industrial Complex, District Jajpur, Orissa, and by way of second charge on pari passu basis with the Term Loan lenders on all the movable current assets and movable plant & machinery, spares, tools, accessories both present & future along with Corporate Guarantee of VISA International Limited. The registration of the above charge is pending.
- (d) In respect of the Holding Company, Equipment Finance and other loan from banks and financial Institutions are secured by way of hypothecation of vehicles/machinery taken under the loan arrangement.

# Schedules

## to the Consolidated Accounts (Contd.)

### 15 NOTES ON ACCOUNTS (CONTD.)

4. Pursuant to an inter se transfer of shares between the Promoter Group Companies, VISA Minmetal AG transferred its entire shareholding to a Promoter Group Company, VISA Infrastructure Limited subsequent to which VISA Infrastructure Limited became the holding Company of the Company w.e.f. 30 April 2010
5. Addition/ Adjustment of Fixed Assets and Capital Work in Progress include borrowing cost amounting to Rs. Nil (2010 ; Rs.90.63 million) and 850.45 million (2010: Rs.510.69 million) respectively

	Rs. million	
	31 March 2011	31 March 2010
<b>6. Consolidated Earning Per Share</b>		
Consolidated Profit / (Loss) After Tax (A)	513.70	490.10
Weighted average number of Rs.10 equity share outstanding during the year (B)	110,000,000	110,000,000
Basic and Diluted Earning per Share (A/B) (In Rs.)	<b>4.67</b>	<b>4.46</b>
<b>7. Directors Remuneration (in respect of the Holding Company)</b>		
Salaries, Allowances & Bonus	34.74	39.78
Retirement benefits	3.67	2.96
Perquisites	2.28	3.59
Commission	18.11	11.82
	<b>58.80**</b>	<b>58.15#</b>
Directors' Sitting Fees	0.94	1.24
<b>Total</b>	<b>59.74</b>	<b>59.39</b>

\*\* Remuneration includes an amount of Rs.11.29 million paid to the whole time director designated as chairman wef 15 December 2010 is subject to the approval of the the Shareholders of the Company.

# Includes Rs.15.92 million towards 2008 - 09 Managerial Remuneration paid during 2009 -10 after obtaining the approval of Central Govt for waiver of recovery.

8. During the year the Joint Venture Company Patrapada Coal Mining Co. Private Limited is dissolved with effect from 05 October 2010.

### 9. Investment in Joint Venture

The Holding Company has invested in VISA Urban Infra Limited during the year vide the consortium agreement with VISA Infrastructure Limited and VISA Realty Limited to start up a project of star hotel and convention centre at Naya Raipur, Chhatisgarh.

Joint Venture	VISA Urban Infra Limited
Country of Incorporation	India
% of Ownership Interest as at 31 March 2011	26.00%

# Schedules

to the Consolidated Accounts (Contd.)

## 15 NOTES ON ACCOUNTS (CONTD.)

	Rs. million	
	31 March 2011	31 March 2010
<b>10.</b> Operating Leases (in respect of the Holding Company)	9.75	8.22
Rent [Including minimum lease payment Rs.Nil (2010; Rs.Nil)]. The company leasing arrangements which is in the nature of operating lease are in respect of various premises having a tenure of 3 years. There is no obligation for renewal of these agreements and are renewable by mutual consent on mutually agreeable terms.		
<b>11.</b> Deferred Tax Provision has been made in the accounts in accordance with the requirements of the Accounting Standard on "Taxes on Income" (AS 22) issued by The Institute of Chartered Accountants of India. The major components of the deferred tax Liabilities/(Assets) based on the tax effects of timing differences are as follows:		
<b>Deferred Tax Liabilities</b>		
Depreciation	784.23	736.06
Public Issue Expenses	-	8.16
	784.23	744.21
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation	(153.67)	(347.75)
Unabsorbed Loss Carried Forward	-	(76.99)
Others	(33.40)	(18.36)
	(187.07)	(443.10)
	<b>597.16</b>	<b>301.11</b>

# Schedules

to the Consolidated Accounts (Contd.)

## 15 NOTES ON ACCOUNTS (CONTD.)

<b>12. Related Party Disclosures</b>	
Nature of Relationship	Name of the Related Parties
Ultimate Holding Company	VISA Minmetal AG (Upto 30 April 2010)
	VISA Infrastructure Limited
Enterprise having significant influence	VISA International Limited
Fellow Subsidiaries	VISA Aluminium Limited
	VISA Cement Limited
	VISA Comtrade Limited
	VISA Power Limited
	VISA Power Trading Company Limited
Key Managerial Personnel	Mr. Vishambhar Saran
	Mr. Vishal Agarwal
	Mr. Basudeo Prasad Modi
Relatives of Key Managerial Personnel	Mrs. Saroj Agarwal
	Mr. Vikas Agarwal
	Mr. Vivek Agarwal
	Mr. Ashok Agarwal
Enterprise over which Relatives of Key Managerial Personnel having significant influence	VISA Aviation Limited
	VISA Power (M.P) Limited
	VISA Realty Limited
	Far East Trading AG
	VISA Minmetal AG
	VISA Minmetal Limited
	VISA Bulk Shipping Pte Limited
	VISA Resources Pte Limited
	Tastebuds Gourmet Foods Private Limited
	VISA Trust

# Schedules

to the Consolidated Accounts (Contd.)

## 15 NOTES ON ACCOUNTS (CONTD.)

### Details of Transactions with Related Parties

Nature of Transaction	31 March 2011							31 March 2010							Rs. million
	Ultimate Holding Company	Fellow Subsidiaries	Enterprise having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprise over which Relatives of Key Managerial Personnel having significant influence	Ultimate Holding Company	Fellow Subsidiaries	Enterprise having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprise over which Relatives of Key Managerial Personnel having significant influence			
Rent	3.59	-	7.21	-	-	-	0.81	-	6.77	-	-	-	-		
Hire Charges	-	50.88	-	-	-	-	-	-	-	-	-	-	-		
Professional Fees	1.25	-	-	-	-	-	-	-	-	-	-	-	-		
Purchase of Goods	-	1,181.47	-	-	-	-	-	1,268.55	-	-	-	152.08	-		
Freight for the above	-	66.03	-	-	-	575.49	-	65.06	0.08	-	-	783.30	-		
Sale of Goods	-	1,339.62	0.62	-	-	1,254.61	-	1,369.64	-	-	-	52.47	-		
Travelling Expenses	-	-	-	-	-	2.04	-	-	-	-	-	11.33	-		
Purchase of Fixed Assets	-	-	-	-	-	-	-	-	0.87	-	-	-	-		
Sale of Fixed Assets	-	0.33	-	-	-	-	-	-	-	-	-	1.37	-		
Interest Received (Net)	-	18.70	-	-	-	-	-	-	-	-	-	-	-		
Investment made	-	-	-	-	-	-	-	-	-	-	-	-	-		
Re-imbursment of expenses (Net)	20.80	0.78	0.04	-	-	0.05	-	35.73	0.01	-	-	0.04	-		
Unsecured Loan Given	-	-	-	-	-	-	-	-	-	-	-	-	-		
Unsecured Loan Taken	-	-	-	-	-	-	-	250.00	-	-	-	-	-		
Advance Received against CWIP	-	240.00	-	-	-	-	-	-	-	-	-	-	-		
Security Deposits Given	260.00	-	-	-	-	-	-	-	20.00	-	-	-	-		
Refund of Deposits	-	-	7.50	-	-	-	-	-	-	-	-	-	-		
Remuneration	-	-	-	55.80	-	-	-	-	-	39.21	2.51	-	-		
Sitting Fees	-	-	-	-	0.25	-	-	-	-	-	0.24	-	-		
Outstanding at closing	-	-	-	-	-	-	-	-	-	-	-	-	-		
Debit	282.30	-	12.55	-	-	-	-	567.42	-	-	-	-	-		
Credit	-	974.68	-	-	-	376.60	-	-	3.24	-	-	-	670.40		

# Schedules

## to the Consolidated Accounts (Contd.)

### 15 NOTES ON ACCOUNTS (CONTD.)

#### 13. Employee Benefits

In respect of the Holding Company and its subsidiary VISA BAO Limited

Provident fund is maintained with Regional Provident Fund Commissioner and contributions are made by the Companies to the Fund, based on the current salaries. In the provident fund schemes, contribution are also made by the employees. An amount of Rs.16.19 million (2010; Rs.13.01 million) has been charged to the Profit and Loss Account on account of the above defined contribution schemes.

The Companies operate defined benefit schemes like gratuity and leave encashment. The Holding Company has taken out a policy with Life Insurance Corporation of India (LIC) for future payment of gratuity liability to its employees. Annual actuarial valuations are carried out by LIC in compliance with Accounting Standard 15 (Revised 2005) on Employee Benefits. Annual contributions are also made by the Company. Employees are not required to make any contribution. In respect of VISA BAO Limited, the Company is in the process of taking out benefit schemes like gratuity and annual actuarial valuations are being carried out by Life Insurance Corporation of India (LIC) in compliance with Accounting Standard 15 (Revised 2005) on Employee Benefits.

The Companies also provide for leave encashment benefit to the employees. Annual actuarial valuations are carried out by an independent actuary in compliance with Accounting Standard 15 (Revised 2005) on Employee Benefits. Employees are not required to make any contribution.

In respect of the Subsidiary Company, Ghotaringa Minerals Limited and the Joint Venture Company VISA Urban Infra Limited, the relevant provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952, Employees State Insurance Act, 1948, Payment of Gratuity Act, 1972 and Payment of Bonus Act, 1965 are not applicable to the Company.

	Rs. million			
	31 March 2011		31 March 2010	
	Principal	Interest	Principal	Interest
<b>14. In respect of the Holding Company:</b>				
Details of dues to Micro and Small enterprises				
(i) The amount remaining unpaid to any supplier as at the end of accounting year;	52.00	-	187.74	-
(ii) the amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year;	-	-	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23	-	-	-	-

# Schedules

## to the Consolidated Accounts (Contd.)

### 15 NOTES ON ACCOUNTS (CONTD.)

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Holding Company.

In respect of the Subsidiary Companies:

There are no Micro, Small and Medium Enterprises, as required to be disclosed under the "Micro, Small and Medium Enterprise Development Act, 2006" identified by the Subsidiary Company on the basis of information available with the Subsidiary Companies.

#### 15. Share - based Compensation in respect of the holding company

The shareholders of the Company in Annual General Meeting held on 17, August 2010, had approved an Employee Stock Options Scheme 2010 (the "ESOP Scheme 2010"), formulated by the company, under which the Company may issue 55,00,000 options to its permanent employees and directors of the company, its subsidiaries and its holding company, as determined by the Remuneration Committee on its own discretion and in accordance with the SEBI Guidelines.

Each options when exercised would be converted into one fully paid - up equity share of Rs.10/- each of the Company. The ESOP Scheme 2010 is administered by the Remuneration Committee of the Board of Directors of the Company ("the Committee"). Under the ESOP Scheme 2010, the Committee had granted 900,000 options to its eligible employees during the year ended 31 March 2011. The following share-based payment arrangements were in existence during the reporting periods.

Particulars	ESOP Scheme 2010
Number of Options Granted	900,000
Grant Date	4 February 2011
Vesting Plan	Graded vesting - between 12.5% & 25% based on continuity & performance
Vesting Period	Not earlier than one year and not later than five years from the date of grant of the options in one or more tranches.
Exercise Period	3 years from the date of vesting
Exercise Price (Rs.per Option)	46.30
Method of Accounting	Intrinsic Value

# Schedules

## to the Consolidated Accounts (Contd.)

### 15 NOTES ON ACCOUNTS (CONTD.)

#### Movement of Options Granted

The movement of the options for the year ended 31 March, 2011 is given below:

Particulars	Stock Options (Numbers)	Range of exercise Prices (Rs.)	Weighted Average	
			Exercise Price (Rs.)	Remaining contractual years
Outstanding at the beginning of the year	-			
Granted during the year	900,000	46.30	46.30	6.00
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	900,000	46.30	46.30	6.00
Exerciseable at the end of the year	-			

No stock options were entitled to be exercised during the year.

Fair Valuation:

At grant date, the estimated fair value of stock options granted was Rs.19.56. The fair valuation was carried out by an independent valuer using Black & Scholes model. The various inputs and assumptions considered in the pricing model at grant date for the stock options granted under ESOP Scheme 2010 are as under.

Particulars	Tranche I
Number of options granted	900000
Grant Date	4 February, 2011
Risk Free interest rate(%)	7.86 - 8.00
Option Life(Years)	2.5 - 5.5
Expected Volatility (%)	54.42 - 55.30
Expected Dividend Yield (%)	2.77
Share price at options grant date (in Rs.)	46.30

Had the compensation cost for the stock options granted been recognised based on fair value at the date of grant in accordance with Black & Scholes Model, the proforma amount of consolidated net profit and consolidated earnings per share of the company would have been as under:

# Schedules

to the Consolidated Accounts (Contd.)

## 15 NOTES ON ACCOUNTS (CONTD.)

	Rs. million
<b>Net Profit as Reported</b>	513.70
Less: Dividend on Preference Shares (including Tax)	-
<b>Net Profit attributable to Equity shareholders</b>	<b>513.70</b>
Add: Compensation cost under ESOP Scheme 2010 as per intrinsic value included in the Net Profit	-
Less: Compensation cost under ESOP Scheme 2010 as per Fair Value	1.40
<b>Proforma Net Profit</b>	<b>512.30</b>
Less: Tax adjustment for earlier years	-
<b>Proforma Profit after Tax adjustment for earlier years</b>	512.30
Weighted average number of Basic equity shares outstanding	110.00
Weighted average number of Diluted equity shares outstanding	110.14
Face Value of Equity Shares	10.00
<b>Reported Earning per Share (EPS)</b>	
Basic EPS (in Rs.)	4.67
Diluted EPS (in Rs.)	4.67
<b>Proforma Earning per Share (EPS)</b>	
Basic EPS (in Rs.)	4.66
Diluted EPS (in Rs.)	4.66

- 16.** As the Holding Company's and its subsidiaries business activity falls within a single business segment, viz. "Iron & Steel products", the disclosure requirements of Accounting Standard (AS-17) on "Segment Reporting", notified by the Companies (Accounting Standards) Rules, 2006, are not applicable.
- 17.** As at 31 March 2011, the Holding Company had net outstanding foreign currency exposures & its corresponding forward cover as given below:

	Rs. million					
	2011			2010		
	Currency	FC	INR	FC	INR	
Total Foreign Currency Exposure (Net)	USD	88.50	3,951.57	71.33	3,309.52	
	EURO	16.16	1,021.67	-	-	
	SCF	(0.09)	(4.37)	-	-	
Covered by Forward Contracts	USD	49.85	2,291.69	27.67	1,248.89	
	EURO	14.41	847.41	-	-	

- 18.** Previous year's figures have been rearranged/re-grouped wherever necessary.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**  
Partner  
Membership Number 50553

Place: Kolkata  
Date: 30 May 2011

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Subhra Giri**  
Company Secretary

**Vishal Agarwal**  
Managing Director

**Manoj Kumar Digga**  
Chief Financial Officer

Place: Kolkata  
Date: 30 May 2011

# Consolidated Cash Flow Statement

for the year ended 31 March 2011

Rs. million

Particulars	31 March 2011	31 March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before Tax and Exceptional Item	864.69	893.88
Adjusted for:		
Depreciation	482.38	468.28
Interest Expense	847.04	769.79
Interest Income	(152.71)	(166.96)
Loss on Sale of Fixed Assets	-	1.15
Miscellaneous Expenditure written off	24.55	26.77
Provision for Bad & Doubtful Debts written back	(23.34)	-
Liability no longer required written back	(22.17)	-
Bad Debts Written Off	-	15.86
Advance Written off	-	10.00
Provision for Doubtful Advances	18.14	12.50
Provision for Bad and Doubtful Debts	33.53	-
Unrealised Foreign exchange (Gain)/loss	(192.36)	(107.26)
<b>Operating profit before working capital changes</b>	<b>1,879.75</b>	<b>1,924.01</b>
Adjustments for changes in working capital :		
- (Increase)/Decrease in Sundry Debtors	134.90	160.25
- (Increase)/Decrease in Loans and Advances	(37.79)	(205.86)
- (Increase)/Decrease in Inventories	(569.37)	199.90
- Increase/(Decrease) in Trade and Other Payables	1,616.99	(658.17)
<b>Cash generated from operations</b>	<b>3,024.48</b>	<b>1,420.13</b>
- Taxes Paid	(153.07)	(103.34)
<b>Net cash from operating activities</b>	<b>2,871.41</b>	<b>1,316.79</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(5,023.14)	(3,103.41)
Proceeds from Sale of Fixed Assets	0.33	3.42
Interest Received	166.99	165.27
<b>Net cash used in investing activities</b>	<b>(4,855.82)</b>	<b>(2,934.72)</b>

# Consolidated Cash Flow Statement

for the year ended 31 March 2011 (Contd.)

Particulars	Rs. million	
	31 March 2011	31 March 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long Term borrowings	2,215.20	2,538.72
Repayment of Long Term borrowings	(724.70)	(270.99)
Proceeds from Short Term borrowings	1,166.42	233.23
Interest Paid	(846.45)	(860.79)
Dividend Paid	(110.00)	-
Dividend Tax Paid	(18.69)	-
<b>Net cash used in Financing Activities</b>	<b>1,681.78</b>	<b>1,640.17</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(302.63)</b>	<b>22.24</b>
Cash and cash equivalents as at 1 April 2010	1,364.73	1,342.49
<b>Cash and cash equivalents as at 31 March 2011</b>	<b>1,062.10</b>	<b>1,364.73</b>

## Notes to Cash Flow Statement

- 1 Cash and cash equivalents consist of cash in hand and balance with banks and deposits with banks

	31 March 2011	31 March 2011
Cash and Cheques in hands	0.42	0.15
Balance with Schedule Bank in		
Current Account	30.24	120.56
Share Refund Order Account	0.34	0.34
Fixed Deposit Account	1,030.31	1,243.31
Dividend Account	0.79	0.37
<b>Cash &amp; cash equivalents</b>	<b>1,062.10</b>	<b>1,364.73</b>

- 2 The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statements (AS-3)' issued by the Institute of Chartered Accountants of India.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**  
Partner  
Membership Number 50553

Place : Kolkata  
Date : 30 May 2011

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Subhra Giri**  
Company Secretary

**Vishal Agarwal**  
Managing Director

**Manoj Kumar Digga**  
Chief Financial Officer

Place : Kolkata  
Date : 30 May 2011

# Report of the Directors

## Dear Members,

Your Directors have pleasure in presenting the 3rd Annual Report and Audited statement of Accounts of VISA BAO Limited for the year ended 31 March 2011.

The Company was incorporated on 1 February 2008 as a subsidiary of VISA Steel Limited, India (VSL). The

present issued, paid-up & subscribed equity Capital of the Company is Rs. 91,00,00,000/- (Rupees Ninety One Crore only) and the share holding of the Joint Venture Partners is in the following ratio: VSL – 65% and Baosteel Resources Co. Ltd., China – 35%.

## Financial Results

(Rs.)

Particulars	Year ended 31-03-2011	Year ended 31-03-2010
Gross Revenue (Interest Income)	15,152,677	48,339,804
Expenditure	14,894,212	11,372,556
Profit before Taxation	258,465	36,967,248
Provision for Taxation	192,989	12,606,661
Profit after Taxation	65,477	24,360,587
Profit brought forward from previous year	32,443,658	8,083,071
Balance carried forward to Balance Sheet	49,628,794	32,443,658

Your Company is in Project implementation stage, hence there are no operational revenues or profits, the period under review being the fourth year since incorporation.

## Operations

Your Company is setting up a 100,000 TPA Ferro Chrome Plant with 4 Submerged Arc Furnaces of 16.5 MVA each at Kalinganagar in Orissa.

The Company has made significant progress towards implementation of the project including equipment ordering, basic and detailed engineering, civil and structural work etc. The project execution has become faster due to the land, power and water infrastructure being provided by VISA Steel Limited. The Company has engaged a qualified team of professionals and reputed contractors for timely execution of the Project. The Company is scheduled to complete the Project by end March 2012. The Company has also made applications for grant of mineral concessions for chrome ore to the Government of Orissa.

## Dividend

Since your Company has not yet commenced any commercial operations, your Directors have not recommended any dividend for the period under reference.

## Directors

Mr. Vivek Agarwal, Mr. Chao Ji and Mr. Zhou Qinghua, Directors are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

In compliance with the Listing Agreement applicable to VISA Steel Limited (VSL), the Holding Company, VSL had nominated Mr. Shiv Dayal Kapoor, Independent Director of VSL, to be appointed as a Director in place of Mr. Manoj Kumar Digga pursuant to Section 262 of the Companies Act, 1956. Mr. Kapoor has been appointed as a Director w.e.f 29 October 2010. Mr. Digga resigned from the Directorship of the Board of the Company w.e.f. 15 July 2010.

The Board of Directors of the Company in their meeting held on 29 October 2010 reappointed Mr. Basudeo Prasad Modi as Managing Director of the Company for a further term of 2 years w.e.f. from 30 December 2010 pursuant to the provisions of Sections 198, 269, 309, 316 read with Schedule XIII & other applicable provisions of the Companies Act, 1956. Since Mr. Modi's appointment is subject to approval of Members' of the Company in the forthcoming Annual General Meeting, a resolution to this effect forms part of the Annual General Meeting's Notice.

The Board of Directors of your Company currently consists of 8 Directors, comprising of 5 directors nominated by VISA Steel Limited (Mr. Vishambhar Saran, Mr. Shiv Dayal Kapoor, Mr. Vishal Agarwal, Mr. Vivek Agarwal and Mr. Basudeo Prasad Modi) and 3 directors nominated by Baosteel Resources Co. Limited (Mr. Xia Jiang, Mr. Chao Ji and Mr. Zhou Qinghua).

### Directors' Responsibility Statement

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / (loss) of the Company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

### Auditors

The Auditors of the Company, M/s Lovelock & Lewes, Chartered Accountants, Kolkata, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### Auditors' Observations

The Auditors' have not made any adverse observations in their report for the Financial Year ended 2010-11.

### Public Deposit

The Company has not accepted any deposit from the public during the period.

### Audit Committee

As per Section 292A of the Companies Act, 1956 the Audit Committee of the Company comprises of the following Board Members:

Name of the Director	Designation
Mr. Vishal Agarwal	Chairman
Mr. Vivek Agarwal	Member
Mr. Xia Jiang	Member

### Conservation of Energy and Technology Absorbtion

No disclosure is required to be given under section 217(1) (e) of the Companies Act, 1956. The Company has so far not undertaken any research and development of any technology in the areas relating to Company's Business.

### Foreign Exchange Earnings & Outgo

The particulars, with respect to foreign exchange earnings and outgo pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, during the year 2010-11 has been set out in Annexure I to this report.

### Particulars of Employees

There were no such employees employed throughout the Financial Year 2010-11 by the Company, whose total remuneration (monthly/yearly) falls within the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amended Rules, 2011.

### Acknowledgement

Your Directors wish to place on record their sincere appreciation for the continued cooperation and support extended by the various Government Authorities, Bankers, shareholders and all other business associates of the Company. The Directors also convey their appreciation to the members of the Company for their commitment and involvement during the year under review.

For and on behalf of the Board

	<b>Vishal Agarwal</b>	<b>Xia Jiang</b>
	Director	Director
Place:	Kolkata	Shanghai
Date:	26 May 2011	

# Annexure I to Report of Directors

## Foreign Exchange Earning & Outgo

(Rs.)

	2010-11	2009 -10
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo		
Traveling Expenses	58,578	1,382,277

For and on behalf of the Board

**Vishal Agarwal**

Director

Place: Kolkata

Date: 26 May 2011

**Xia Jiang**

Director

Shanghai

# Auditors' Report

## to the Members of VISA BAO Limited

1. We have audited the attached Balance Sheet of VISA BAO Limited (the "Company") as at 31 March 2011, and the related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on 31 March 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31 March 2011;
    - (ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

For and on behalf of  
Lovelock & Lewes

Firm Registration Number: 301056E  
Chartered Accountants

**Partha Mitra**

Partner

Place: Kolkata

Date: 26 May 2011

Membership Number 50553

## Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of VISA BAO Limited on the financial statements for the year ended 31 March 2011]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.  
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
9. As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable for the year.

10. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
15. The Company has not obtained any term loans.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not issued any debenture during the period and accordingly the question of creation of security or charge does not arise.
19. The Company has not raised any money by public issues during the year.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
21. The other clause, (ii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For and on behalf of  
Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants

**Partha Mitra**

Partner

Place: Kolkata

Date: 26 May 2011

Membership Number 50553

# Balance Sheet

as at 31 March 2011

(Rs.)

	Schedule	31 March 2011		31 March 2010	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	1	910,000,000		910,000,000	
Reserves and Surplus	2	49,628,793	959,628,793	49,563,317	959,563,317
Deferred Taxation			147,650		6,661
			<b>959,776,443</b>		<b>959,569,978</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	3	3,361,274		1,793,484	
Less: depreciation		408,000		85,982	
Net Block		2,953,274	-	1,707,502	-
Capital Work In Progress including advances		548,201,978	551,155,252	19,533,949	21,241,451
<b>Current Assets, Loans and Advances</b>					
Cash and Bank Balances	4	175,622,643		529,543,891	
Interest Accrued on Fixed Deposits from Banks		3,800,915		19,288,475	
Loans and advances	5	421,811,601		393,986,922	
		601,235,159		942,819,288	
<b>Less: Current Liabilities and Provisions</b>					
Liabilities	6	192,542,058		1,949,177	
Provisions	7	71,910		2,541,584	
		192,613,968	408,621,191	4,490,761	938,328,527
			<b>959,776,443</b>		<b>959,569,978</b>
<b>Notes on Accounts</b>	9				

The Schedules referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**

Partner  
Membership Number 50553

Place : Kolkata

Date : 26 May 2011

For and on behalf of the Board of Directors

**Vishal Agarwal**

Director  
Kolkata

Place:

**Basudeo Prasad Modi**

Managing Director  
Kolkata

Place:

Date : 26 May 2011

**Jiang Xia**

Director  
Shanghai

**Vikash Prasad Singh**

Company Secretary  
Kolkata

# Profit & Loss Account

for the year ended 31 March 2011

(Rs.)

	Schedule	31 March 2011	31 March 2010
<b>INCOME</b>			
Other Income			
Income from Interest on Fixed Deposit from Banks (Gross) (Tax deducted at source Rs.4,622,148, 2010: Rs.5,233,059)		15,152,677	48,339,804
		<b>15,152,677</b>	<b>48,339,804</b>
<b>EXPENDITURE</b>			
Expenses	8	14,572,194	11,286,574
Depreciation	3	322,018	85,982
		<b>14,894,212</b>	<b>11,372,556</b>
<b>Profit Before Taxation</b>		258,465	36,967,248
<b>Provision for Taxation</b>			
Current Tax		52,000	12,600,000
Deferred Tax		140,989	6,661
Profit after Taxation		<b>65,476</b>	<b>24,360,587</b>
<b>Balance Carried to Balance Sheet</b>		<b>65,476</b>	<b>24,360,587</b>
<b>Basic and Diluted Earning Per Share</b>		<b>0.00</b>	<b>0.38</b>
<b>Notes on Accounts</b>	9		

The Schedules referred to above form an integral part of the Profit & Loss Account.  
This is the Profit & Loss Account referred to in our report of even date.

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**

Partner  
Membership Number 50553

Place : Kolkata

Date : 26 May 2011

**Vishal Agarwal**

Director  
Kolkata

Place:

**Basudeo Prasad Modi**

Managing Director  
Kolkata

Place:

Date : 26 May 2011

For and on behalf of the Board of Directors

**Jiang Xia**

Director  
Shanghai

**Vikash Prasad Singh**

Company Secretary  
Kolkata

# Schedules

## to the Balance Sheet

(Rs.)

	31 March 2011		31 March 2010	
<b>1 SHARE CAPITAL</b>				
<b>Authorised</b>				
92,000,000 Equity Shares of Rs. 10/- each	920,000,000		920,000,000	
<b>Issued and Subscribed</b>				
91,000,000(2010: 91,000,000) Equity Shares of Rs. 10/- each fully paid up	910,000,000		910,000,000	
<b>Note:</b>				
Of the above 59,150,000 Equity Shares [including beneficial interest in 5 equity shares] are held by VISA Steel Limited, the Holding Company, a subsidiary of VISA Infrastructure Ltd, the Ultimate Holding Company				
	910,000,000		910,000,000	
<b>2 RESERVES &amp; SURPLUS</b>				
Capital Reserve		17,119,659		17,119,659
Profit & Loss Account				
Balance brought forward	32,443,658		8,083,071	
Profit & Loss for the Current Year	65,476	32,509,134	24,360,587	32,443,658
		49,628,793		49,563,317

# Schedules

to the Balance Sheet (Contd.)

3	FIXED ASSETS	(Rs.)									
		Gross Block					Depreciation			Net Block	
		As At 1 April 2010	Additions	Deletions	As At 31 March 2011	As At 1 April 2010	For The Year	As At 31 March 2011	Closing	Opening	
	Office Equipments	32,200	108,700	-	140,900	385	6,280	6,665	134,235	31,815	
	Furniture and Fixture	-	249,739	-	249,739	-	11,039	11,039	238,700	-	
	Vehicles	1,345,084	700,458	-	2,045,542	59,515	180,654	240,169	1,805,373	1,285,569	
	Computer & Printer	416,200	508,893	-	925,093	26,082	124,045	150,127	774,966	390,118	
	<b>TOTAL ASSETS</b>	<b>1,793,484</b>	<b>1,567,790</b>	<b>-</b>	<b>3,361,274</b>	<b>85,982</b>	<b>322,018</b>	<b>408,000</b>	<b>2,953,274</b>	<b>1,707,502</b>	

# Schedules

to the Balance Sheet (Contd.)

(Rs.)

	31 March 2011	31 March 2010
<b>4 CASH AND BANK BALANCES</b>		
Cash in hand	11,119	3,901
Balances with Scheduled Banks in:		
Current Account	10,323,551	43,931,730
Fixed Deposit Account	165,287,973	485,608,260
	<b>175,622,643</b>	<b>529,543,891</b>
<b>5 LOANS AND ADVANCES - UNSECURED, CONSIDERED GOOD</b>		
Advance recoverable in cash or in kind or value to be Received		
Considered Good	419,661,127	393,936,922
Security Deposit	50,000	50,000
Advance payment of Income Tax [Net of Provision for Income Tax of Rs. 21,252,000 ]	2,100,474	-
	<b>421,811,601</b>	<b>393,986,922</b>
<b>6 LIABILITIES</b>		
Sundry Creditors	188,147,953	1,011,107
Other Liabilities	4,394,105	938,070
	<b>192,542,058</b>	<b>1,949,177</b>
<b>7 PROVISIONS</b>		
Provision for Income Tax [Net of Advance payment of Income Tax 2010: Rs.8,730,326]	-	2,469,674
Fringe benefit Tax [Net of Advance payment of FBT Rs 28,090, 2010: Rs.28,090]	71,910	71,910
	<b>71,910</b>	<b>2,541,584</b>

# Schedule

## to the Profit & Loss Account

(Rs.)

	31 March 2011	31 March 2010
<b>8 EXPENSES</b>		
Salary ,wages & Bonus	9,102,790	5,872,583
Contribution to Provident Fund & other funds	251,982	202,439
Staff Welfare	351,653	-
Auditors Remuneration	284,915	110,000
Bank Charges	120,745	15,507
Boarding & lodging	438,456	501,770
Pollution Controls Measure	-	240,000
Car Hire Charges	729,002	329,199
Repairs & Maintenance- Others	412,433	258,766
Consultancy Charges	1,247,963	1,237,700
Rates & Taxes	34,645	462,715
Filing Fees	15,172	6,410
Miscellaneous Exp.	276,356	380,192
Printing & Stationery Exp.	263,901	25,097
Professional Fees	-	17,651
Telephone ,Telex & Fax	85,670	12,943
Travelling Exp.	956,511	1,613,602
	<b>14,572,194</b>	<b>11,286,574</b>

# Schedules

## to the ACCOUNTS

### 9 NOTES ON ACCOUNTS

#### 1. Statement on Significant Accounting Policies

##### (a) Principal Accounting Policies

The financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. A summary of important accounting policies which have been applied consistently are set out below. Financial Statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India.

##### (b) Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

##### (c) Fixed Assets

- (i) Fixed Assets are stated at their acquisition cost (net of CENVAT credit), where applicable together with any incidental expenses of acquisition/installation. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition/construction of qualifying assets. Impairment loss, if any, ascertained as per the Accounting Standard u/s 211 (3C) of the Companies Act, 1956.
- (ii) Depreciation on fixed assets is provided on Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956.

##### (d) Transactions in Foreign Currencies

Transactions in foreign currencies are recorded in rupees by applying the exchange rate prevailing on the date of transaction. Transactions remaining unsettled are translated at the rate of exchange ruling at the end of the year. Exchange gain or loss arising on settlement/translation is recognised in the Profit & Loss Account.

##### (e) Employee Benefits

###### (I) Post Retirement Benefits:

###### (a) Provident Fund

The Company operates defined contribution schemes like Provident Fund. The Company makes regular contribution to provident funds which are fully funded and administered by Government and are independent of Company's finance. Contributions are recognized in Profit & Loss Account on an accrual basis.

###### (b) Gratuity

Gratuity benefit on retirement is determined on the basis of independent actuarial valuation, at the end of each year in accordance with the method stated in AS 15 (Revised) and such liability is provided for in the accounts and charge is recognized in the Profit & Loss Account.

###### (c) Leave Encashment

Leave encashment benefit on retirement is determined on the basis of independent actuarial valuation, at the end of each year in accordance with the method stated in AS 15 (Revised) and such liability is provided for in the accounts and charge is recognized in the Profit & Loss Account.

Actuarial gains and losses, where applicable, are recognised in the Profit & Loss Account.

###### (II) Other Employee Benefits:

Other Employee Benefits are accounted for on accrual basis.

##### (f) Deferred Tax

Deferred Tax is recognised using the liability method, at the current rate of taxation, on all timing differences to the extent it is probable that a liability or asset will crystallise. Deferred Tax Assets are recognised subject to consideration of prudence and are periodically reviewed to reassess realisation thereof.

# Schedules

to the ACCOUNTS (Contd.)

## 9 NOTES ON ACCOUNTS (CONTD.)

(Rs.)

	31 March 2011	31 March 2010
<b>2</b> Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advance)	484,669,032	766,034,382
<b>3</b> Earning Per Share		
Profit After Tax (A)	65,476	24,360,587
Weighted average number of Rs. 10 equity share outstanding during the year (B)	91,000,000	63,419,521
Basic and Diluted Earning per Share (A/B)	0.00	0.38
<b>4</b> Expenditure in Foreign Currency - Traveling	58,578	1,382,277
<b>5</b> Deferred Tax Provision has been made in the accounts in accordance with the requirements of the Accounting Standard on "Taxes on Income" (AS 22) issued by The Institute of Chartered Accountants of India. The major components of the deferred tax Liabilities/(Assets) based on the tax effects of timing differences are as follows:		
<b>Deferred Tax Liabilities.</b>		
Depreciation	208,013	47,231
<b>Deferred Tax Assets</b>		
Employee Benefit	60,363	40,570
	147,650	6,661
<b>6</b> Auditors' Remuneration:		
Audit Fees	250,000	100,000
Other Services	25,000	10,000
	<b>275,000</b>	<b>110,000</b>

- 7** The Company is constructing a Ferro Chrome Plant on 50 acres of land at Kalinganagar, Orissa, which is in the process of transfer in the name of company.
- 8** The Company has been incorporated for manufacturing of Ferro Chrome and does not operate in any other reportable segment.
- 9** There are no Micro, Small and Medium Enterprises, as required to be disclosed under the "Micro, Small and Medium Enterprise Development Act, 2006" identified by the Company on the basis of information available with the Company.
- 10** Previous year's figures have been rearranged/re-grouped wherever necessary.
- 11** The Company maintains a provident fund with Regional Provident Fund Commissioner. Contributions are made by the company to the funds, based on the current salaries. In the provident fund schemes, contribution are also made by the employees. An amount of Rs.251,982/- (2010: Rs. 25,644/-) has been charged to the Profit & Loss Account of the above defined contribution schemes.

Annual actuarial valuations are being carried out by Omni Consultants in compliance with Accounting Standard 15 (Revised) on Employee Benefits.

The Company also provides for leave encashment benefit to the employees. Annual actuarial valuations are carried out by an independent actuary in compliance with Accounting Standard 15 (Revised) on Employee Benefits. Employees are not required to make any contribution.

# Schedules

to the ACCOUNTS (Contd.)

## 9 NOTES ON ACCOUNTS (CONTD.)

(Rs.)

	Gratuity 31 March		Leave Encashment 31 March	
	2011	2010	2011	2010
Amount recognised in the Balance Sheet are as follows:				
Present value of funded obligation	-	-	-	-
Fair Value of Plan Assets	301,617	-	-	-
	301,617	-	-	-
Unrecognized past service cost	-	-	-	-
Present value of un-funded obligation	153,952	145,930	181,720	122,124
Net (Asset)/Liability	(147,665)	145,930	181,720	122,124
Amount recognised in the Profit & Loss Account and charged to Salaries, Wages & Bonus and Contribution to Provident & Other Funds under Schedule 8 are as follows:				
Current Service cost	105,186	77,417	32,889	22,204
Past service benefit		68,513		
Interest cost	12,039	-	10,075	-
Expected Return on Plan Assets	-	-	-	-
Net actuarial loss/(gain) recognised during the year	(109,203)	-	16,632	99,920
<b>Total</b>	<b>8,022</b>	<b>145,930</b>	<b>59,596</b>	<b>122,124</b>
Reconciliation of opening and closing balances of the present value of the obligations:				
Opening defined benefit obligation	145,930	-	122,124	-
Current Service cost	105,186	77,417	32,889	22,204
Past service benefit		68,513		
Interest cost	12,039	-	10,075	-
Actuarial loss/(gain)	(109,203)	-	16,632	99,920
Benefits paid	-	-	-	-
Closing Defined Benefit Obligation	153,952	145,930	181,720	122,124
Reconciliation of opening and closing balances of the fair value of plan assets:				
Opening fair value of Plan Assets	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Contributions by employer	301,617	-	-	-
Benefits paid	-	-	-	-
Closing Fair Value on Plan Assets	301,617	-	-	-

# Schedules

to the ACCOUNTS (Contd.)

## 9 NOTES ON ACCOUNTS (CONTD.)

(Rs.)

	Gratuity 31 March		Leave Encashment 31 March	
	2011	2010	2011	2010
Actual Return on Plan Assets [Plan Assets consist of funds maintained with LIC for gratuity scheme]	-	-	-	-
<b>Principal Actuarial Assumption Used:</b>				
Discount Rates	8.25%	8%	8.25%	8%
Expected Return on Plan Assets	-	-	-	-
Expected Salary increase rates	5%	7%	5%	5%
Mortality Rates	LIC (1994-96) mortality tables		LIC (1994-96) mortality tables	

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors.

The contribution expected to be made by the Company for the year ending 31 March 2012 cannot be readily ascertainable and therefore not disclosed.

## 12 RELATED PARTY DISCLOSURES

Name of the Related Parties:	Nature of Relationship
VISA Steel Limited	Holding Company
VISA Infrastructure Limited	Ultimate Holding Company
Baosteel Resources Co. Ltd.	Enterprise having significant influence
Ghotaringa Minerals Limited	Fellow Subsidiary
Mr Basudeo Prasad Modi	Key Managerial Personnel

Details of Transactions with Related Parties (Rs.)

Nature of Transaction	2010-11		2009-10	
	Holding Company	Enterprise having significant influence	Holding Company	Enterprise having significant influence
Advance against share capital	-	-	295,750,000	-
Issue of share capital	-	-	295,750,000	159,250,000
Re-imburement of expenses	3,354,020	-	-	-
Advance against facilities	-	-	393,600,000	-
Outstanding at closing				
Debit	393,600,000	-	393,600,000	-
Credit	3,354,020	-	-	-

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**

Partner  
Membership Number 50553

Place : Kolkata  
Date : 26 May 2011

For and on behalf of the Board of Directors

**Vishal Agarwal**

Director  
Kolkata

Place:

**Basudeo Prasad Modi**

Managing Director  
Kolkata

Place:

Date : 26 May 2011

**Jiang Xia**

Director  
Shanghai

**Vikash Prasad Singh**

Company Secretary  
Kolkata

# Cash Flow Statement

for the year ended 31 March 2011

(Rs.)

	31 March 2011	31 March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before Tax and Extraordinary items	258,465	36,967,248
Adjusted for:		
Depreciation	322,018	85,982
Interest Income	(15,152,677)	(48,339,804)
<b>Operating profit before working capital changes</b>	<b>(14,572,194)</b>	<b>(11,286,574)</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase) in Loans and Advances	(25,724,205)	(393,972,914)
- Increase/(Decrease) in Trade and Other Payables	188,051,297	(5,153,705)
<b>Cash generated from operations</b>	<b>147,754,898</b>	<b>(410,413,193)</b>
- Taxes Paid	(2,080,564)	(14,615,266)
<b>Net cash from Operating activities</b>	<b>145,674,334</b>	<b>(425,028,459)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(1,567,790)	(1,793,484)
Capital Work in Progress	(528,668,029)	(19,533,949)
Interest Received	30,640,237	46,235,880
<b>Net cash used in investing activities</b>	<b>(499,595,582)</b>	<b>24,908,447</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Money Received against issue of share	-	295,750,000
Advance against Share Capital	-	-
<b>Net cash used in Financing activities</b>	<b>-</b>	<b>295,750,000</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(353,921,248)</b>	<b>(104,370,012)</b>
Cash and cash equivalents as at 1 April 2010	529,543,891	633,913,903
<b>Cash and cash equivalents as at 31 March 2011</b>	<b>175,622,643</b>	<b>529,543,891</b>

## Notes to Cash Flow Statement

1 Cash and cash equivalents consist of cash in hand and balance with banks and deposits with banks.

	31 March 2011	31 March 2010
Cash and cash equivalents as at 31 March 2011 comprises:		
Cash & Cheques in hand	11,119	3,901
Balance with Scheduled Banks:		
in Current Accounts	10,323,551	43,931,730
in Deposit Accounts	165,287,973	485,608,260
<b>Cash &amp; cash equivalents</b>	<b>175,622,643</b>	<b>529,543,891</b>

2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statements (AS-3)' issued by the Institute of Chartered Accountants of India. This is the Cash Flow Statement referred to in our report of even date

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

**Partha Mitra**

Partner  
Membership Number 50553

Place : Kolkata  
Date : 26 May 2011

For and on behalf of the Board of Directors

**Vishal Agarwal**

Director  
Kolkata

Place:

**Basudeo Prasad Modi**

Managing Director  
Kolkata

Date : 26 May 2011

**Jiang Xia**

Director  
Shanghai

**Vikash Prasad Singh**

Company Secretary  
Kolkata

# Balance Sheet Abstract

## And Company's General Business Profile

### I. REGISTRATION DETAILS

Registration No. :      9 7 9 0 State Code :       1 5

Balance Sheet Date :   3 1   0 3   2 0 1 1  
Date Month Year

### II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue :       N I L Right Issue :       N I L

Bonus Issue :       N I L Private Placement :       N I L

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities :   1 1 5 2 3 9 0 Total Assets :   1 1 5 2 3 9 0

#### Sources of Funds

Paid-up Capital :   9 1 0 0 0 0 Reserves & Surplus :   4 9 6 2 9

Secured Loans :       N I L Unsecured Loans :       N I L

Deferred Taxation :      1 4 8 Advance against share capital pending allotment :       N I L

#### Application of Funds

Net Fixed Assets :   5 5 1 1 5 5 Investments :       N I L

Net Current Assets :   4 0 8 6 2 1 Misc. Expenditure :       N I L

Accumulated Losses :       N I L

### IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover \* :    1 5 1 5 3 Total Expenditure :    1 4 8 9 4

Profit Before Tax :     2 5 8 Profit After Tax :     6 5

Earning per share in Rs. :    0 . 0 0 Dividend % :       N I L

\* includes other income

### V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As Per Monetary Terms)

Item Code No. :   7 2 0 2 4 1 0 0 Product Description : FERRO CHROME

Item Code No. :     N . A . Product Description :     N . A .

Item Code No. :     N . A . Product Description :     N . A .

For and on behalf of the Board of Directors

**Vishal Agarwal**

Director

Place: Kolkata

**Jiang Xia**

Director

Shanghai

**Basudeo Prasad Modi**

Managing Director

Place: Kolkata

**Vikash Prasad Singh**

Company Secretary

Kolkata

Date : 26 May 2011

# Directors' Report

To the Members,

Your Directors take the pleasure in presenting the Eighth Annual Report together with the audited Annual Accounts of the Company for the year ended 31 March 2011.

## Financial Results

	(In Rs.) Year ended 2010-11	(In Rs.) Year ended 2009-10
Gross Revenue	-	-
Interest Income	-	2,15,970.00
Other Income	50,756.00	-
Expenditure	47,615.03	1,10,505.46
Profit/(Loss) after Taxation	2,140.97	72,192.54
Profit/(Loss) brought forward from previous year	46,437.79	(25,754.75)
Balance carried forward to Balance Sheet	48,578.79	46,437.79

## Operations

During the year, the funds of your Company were deployed in the prospecting activities, therefore, no interest income as in previous years has been earned. Your Company recorded a net profit of Rs. 2,140.97 against Rs. 72,192.54 in the previous financial year. An amount of Rs. 48,578.79 has been carried forward to the Balance Sheet.

During the year, your Company has completed prospecting activities over the total area covered under the Prospecting Licence and has applied for Mining Lease over 144.17 hectares in the name of Orissa Industries Limited.

Your Company has also made several new applications for grant of prospecting licence over chrome ore bearing areas.

## Dividend

As your Company is yet to commence its operations, the Directors do not recommend any dividend for the financial year ended 31 March 2011.

## Directors

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Vishal Agarwal and Mr. Jugal Kishore Jhunjhunwala, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.

## Auditors

The Auditors of the Company M/s. L. B. Jha & Co., Chartered Accountants, GF-1, Gillander House, 8, Netaji Subhas Road, Kolkata 700 001 retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

## Directors Responsibility Statement

In terms of the provision of Section 217(2AA) of the Companies Act, 1956, your Director state:

- i. That in the preparations of the annual accounts, the applicable accounting standards had been followed, along with proper explanation relating to material departures.

# Directors' Report

- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of this Act to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- iv. That the Directors had prepared the annual accounts on a going concern basis.

Conservation of energy and technology absorption

Since the Company has not commenced operations, requirement relating to disclosure under the Companies (Disclosure of Particulars in the Report of the Board of Directors), Rules 1988 are not applicable to the Company.

## Auditors' Report

The comments of the Auditors' Report read with the notes to the accounts in schedules are self-explanatory and do not call for further explanation.

## Employees

There were no employees employed during the year and hence the particulars under Section 217(2A) of

the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not required to be furnished.

## Foreign currency

There have been no foreign exchange earnings or outflow during the year under review.

## Public deposit

The Company has not accepted any deposit from the public during the financial year.

## Acknowledgement

Your Directors wish to place on record their sincere appreciation for the continued cooperation and support extended by the various Government Authorities, Bankers and all other business associates of the Company. The Directors also convey their appreciation to the members of the Company for their commitment and involvement during the year under review.

For and on behalf of the Board

**Jugal Kishore Jhunjunwala**

Director

**Vishal Agarwal**

Director

Place: Bhubaneswar

Date: 20 May 2011

# Auditor's Report

## to the Members of Ghotaringa Minerals Limited

1. We have audited the attached Balance Sheet of **GHOTARINGA MINERALS LIMITED** as at 31 March, 2011, the related Profit and Loss Account and the Cash Flow for the year ended on that date (hereinafter referred to as "financial statement"), which have been signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Order, 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in **ANNEXURE**, a statement on matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
  - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 4.2 In our opinion, proper books of accounts as required by the law have been kept by the Company, so far as appear from our examination of those books;
  - 4.3 The financial statements dealt with by this report are in agreement with the books of accounts.
  - 4.4 In our opinion, the financial statements dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the 'Act'.
  - 4.5 On the basis of written representations received from the Directors, as on 31 March, 2011 and taken as record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March, 2011 from being appointed as a Director in terms of sub section 1(g) of Section 274 of the 'Act'.
  - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto given in the prescribed manner the information required by the 'Act', and also give, respectively, a true and fair view in conformity with the accounting principles generally accepted in India.
    - (a) In the case of Balance Sheet of the state of affairs of the Company as at 31 March, 2011;
    - (b) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For L. B. Jha & Co.

Chartered Accountants

Firm Registration Number: 301088E

**T. Mandal**

Partner

Place: Kolkata

Date: 20 May 2011

Membership No.50070

# Annexure to the Auditors' Report

(Referred to in Paragraph 3 of our report of even date)

1. The Company does not have any fixed assets and has only incurred some expenses relating to prospecting/exploration and drilling at the proposed mines and such expenses are treated as Capital Work in Progress. Hence clause 4(i) (a), (b) and (c) are not applicable.
2. The Company do not carry any inventory and so clauses 4(ii) (a), (b) and (c) are not applicable.
3. The Company has not granted nor taken any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the 'Act'. Hence provisions of Clauses 4(iii) (a) to (g) are not applicable.
4. In our opinion and according to the information and explanations given to us and based on our review, there is an adequate internal control system commensurate with the size of the company and the nature of its business and there have been no major weaknesses in internal control system. Further, on the basis of our examination of the books of records of the company, and according to information and explanations given to us, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control procedure and continuing failure on the part of the management to take corrective course of action in this regard.
5. In our opinion and according to the information and explanations given to us, there are no such contracts or arrangements, particulars of which are needed to be entered in the register maintained under Section 301 of the 'Act'.
6. The Company has not accepted any deposit from public within the meaning of Section 58A or Section 58AA of the Act and the rules framed there under.
7. The Company does not have any formal internal audit system and we were told that the Company has not yet commenced commercial activity and the size of operations is too small to have any formal Internal Audit system.
8. The Company has not been prescribed to maintain cost records by the Central Government under Section 209 of the Companies Act 1956.
9. (a) The Company had deposited regularly all statutory dues relating to Income tax and such other taxes as are applicable to it and there was no undisputed dues as at 31 March 2011, which was lying due for a period of more than 6 months from the date when it had become payable.
- (b) There are no disputed statutory dues that remain unpaid on account of income tax/sales tax/service tax/customs duty/wealth tax/excise duty/cess etc as on 31.3.2011.
10. The Company was registered in 2003 and is yet to commence commercial revenue earnings. It does not have any accumulated losses as at 31 March 2011. However, in the year 2010-11, the company's revenue expenses were more than the cash earnings during the year, though there is no loss for the year. Also no cash losses had been incurred in the immediate preceding financial year.
11. The Company has not taken any loans or other dues from financial institution, banks or debenture holders hence there is no question of default in repayment of dues to this group.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/Nidhi/mutual benefit fund/societies are not applicable to the company.
14. In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institution during the year.
16. The Company has not obtained any term loans.
17. The Company has not raised any funds on short-term basis.
18. The Company has not made any preferential allotment of shares to any parties and companies covered in the register maintained under Section 301 of the 'Act'.
19. The Company has not issued any debentures during the year and no debentures are outstanding at the end of the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of books and records of the Company, carried in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For L. B. Jha & Co.

Chartered Accountants

Firm Registration Number: 301088E

**T. Mandal**

Partner

Place: Kolkata

Date : 20 May 2011

Membership No.50070

# Balance Sheet

as at 31 March 2011

(Rs.)

	Schedules	31 March 2011	31 March 2010
<b>I SOURCES OF FUNDS:</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	10,000,000.00	10,000,000.00
<b>Reserves &amp; Surplus</b>			
Profit & Loss Account		48,578.76	46,437.79
<b>Loan Fund</b>			
Unsecured Loan	2	2,500,000.00	-
<b>TOTAL</b>		<b>12,548,578.76</b>	<b>10,046,437.79</b>
<b>II APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS</b>			
<b>Capital Work In Progress</b>	3	11,116,529.00	8,139,209.00
Deferred Tax Assets		-	-
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	4	962,024.76	1,763,640.79
Current Assets , Loans and Advances	5	525,970.00	683,133.00
		1,487,994.76	2,446,773.79
<b>Less: Current Liabilities And Provisions</b>	6	55,945.00	539,545.00
<b>Net Current Assets</b>		1,432,049.76	1,907,228.79
<b>TOTAL</b>		<b>12,548,578.76</b>	<b>10,046,437.79</b>
<b>Significant Accounting Policy and Notes to Accounts</b>	9		

The Schedules referred to above and attached thereto form an integral part of this Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For L.B.JHA & CO  
Chartered Accountants  
Firm Registration  
Number:301088E

**Jugal Kishore Jhunjunwala**

Director

For and on behalf of the Board of Directors

**Vishal Agarwal**

Director

**T. Mandal**

Partner  
Membership No. 50070

Place : Kolkata  
Date : 20.05.2011

Place : Bhubaneswar  
Date : 20.05.2011

# Profit & Loss Account

for the year ended 31 March 2011

(Rs.)

	Schedule	31 March 2011	31 March 2010
<b>INCOME</b>			
Interest on Term Deposits (Gross)		-	215,970.00
(TDS Rs.NIL, P.Y Rs 21,597;)			
Other Incomes	7	50,756.00	-
<b>TOTAL</b>		<b>50,756.00</b>	<b>215,970.00</b>
<b>EXPENDITURE</b>			
Expenses	8	47,615.03	110,505.46
<b>TOTAL</b>		<b>47,615.03</b>	<b>110,505.46</b>
<b>Profit Before Taxation</b>		3,140.97	105,464.54
Less: Taxation for the year			
Current Tax		1,000.00	25,800.00
Deferred Tax		-	(7,472.00)
<b>Profit After Taxation</b>		2,140.97	72,192.54
Balance brought forward from previous year		46,437.79	(25,754.75)
<b>Balance carried over to Balance Sheet</b>		48,578.76	46,437.79
<b>Earnings per share :(Note No B 4 on Schedule 9)</b>			
Basic & Diluted		0.002	0.072
Face Value of Equity Share		10.00	10.00
<b>Significant Accounting Policy and Notes to Accounts</b>	9		

The Schedules referred to above and attached thereto form an integral part of this Profit and Loss Account. This is the Profit and Loss Account referred to in our report of even date

For L.B.JHA & CO  
Chartered Accountants  
Firm Registration  
Number:301088E

**Jugal Kishore Jhunjunwala**

Director

For and on behalf of the Board of Directors

**Vishal Agarwal**

Director

**T. Mandal**

Partner  
Membership No. 50070

Place : Kolkata  
Date : 20.05.2011

Place : Bhubaneswar  
Date : 20.05.2011

# Schedules

## to Balance Sheet

(Rs.)

	31 March 2011	31 March 2010
<b>SCHEDULE : 1</b>		
<b>Share Capital</b>		
<b>Authorised:</b>		
1,000,000 Equity Shares of Rs.10 each (P.Y. 1,000,000 Equity share of 10 each)	10,000,000.00	10,000,000.00
<b>Issued , Subscribed And Paid Up :</b>		
1,000,000 Equity Shares of Rs.10 each (P.Y. 1,000,000 Equity share of Rs.10 each) (Refer notes below)	10,000,000.00	10,000,000.00
	<b>10,000,000.00</b>	<b>10,000,000.00</b>
<b>NOTES :</b>		
(1) Of above 110,000 ( P.Y. 110,000)Equity shares of Rs.10 each were allotted for consideration other than cash pursuant to the terms of a Joint Venture Agreement.		
(2) 890,000 (P.Y.890,000) Equity Shares of Rs 10 each are held by VISA Steel Limited (Holding company) and its nominees.		
<b>SCHEDULE : 2</b>		
<b>Unsecured Loan :</b>		
Loan from Holding Company	2,500,000.00	-
	<b>2,500,000.00</b>	<b>-</b>
<b>SCHEDULE : 3</b>		
<b>Capital Work in Progress</b>		
Exploration Expenses	9,890,193.00	7,030,709.00
Interest during Construction period	117,836.00	-
Prospecting Lease Application	8,500.00	8,500.00
Advance for prospecting lease	1,100,000.00	1,100,000.00
	<b>11,116,529.00</b>	<b>8,139,209.00</b>

# Schedules

to Balance Sheet (Contd.)

(Rs.)

	31 March 2011	31 March 2010
<b>SCHEDULE : 4</b>		
<b>Cash and Bank Balances</b>		
Cash in hand	-	-
Balances with Scheduled Bank :		
- in Current Account	962,024.76	1,763,640.79
	<b>962,024.76</b>	<b>1,763,640.79</b>

<b>SCHEDULE : 5</b>		
<b>Current Assets , Loans and Advances</b>		
(Unsecured, Considerd good)		
Advance Recoverable in Cash or Kind or for value to be received (Others)	469,147.00	469,147.00
Advance Income Tax	56,823.00	213,986.00
	<b>525,970.00</b>	<b>683,133.00</b>

<b>SCHEDULE : 6</b>		
<b>Current Liabilities And Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
Due to Micro & Small Enterprises	-	-
Due to Other Creditors	16,545.00	493,145.00
<b>Provisions</b>		
Provision for Taxation	39,400.00	46,400.00
	<b>55,945.00</b>	<b>539,545.00</b>

# Schedules

to the Profit & Loss Account

(Rs.)

	31 March 2011	31 March 2010
<b>SCHEDULE : 7</b>		
<b>Incomes</b>		
Income Tax Refund	8,873.00	-
Interest on Income Tax	21,631.00	-
Prior period income	20,252.00	-
	<b>50,756.00</b>	<b>-</b>
<b>SCHEDULE : 8</b>		
<b>Expenses</b>		
Filing Fees	3,000.00	2,620.00
Professional Fees	-	850.00
Auditor's Remuneration (as Auditors)	18,090.00	15,000.00
Directors' Sitting Fees	20,000.00	20,000.00
Other Expenses	223.03	11,284.46
Printing & Stationery	-	700.00
Travelling Expenses	6,302.00	60,051.00
	<b>47,615.03</b>	<b>110,505.46</b>

# Schedules

## to the Account

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting except as stated otherwise and comply with the accounting standards notified under Section 211(3C) of the Companies Act 1956 (the 'Act') and the relevant provisions of the Act to the extent applicable.

#### 2. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in future periods.

#### 3. Revenue recognition

The revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sales of goods is recognized upon passage of title to the customer, which generally coincides with their delivery.

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized using the time proportion method, based on the transactional interest rates.

#### 4. Fixed Assets

Fixed assets are stated at original cost net of tax / duty credits availed if any, less accumulated depreciation. Cost includes pre-operative expenses and all expenses related to acquisition, exploration and installation of the concerned assets. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

#### 5. Depreciation

Depreciation on fixed assets is provided on written down value method as per rates prescribed in Schedule – XIV of the Companies Act, 1956 on pro-rata basis.

#### 6. Intangible assets

Intangible assets are recognized only when future economic benefits attributable to the assets will flow to the enterprise and cost can be measured reliably and are amortised in equal installments over its useful life.

#### 7. Assets acquired under lease

For assets acquired under operating lease, rentals payable are charged to Profit & Loss account. Assets taken on Finance Lease are accounted for as assets of the Company. Lease rentals payable are apportioned between principal and interest using the internal rate of return method and finance charge is recognised accordingly.

#### 8. Provision and Contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

# Schedules

## to the Account (Contd.)

### A. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 9. Taxation

##### Current Tax

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

##### Deferred Tax

Deferred Tax is recognized subject to consideration of prudence, on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured by applying tax rates and tax laws that have been enacted or substantively enacted by Balance Sheet date. Deferred tax assets are not recognised unless there is reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realised.

#### 10. Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary item. The number of equity shares used in computing basic earnings per share is the weighted average number of equity shares outstanding during the period. The number of equity shares used in computing diluted earnings per share comprises weighted average number of equity shares considered for deriving basic earnings per share and also weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### B. Notes On Accounts

**1** The Company has not yet commenced commercial revenue earning activity. The Company has entered into a lease arrangement for operating and extracting of a mine for which the mining lease license application dated 06.08.2010 is yet to be issued by the Competent Authority.

#### 2. Prior Period Income

Prior Period income includes traveling expenses directly relating to exploration for minerals amounting to Rs 20,252/- and which has been transferred to Exploration Expenses under Capital Work in Progress.

#### 3. Retirement Benefits

The Company does not have any employees and hence, no provision has been made for the retirement benefits under AS 15.

#### 4. Earnings per share

	31 March 2011	31 March 2010
Profit/ (Loss) after tax (Rs.)	2,140.97	72,192.54
No. of equity shares (No.) of Rs.10 each	10,00,000	10,00,000
Basic & Diluted Earnings per share (Rs.)	0.002	0.072

#### 5. Deferred Tax Asset/Liability

	31 March 2011	31 March 2010
Asset:		
Deferred tax liability on account of carried over business losses	Nil	Nil

There are no items of pending adjustments relating to timing difference between taxable incomes and accounting income and so there is neither deferred tax asset nor a deferred tax liability for the year

# Schedules

to the Account (Contd.)

## A. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 6. Related party disclosures (as indicated by the management from relevant documentation)

#### a) Where control exists

Related party	Relationship
VISA Steel Ltd.	Holding Company
VISA Infrastructure Ltd	Ultimate Holding Company
VISA BAO Limited	Fellow Subsidiary

#### b) Transactions during the year

Nature of Transaction	(Rs.)	
	2010 – 11	2009 – 10
	Holding Co.	Holding Co.
Unsecured Loan	2,500,000	Nil
Interest on Unsecured Loan	117,836	Nil
Payment of above interest	117,836	Nil
Closing balance Debit	Nil	Nil
Credit	2,500,000	Nil

7. Additional information pursuant to the provisions of paragraph 3(4C) and (4D) of Part-II of Schedule VI of Companies Act, 1956 has not been furnished since the Company has not carried out any manufacturing/trading/service activities in the financial year.
8. The previous year's figures have been regrouped/ re-arranged wherever necessary.

For L.B.JHA & CO  
Chartered Accountants  
Firm Registration  
Number:301088E

#### T. Mandal

Partner  
Membership No. 50070

Place : Kolkata  
Date : 20.05.2011

For and on behalf of the Board of Directors

#### Jugal Kishore Jhunjunwala

Director

#### Vishal Agarwal

Director

Place : Bhubaneswar  
Date : 20.05.2011

# Cash Flow Statement

for the year ended 31 March 2011

(Rs.)

	31 March 2011	31 March 2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) before Tax and extraordinary items	3,140.97	105,464.54
Less: Adjustment for taxation for the year	(1,000.00)	(25,800.00)
Adjustment for deferred taxation	-	(7,472.00)
<b>Operating profit/(loss) before working capital changes</b>	<b>2,140.97</b>	<b>72,192.54</b>
<b>Adjustments for changes in working capital:</b>		
(Increase)/Decrease in Other Current Assets	-	5,547.00
(Increase)/Decrease in Loans and Advances	157,163.00	(14,125.00)
Increase/(Decrease) in Current liabilities and Provisions	(483,600.00)	390,646.00
<b>Net Cash Flow from Operating Activities</b> <b>A</b>	<b>(324,296.03)</b>	<b>454,260.54</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Expenditure on Capital Work-in- Progress	(2,977,320.00)	(2,716,710.00)
<b>Net Cash Flow from Investing activities</b> <b>B</b>	<b>(2,977,320.00)</b>	<b>(2,716,710.00)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Unsecured Loan	2,500,000.00	-
<b>Net Cash Flow from financing activities</b> <b>C</b>	<b>2,500,000.00</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(801,616.03)</b>	<b>(2,262,449.46)</b>
Opening Balance of cash and cash equivalents	1,763,640.79	4,026,090.25
Closing Balance of cash and cash equivalents	962,024.76	1,763,640.79
	(801,616.03)	(2,262,449.46)
Less Payment of Direct Taxes	-	-
	<b>(801,616.03)</b>	<b>(2,262,449.46)</b>

Notes:

- (1) The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31 March 2011 and the related Profit and Loss Account for the year ended on that date.
- (2) The above Cash Flow Statement has been prepared under 'indirect Method' as set out in Accounting Standard (AS-3) on "Cash Flow Statement", and reallocations required for this purpose are as made by the company.
- (3) Figures in Parenthesis represents outflows.  
Previous years's figures have been regrouped, wherever necessary, to conform to current year's presentations.

This is the Cash Flow referred to in our report of even date.

For L.B.JHA & CO  
Chartered Accountants  
Firm Registration  
Number:301088E

**Jugal Kishore Jhunjunwala**

Director

For and on behalf of the Board of Directors

**Vishal Agarwal**

Director

**T. Mandal**

Partner  
Membership No. 50070

Place : Kolkata  
Date : 20.05.2011

Place : Bhubaneswar  
Date : 20.05.2011

# Balance Sheet Abstract

and Company's General Business Profile

## I. REGISTRATION DETAILS

Registration No. :     7 3 4 8 State Code :     1 5

Balance Sheet as at :   3 1   0 3   2 0 1 1

Date Month Year

## II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue :       N I L Right Issue :       N I L

Bonus Issue :       N I L Private Placement :       N I L

## III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities :    1 2 5 4 9 Total Assets :    1 2 5 4 9

### Sources of Funds

Paid-up Capital :    1 0 0 0 0 Reserves & Surplus :     4 9

Secured Loans :       N I L Unsecured Loans :    2 5 0 0

### Application of Funds

Net Fixed Assets :    1 1 1 1 7 Investments :     N I L

Net Current Assets(including :    1 4 3 2 Misc. Expenditure :     N I L  
deferred tax asset)

Accumulated Losses :       0 0

## IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover :      5 1 Total Expenditure :     4 8

+ - Profit/Loss Before tax      3 + - Profit/Loss after tax     2

+  (Please tick Appropriate box + for Profit, - for Loss)

Earning per share in Rs.   0 . 0 0 2 Dividend rate % :     N I L

## V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary term)

Item Code No. (ITC Code)  7  2  0  1  1  1  0  0  0

Production       N A

Description       N A

For and on behalf of the Board of Directors

**Jugal Kishore Jhunjhunwala**  
Director

**Vishal Agarwal**  
Director

Place : Bhubaneswar  
Date : 20.05.2011



# Corporate Information

## Board of Directors

Mr. Vishambhar Saran, Chairman  
Mr. Maya Shanker Verma, Independent Director  
Mr. Shiv Dayal Kapoor, Independent Director  
Mr. Debi Prasad Bagchi, Independent Director  
Mr. Pradip Kumar Khaitan, Independent Director  
Mr. Shanti Narain, Independent Director  
Mrs. Saroj Agarwal, Non-Executive Director  
Mr. Vikas Agarwal, Non-Executive Director  
Mr. Vishal Agarwal, Managing Director  
Mr. Basudeo Prasad Modi, Deputy Managing Director

## Chief Financial Officer

Mr. Manoj Kumar Digga

## Company Secretary

Mrs. Subhra Giri

## Auditors

Lovelock & Lewes

## Internal Auditors

L. B. Jha & Co.

## Solicitors

Khaitan & Co.

## Bankers & Financial Institutions

Andhra Bank  
Bank of Baroda  
Bank of India  
Canara Bank  
Central Bank of India  
Dena Bank  
Export Import Bank of India  
HUDCO  
Indian Overseas Bank  
IL&FS Financial Services Limited  
Oriental Bank of Commerce  
Punjab National Bank  
State Bank of India  
State Bank of Hyderabad  
State Bank of Travancore  
Syndicate Bank  
UCO Bank  
Union Bank of India  
Vijaya Bank

## Registrars

Karvy Computershare Private Limited

## Registered office

**BHUBANESWAR**

VISA House, 11, Ekamra Kanan,  
Nayapalli, Bhubaneswar - 751015.

Tel: +91 (674) 2552479,

Fax: +91 (674) 2554661

## Corporate office

**KOLKATA**

VISA Steel Limited,

VISA House,

8/10 Alipore Road,

Kolkata - 700027.

Tel: +91 (33) 3011 9000,

Fax: +91 (33) 3011 9002

## Plant offices

**KALINGANAGAR PLANT SITE**

Kalinganagar Industrial Complex,

At/P.O. Jakhapura District Jajpur

Orissa 755026

Tel: +91 (6726) 242441

Fax: +91 (6726) 242442

**GOLAGAON PLANT SITE**

Village Golagaon, Near Duburi,

P.O. Pankapal, District Jajpur, Orissa.

Tel: +91 (6726) 245470,

Fax: +91 (6726) 245561

**RAIGARH PLANT SITE**

8, Gajanandpuram, Kotra By-pass Road,

Raigarh - 496001, Chhattisgarh

Tel: +91 (7762) 2282 90/91.

