



VISA STEEL

Annual Report 2009-10

Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Committed to performance. Focused on execution.



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

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

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

Performance entails profitability

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



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



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

Competence begets commitment

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



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



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

Power **unleashes possibilities**

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



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

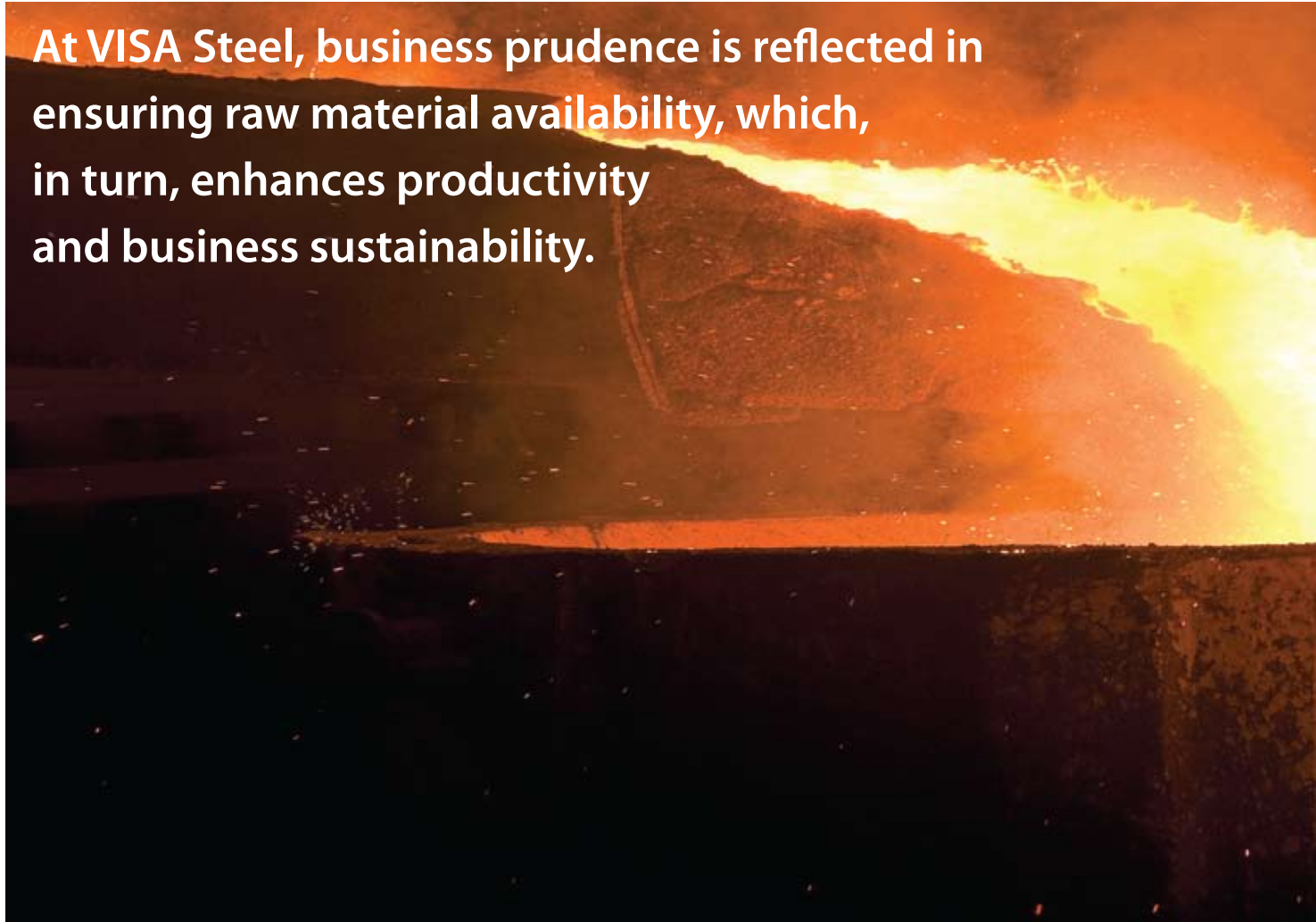


An additional 2 x 150 MW is planned to be set up in Orissa and 2 x 150 MW in Chhattisgarh to raise the total generation to 675 MW.

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

Prudence **generates productivity**

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



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



Captive iron ore mining leases in Orissa and Chhattisgarh are currently under the process of allotment by the Government. A chrome ore deposit in Orissa is being developed through Ghotaringa Minerals Limited, a VISA Steel subsidiary.

Our current coking coal requirement is met through imports from Australia. We are looking at opportunities to acquire coking coal mines in Australia and Indonesia.

Versatility **triggers vigilance**

VISA Steel's versatile cost-saving measures reflect proactive management control and round-the-clock vigilance.



Our cost optimisation measures, along with savings from waste management, reduced overhead costs and materials consumption. Besides, enhanced asset sweating ensured more return on gross block.



VISA Steel has de-risked its business model from fluctuating coking coal prices by buying coking coal on quarterly rates. This provides insulation from spot-rate fluctuations or locking in on higher prices for the full year. Besides, our intelligent working capital management prevented foreign exchange losses and protected the bottomline.

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 FACILITIES AT KALINGANAGAR, ORISSA

Facility	Capacity	Status
Pig Iron Plant	225,000 TPA	In operation
Coke Oven Plant	400,000 TPA	In operation
Ferro Chrome Plant	50,000 TPA	In operation
Sponge Iron Plant	300,000 TPA	In operation
Power Plant	50 MW	In operation
Power Plant	25 MW	Nearing completion
Steel Melt Shop	500,000 TPA	Nearing completion
Bar & Wire Rod Mill	500,000 TPA	Nearing completion

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

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.

Leadership in business segment through market share.

Maximize shareholder value by Market Cap and ROCE.

Build partnerships with customers and suppliers.

Family of capable, motivated and happy employees.

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

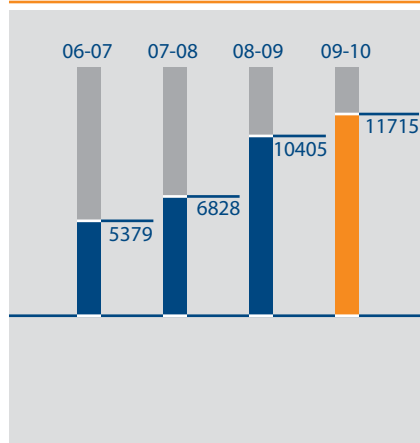
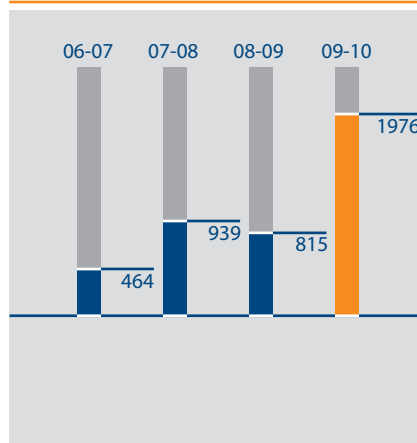
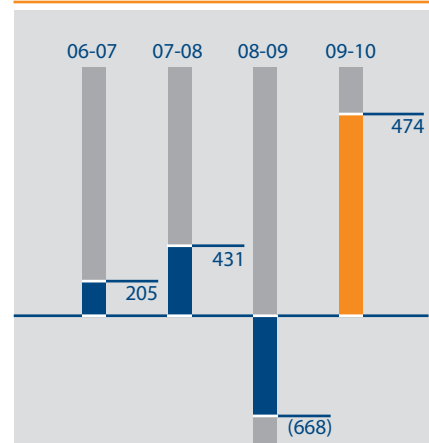
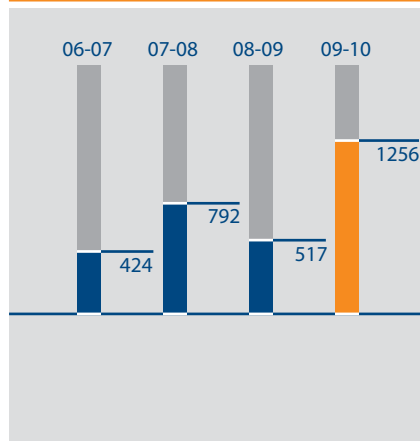
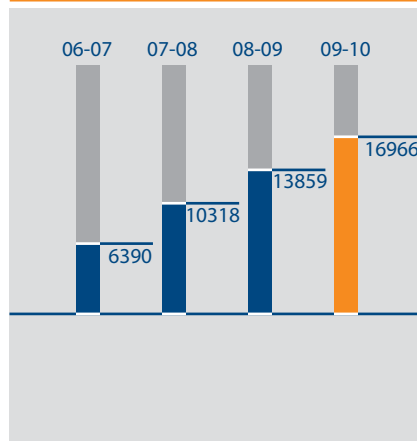
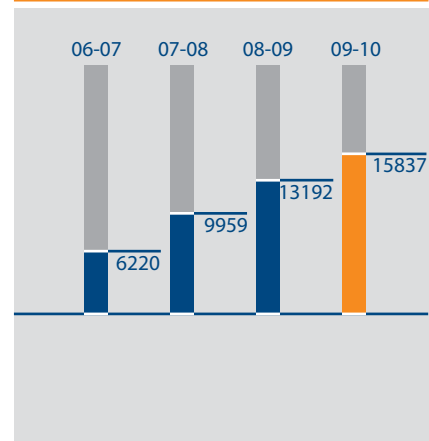
- Be preferred supplier through competitive pricing and high standards of quality and service.
- Build and sustain long-term relationships with strategic customers and suppliers.

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

Financial highlights

Total Revenue (Rs. Million)

EBIDTA (Rs. Million)

PAT (Rs. Million)

Cash Profit (Rs. Million)

Fixed assets - Gross Block (Rs. Million)

Fixed assets - Net Block (Rs. Million)


Operational highlights

Operational Highlights	2009-10	2008-09
Hot Metal (MT)	150,424	85,457
LAM Coke (MT)	353,601	331,128
Ferro Chrome (MT)	47,649	24,815
Sponge Iron (MT)	139,299	28,370
Power (million units)	223	39

Corporate highlights



- Crossed Rs.11,700 millions in revenue
- 142% growth in EBIDTA
- 186% increase in Profit before tax
- 171% increase in Profit after tax
- 157% increase in Return on Equity
- 76% increase in Hot Metal production
- 92% increase in Ferro Chrome production
- 472% increase in Power generation
- Commissioned the second 150,000 TPA Sponge Iron facility in June 2009
- Stabilised 2 x 25 MW Power Generation Facility
- Significant progress on the additional 25 MW Power Plant, along with the 500,000 TPA Steel Melt Shop and 500,000 TPA Bar and Wire Rod Mill
- The Company's subsidiary, VISA BAO Limited is in the process of setting up a 100,000 TPA Ferro Chrome Plant

Chairman's Statement



Vishambhar Saran

Dear Shareholders,

The global economy has witnessed a sharp recovery due to the huge fiscal stimulus and infusion of liquidity. Whilst the developed economies are yet to emerge out of the crisis, the growth has been stronger and more sustainable in the BRIC economies, especially India.

It is a matter of pride and deep satisfaction that the Company has emerged triumphant out of the worst global financial crisis and extra-ordinary economic environment that we witnessed in the fiscal 2008-09.

The current year will see VISA Steel transform from being the only producer and seller of Pig Iron, Sponge Iron, LAM Coke, Ferro Chrome and Power in India to becoming one of the largest players in the Special Steel industry, after commissioning of our Steel Melt Shop and Rolling Mill. Thereafter, apart from selling Special Steel, the Company will also keep selling substantial quantities of LAM Coke, Ferro Chrome and any surplus Power.

The Company is back on the growth trajectory and will build on our consistent and well executed strategy to grow in the

“ The current year will see VISA Steel transform from being the only producer and seller of Pig Iron, Sponge Iron, LAM Coke, Ferro Chrome and Power in India to becoming one of the largest players in the Special Steel industry ”

value added steel products, while being focused on allocation of captive mines for raw materials and captive power generation.

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 2010, the Company recorded a revenue growth of 13% to Rs.11,715 million from Rs.10,405 million in the previous year and the EBIDTA increased to Rs.1,976 million from Rs.815 million in the financial year 2008-09. The PAT also surged to Rs.474 million from a loss of Rs.668 million during financial year 2008-09.

The growth in revenues have been driven by volume growth in the Pig Iron, Ferro Chrome and Sponge Iron Units, despite lower price realisations. Lower raw material costs and Captive Power generation has helped in improving operating margins and better risk management practices have helped in avoiding forex losses.

THE INDUSTRY

India continued to be the second fastest growing economy after China and has emerged as the fourth largest producer of Steel in the world with demand being driven primarily by domestic demand from the infrastructure and consumption led sectors including construction, real estate, automobile, white goods and oil & gas.

India remains a large exporter of iron ore and importer of steel. This needs to be corrected by increasing the export tax on iron ore to discourage exports of this primary raw material and encourage value addition of this natural resource within the country.

Due to volatility in coking coal prices, there has been a shift in pricing mechanism of coking coal to quarterly benchmark prices instead of annual benchmark prices. This has significantly reduced risk of what the industry suffered in 2008-09 when coking coal prices were fixed for the full year and product prices corrected sharply in the middle of the year.

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.

After completion of the Steel Melting & Rolling Mill, the Company shall rank amongst the top few integrated Special Steel long product manufacturers. 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 Power Plant in the first phase.

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 dispute between co-allottees of Patrapada Coal block wherein the Company has a share of 54 million tonnes has been resolved. The prospecting work for the Chrome Ore deposit has also been completed by Ghotaringa Minerals Limited.

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 construction work has commenced.

OUTLOOK

Our revenues and profitability are expected to improve with the commissioning of our Steel Melt Shop & Rolling Mill. 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 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 and Regulatory Authorities for their valued support.

Warm Regards,



Vishambhar Saran

Managing Director's Review



Vishal Agarwal

“ We registered a substantial growth in production volumes across each of our units ”

The financial year 2009-10 was a year of consolidation at VISA Steel. We have created a robust foundation to elevate ourselves to the next level of growth. We continued to maintain a healthy uptrend over the quarters of financial year 2009-10.

The increase in production volumes across all units has enabled the Company to register a robust growth in sales revenue, despite lower realisations of various products. We have lowered raw material costs (coking coal, iron ore and chrome ore) and this combined with enhanced operating efficiencies have resulted in better operating margins. We shall continue to focus towards high quality of growth and maximization of shareholder value.

We proactively laid out our plans to insulate against raw material price volatility and foreign exchange risk. Besides, we continued our efforts towards improving the HR practices of the organisation and build a family of capable, happy and motivated employees.

GROWTH IN OPERATIONS

During the financial year 2009-10, we registered a substantial growth in production volumes across each of our units

- Hot Metal production increased 76 percent from 85,457 MT in 2008-09 to 150,424 MT in 2009-10;
- LAM Coke production increased 7 percent from 331,128 MT in 2008-09 to 353,601 MT in 2009-10;
- Ferro Chrome production increased 92 percent from 24,815 MT in 2008-09 to 47,649 MT in 2009-10;
- Sponge Iron production increased 391 percent from 28,370 MT in 2008-09 to 139,299 MT in 2009-10;
- Power generation increased 472 percent from 39 million units in 2008-09 to 223 million units in 2009-10.

PROGRESS OF EXPANSION PROJECTS AND INFRASTRUCTURE DEVELOPMENT

The construction of a 0.5 million TPA Steel Melt Shop, a 0.5 million TPA Bar and Wire Rod Mill and an additional 25 MW

Power Plant is nearing completion. For the Steel Melt Shop Project, we have completed 90 percent of the Civil Work, 99 percent of Structural Fabrication and 91 percent of Structural erection. For the Bar and Wire Rod Mill, we have completed 78 percent of Civil Work, 76 percent of Structural fabrication and 70 percent of Structural erection.

We continue to rely on the best domestic and international equipment suppliers for our projects with SMS Siemag for EAF and LRF, Concast for Caster, SMS Meer for Bar and Wire Rod Mill and Turbines from BHEL. We also continue to use the best contractors such as GDC for our civil and fabrication work and Areva and ABB for our electrical work to ensure high quality standards. We have also made significant improvement in developing roads, drainage and constructing modern hostel-cum-guest house, canteen and office building.

PROGRESS OF NEW PROJECTS

The Company has acquired 250 acres of land for its steel making and power generation facilities at Raigarh in Chhattisgarh and has completed its Public Hearing and MoEF presentation for Environmental Clearance. VISA BAO Limited, a Joint Venture with Baosteel Resources, China, has started construction work of the 100,000 TPA Ferro Chrome Plant in Orissa and is close to achieving its financial closure.

EFFORTS TO IMPROVE RISK MANAGEMENT AND CONTROL SYSTEMS

After being adversely affected by foreign exchange loss in 2008-09, the Company undertook comprehensive measures. It is now covering 75 percent of forex exposure for each vessel between bill of lading and bill of entry date, resulting in automatic averaging throughout the year and mitigating the risk arising out of volatile exchange rates. Besides, the Company's SAP-enabled operations and stringent internal audit integrated operations, enhanced transparency and accelerated decision-making.

RAW MATERIAL COST 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.

We have made progress towards the acquisition of mining licenses for backward integration into mining of iron ore,

chrome ore and coal in order to reduce raw material costs. We are also exploring opportunities to buy Coking Coal mines in Australia or Indonesia.

SALES REALISATION AND SALES MIX

Global financial crisis and demand slowdown resulted in a decline in price realisations across all our products. The demand started to revive in the last two quarters of 2009-10, resulting in margin improvement. We devised marketing strategies to market niche products in order to improve market ability and realisations. Our Ferro Chrome which was mainly exported to China, is now being exported to Japan as well.

HUMAN RESOURCE INITIATIVES

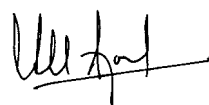
We continue to invest in recruiting young and passionate professionals. They are trained and nurtured to enhance their technical and managerial skills at our Learning Centre and on-the-job training at the shop floor. The Company also inducted fresh engineers and CA/MBAs through campus placements and encouraged them to be a part of the exciting journey at VISA Steel. The Company's transparent performance appraisal system accelerates decisions on increments and promotions. We are also on the verge of introducing ESOPs. We further 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 of professionals 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

Vishambhar Saran, Chairman



Mr. Saran has experience of almost 41 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.

Shiv Dayal Kapoor, Chairman, Audit Committee



Mr. Kapoor has over 41 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.

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.

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 Development Corporation Limited.

Arvind Pande, Chairman, Share Transfer & Investor Grievance Committee



Mr. Pande has over 41 years of experience in the Indian Administrative Services and the corporate public

sector. He was also Joint Secretary to the Prime Minister for his expertise in Economics, Science and Technology. As Director of the Department of Economic Affairs in the Ministry of Finance, Government of India, he has been involved with many World Bank aided projects. A Bachelor of Science and Master of Arts in Economics from Cambridge University, Mr. Pande is the former Chairman of the Steel Authority of India Limited and brings to the Company his in-depth knowledge of the iron & steel industry.

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.

Shanti Narain,

Director



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.

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.

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 and VISA Coal Pty Limited.

Vivek Agarwal,

Director



Mr. Agarwal is the Managing Director of VISA Resources Pte Ltd., Singapore and is responsible for

developing the minerals, metals and shipping business of the VISA Group and has been instrumental in the Group's Joint Venture with Baosteel. Mr. Agarwal has worked as Senior Consultant with Booz Allen Hamilton, London, a global strategy consulting firm for 2 years till 2004, before joining the VISA Group. He holds a Masters degree in Manufacturing Engineering from Trinity College, Cambridge University. He is also the Chairman of the Expert Committee on External Trade and WTO at the Indian Chamber of Commerce.

Vishal Agarwal,

Managing Director



Mr. Agarwal has over 13 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 and Indian Chamber of Commerce.

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 ardently believes in business sustainability, driven by multiple corporate initiatives.



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
- Offers scholarships to disadvantaged girl students at the Smt. Sarala Devi Saraswati Balika Inter College in the Tilhar district of Shahjahanpur, Uttar Pradesh
- Provided facilities such as libraries and science labs to enhance computer literacy at the Smt. Sarala Devi Saraswati Balika Inter College in the Tilhar district of Shahjahanpur, Uttar Pradesh

The VISA Trust is exploring and identifying for opportunities for setting up world class, professionally managed kindergarten, primary and secondary schools in Bhubaneswar and Chhattisgarh, with full facilities for extracurricular activities and sports in the near future.

HEALTH

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

- Organised medical check-up camps in the backward areas of Orissa and West Bengal
- Contributed to the construction of a blood bank in Jajpur, Orissa
- Engaged in raising awareness on the treatment of common diseases and hygiene; along with providing free medicines and medical facilities

RURAL DEVELOPMENT

In a country like India, where more than 60% of the population depend on agriculture, rural development remains critical for social empowerment. The Company's initiatives in this segment comprises the following:

- Installed bore-wells for providing clean drinking water in the backward areas of Orissa
- Provided employment according to the rehabilitation policy of the Government



- Constructed boundary wall for the local school in Jajpur, Orissa
- Contributed substantially towards renovation of various temples in Orissa
- Initiated beautification of traffic island at Power House in Bhubaneswar
- Upgradation of primary schools in Kotmar and Patrapalli villages in Chhattisgarh to be done
- Water tanks to be constructed for locals of Kotmar and Patrapalli villages in Chhattisgarh

ENVIRONMENT

Concern for the environment has also been a top priority on the VISA agenda. The Company has implemented the following initiatives to showcase the importance that it gives to environmental issues:

- Launched water harvesting initiatives to protect ground water levels
- Planted 43,000 trees in and around the plant through a plantation drive; more plantation schemes in the offing

SPORTS AND CULTURE

Actively promotes contemporary Indian art through exhibitions and organises painting competitions to promote talented young artists:

- Sponsors the VISA Cup Annual Ladies Golf Tournament at the Tollygunge Club in Kolkata
- Sponsors sporting activities, particularly cricket tournaments in Kotmar and Patrapalli villages in Chhattisgarh
- Additionally, VISA has strengthened its employee relations strategies to ensure a safe environment conducive to personal and professional growth

The organisation's attempt is to give its workforce a quality life. As such, the Company implements safety training sessions for the benefit of both employees and contract labour. Posters exhorting the incorporation of safety measures, motivational aspects and daily inspection of workers, also feature among the Company's proactive initiatives.

Report of the Directors



The outlook for the Iron and Steel Industry in India remains extremely positive as the increase in expenditure by the Government of India in the infrastructure development of the country will boost the demand for Iron & Steel products

Dear Shareholders,

Your Directors take immense pleasure in presenting this Fourteenth Annual Report together with the audited accounts of the Company for the year ended 31 March 2010.

FINANCIAL RESULTS

(Rs. Million)

Particulars	2009-10	2008-09
Net Revenue	11,569.42	10,350.06
Other Income	145.41	54.54
Total Income	11,714.83	10,404.60
Profit before interest, depreciation & tax	1,976.36	815.47
Interest (Net)	651.40	321.54
Depreciation	468.18	307.91
Profit before Exceptional Item and Taxation	856.78	186.02
Exceptional Item – Loss on Exchange Fluctuation (net)	-	1,184.67
Profit before Taxation	856.78	(998.65)
Taxation – Current	96.00	-
– Deferred	286.62	(334.71)
– Fringe Benefit Tax	-	4.20
Profit after Tax	474.16	(668.14)
Appropriation - Proposed Dividend	110.00	-
– Corporate Tax on Dividend	18.69	-
Balance Carried to Balance Sheet	310.10	(35.37)

OPERATIONS

Your Company is engaged in the business of manufacturing Iron and Steel products such as Pig Iron, Coke, Ferro Chrome and Sponge Iron. During the year under review, the increase in production volumes across all Units has enabled the Company to register a robust growth in sales revenue inspite of lower sales realisation of the various products. The lower cost of raw materials such as Coking Coal, Iron Ore and Chrome Ore and better operating efficiencies have resulted in better operating margins. We continue to drive our low cost competitiveness due to our strategic location, efficient raw material procurement and captive power generation.

The outlook for the Iron and Steel Industry in India remains extremely positive as the increase in expenditure by the Government of India in the infrastructure development of the country will boost the demand for Iron & Steel products.

During the year under review, your Company registered substantial growth in production volumes across all operating units. The production of Hot Metal grew 76% to 150,424 MT from 85,457 MT in the previous year. The production of Coke also increased by 7% to 353,601 MT compared to 331,128 MT in the previous year. The production of Ferro Chrome registered a staggering growth of 92% to 47,649 MT in comparison to 24,815 MT during the previous year. The Sponge Iron Plant produced 139,299 MT of Sponge Iron during 2009-10 as against 28,370 MT of Sponge Iron during 2008-09. The power generated during the year was 223 million units as against 39 million units in the previous year, an increase of over 472% and was used mainly for captive consumption.

Your Company has registered a revenue growth of over 13% amounting to Rs.11,714.83 million in FY' 2009-10 compared to Rs.10,404.60 million during the FY' 2008-09. The operating margins increased by 142% at Rs.1,976.36 million in FY' 2009-10 as against Rs.815.47 million in the previous year. The PBT was Rs.856.78 million for FY' 2009-10 as against loss of Rs.998.65 million and PAT was Rs.474.16 million as against loss of Rs.668.14 million for the corresponding period.

The Company is in the final stages of completing project work on the 0.5 million TPA Steel Melt Shop, 0.5 million TPA Bar and Wire Rod Mill and 3rd 25 MW Power Plant and expects to commence production by December 2010. This will further boost the Company's growth in revenues and margins.

Your Company has started preparatory work 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.

The Company's subsidiary – VISA BAO Limited, has initiated steps for implementation of a 100,000 TPA Ferro Chrome Plant at Kalinganagar in Orissa.

A detailed analysis of your 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

In view of the performance of your Company, your Directors recommend a dividend of 10% for the year ended 31 March 2010 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.18.69 million on account of dividend distribution tax.

HOLDING COMPANY

Subsequent to the *inter-se* transfer of shareholding between the Promoter Group companies i.e. from VISA Minmetal AG to VISA Infrastructure Limited, VISA Infrastructure Limited has become the holding company of your Company with effect from 30 April 2010.

SUBSIDIARIES

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

- (i) VISA BAO Limited (VBL) is a Joint Venture between your Company and Baosteel Resources Co. Ltd., China. VBL has initiated steps for implementation of 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 your Company and Orissa Industries Limited (ORIND) for carrying out the business of mining of chrome ore and/or other minerals. GML is currently carrying out drilling & prospecting work over an area allotted to ORIND in Dhenkanal, Orissa. Your 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 accounts of VBL and GML for the year ended 31 March 2010 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

In accordance with the Article 158 of the Articles of Association of the Company, Mr. Debi Prasad Bagchi and Mr. Maya Shanker Verma, Directors, are liable to retire by rotation, at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Arvind Pande, who is also due to retire at the forthcoming Annual General Meeting, had informed the Company that he does not wish to seek re-appointment. A resolution pursuant to Section 256 of the Companies Act, 1956, for not filling the vacancy caused by the retirement of Mr. Arvind Pande has been included in the Notice of the 14th Annual General Meeting. The Board has taken on record the immense contribution made by Mr. Pande during his tenure as a Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- 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;
- That the Directors had prepared the annual accounts on a going concern basis.

Your 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 19 May 2010 and is also annexed to this Report.

AUDITORS

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.

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

Your Company places significant emphasis on recruitment, training & development of human resources, which assumes utmost significance in achievement of corporate objectives. Your 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, your 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 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

Your Company had introduced an Employee Stock Option Scheme by the name "Employee Stock Option Scheme 2008" (the "Scheme") for permanent employees including any Director of the Company, whether whole-time or otherwise, of the Company to be administered by the Remuneration Committee of the Board of Directors of your Company.

Information as per Clause 12 of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is given in a separate statement as Annexure-III forming part of this Report.

The Board of Directors of your Company has proposed rescinding the existing Scheme and introducing a new Scheme (ESOP Scheme 2010) in accordance with the SEBI Guidelines. Accordingly, appropriate resolutions are being moved at the ensuing Annual General Meeting which the Board recommends for your approval.

FIXED DEPOSITS

Your 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

Your 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.

Your 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 FY' 2009-10. 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. Your Directors also thank the employees of the Company for their contribution and commitment towards your Company performance and growth during the period under review.

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

For and on behalf of the Board



Vishal Agarwal
Managing Director



Basudeo Prasad Modi
Deputy Managing Director

Kolkata
12 July 2010

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. 3rd TG of 25 MW capacity has been commissioned for utilising the waste char & coal fines generated from Sponge Iron Plant.
2. Reduction in specific consumption of Coke per MT of Hot Metal due to reduction in moisture content of Coke.
3. 160 t/hr. CFBC Boiler is being installed to utilise the waste char and coal fines generated from Sponge Iron Plant.
4. ABC fans at DRI have been installed to produce additional heat for utilisation in the waste heat boilers in DRI Plant.
5. Manganese ore consumption in Blast Furnace has been mostly stopped & use of magnesite in Ferro Chrome Plant has been stopped.

(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.
4. To increase Heat input to Coke Oven Waste Heat Boilers by making arrangements to prevent re-circulation of cool air and mixing with flue gas.

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

1. Saving in electrical energy.
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

		2009 - 10	2008 - 09
A.	Power & Fuel Consumption		
1.	Electricity		
	(a) Purchased		
	Unit (Kwh)	35,501,800	98,325,200
	Total Amount - (Rs. Million)	131.97	333.48
	Rate / unit - (Rs.)	3.72	3.39
	(b) Own Generation		
	(i) Through Diesel Generator		
	Unit	3,475	10,824
	Units per ltr. of diesel oil (Kwh)	2.8	1.44
	Cost/unit - (Rs.)	13.92	21.47
	(ii) Through Steam Turbine / Generator		
	Unit (Kwh)	223,283,900	32,972,575
	Units per ltr. of fuel oil/gas	NIL	NIL
	Cost/units - (Rs.)	NA	NA
2.	Coal (Coking and non-coking coal at Coke Oven & DRI)		
	Quantity (MT)	811,448	554,947
	Total Cost - (Rs. Million)	4,615.92	6,378.68
	Average Rate - (Rs.)	5,688.50	11,494.21
3.	Furnace Oil		
	Quantity (k. ltrs.)	NIL	NIL
	Total Amount - (Rs. Million)	NIL	NIL
	Average Rate	NIL	NIL

			2009 - 10	2008 - 09
4.	Coke			
	Quantity (MT)		127,337	76,135
	Total Cost - (Rs. Million)		1,597.39	1,479.88
	Rate / Tonne – (Rs.)		12,544.56	19,437.54
B.	Consumption per unit of production			
	Products (with details)			
1.	Production of Pig Iron including by-products	MT	150,424	85,457
	Electricity	Kwh	174.07	172.46
	Furnace Oil	Ltr.	NIL	NIL
	Coal	Kg.	NIL	NIL
	Coke	Kg.	681.03	683.38
2.	Production of Coke including by-products	MT	353,601	331,128
	Electricity	Kwh	9.39	9.85
	Furnace Oil	Ltr.	NIL	NIL
	Coal (Hard, Semi Hard & Semi Soft Coking Coal)	Kg.	1,454.46	1,495.40
3.	Production of Ferro Chrome including by-products	MT	47,649	24,815
	Electricity	Kwh	3,668.45	4,139.88
	Furnace Oil	Ltr.	NIL	NIL
	Coke	Kg.	522.46	620.23
4.	Production of Sponge Iron including by-products	MT	139,299	28,370
	Electricity	Kwh	134.77	151.58
	Furnace Oil	Ltr.	NIL	NIL
	Coal (Non-Coking Coal)	Kg.	2,133.16	2,107.12
5.	Production of Chrome Concentrate & Chrome powder	MT	2,412	10,683
	Electricity	Kwh	76.29	40.74
	Furnace Oil	Ltr.	NIL	NIL
	Coke	Kg.	NIL	NIL

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:
 - (a) Use of coke briquette in Ferro Chrome Plant.
 - (b) 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.
 - (c) Controlled cooling of Coke resulting in less moisture in the coke.
 - (d) Installation of Metal Recovery Plant and further modification in Ferro Chrome Plant to recover Ferro Chrome from the crushed slag and mixed metals.
 - (e) Coke pusher car track is being repaired to improve efficiency & consistency.
 - (f) Use of Iron ore fines of Blast Furnace in Sponge Iron Plant.

2. Benefits derived as a result of the above R&D:
 - (a) Increase in the sales realisation of Hot Metal.
 - (b) The pig iron yield has improved which has higher value compared to scrap.
 - (c) 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.
 - (f) Reduction in the cost of Sponge Iron.
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
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

- b. Year of Import: as given above
- c. Has technology been fully absorbed:
Coke Oven Technology and Electrode handling technology has been fully absorbed.
- d. If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action:
The Steel Melting Technology and Bar & Wire Rod Mill Technology are 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. During 2009-10, the export volume of Ferro Chrome has gone up from 28,108.54 to 38,827.45 showing a growth of 38.13%. Your Company exports to various customers in China, Japan and Korea.

- b) Total Foreign Exchange used and earned:

(Rs. Million)		
Particulars	2009-10	2008-09
Foreign Exchange Earnings		
Export Sales	1,952.94	2,395.82
Foreign Exchange Outgo		
Imports		
• Raw Materials	2,762.86	6,690.30
• Finished Goods	816.00	190.63
• Capital Goods	38.08	16.08
Traveling	3.03	1.68
Interest	74.57	87.88
Others	0.98	56.74*

*Including dividend paid in foreign currency amounting to Rs. 56.21 million.



ANNEXURE III

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

Statement as at 31 March 2010, 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:

Particulars	Details
(a) Total number of Options granted during the year	NIL
(b) The pricing formula	Exercise price is equal to the latest available closing price of the Equity Shares on the stock exchange where there is highest trading volume on which the shares of the Company are listed on the date prior to the date on which the specific number of options to be granted to the employees is finalised.
(c) Options vested (as of 31 March 2010)	NIL
(d) Options exercised during the year	NIL
(e) The total number of shares arising as a result of exercise of option (as of 31 March 2010)	NIL
(f) Options lapsed during the year	NIL
(g) Variation of terms of options upto 31 March 2010	-
(h) Money realised by exercise of options during the year (Rs.)	NIL
(i) Total number of options in force (as of 31 March 2010)	NIL
(j) Employee wise details of options granted to:-	
(i) Senior Managerial personnel;	NIL
(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;	NIL
(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.	NIL
(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'	-
(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.	-
(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	-
(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:	-
(i) risk-free interest rate,	
(ii) expected life,	
(iii) expected volatility,	
(iv) expected dividends, and	
(v) the price of the underlying share in market at the time of option grant.	

The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and the resolution passed by the Members by Postal Ballot on 8 September, 2008.

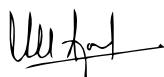
CEO / CFO CERTIFICATION TO THE BOARD

The Board of Directors
VISA Steel Limited
Kolkata 700 071

19 May 2010

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 the financial statements and the cash flow statement for the year 2009-10 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 Minmetal AG
Far East Trading AG
Far East Chartering Limited
VISA GMR Limited
VISA Resources Pte Limited
VISA Global Mineral Resources SA (Proprietary) Limited
VISA Bulk Shipping Pte Limited
VISA Coal Pty Ltd
VISA Chartering Limited
VISA Group Limited
PT VISA Indo
VISA Infrastructure Limited
VISA International Limited
VISA Power Limited
VISA Comtrade Limited
VISA BAO Limited
Ghotaringa Minerals Limited
North East Resources Limited
Khandadhar Minerals Limited
VISA Realty Limited
VISA Minmetal Limited
Tastebuds Gourmet Foods Pvt. Ltd.

Individual Promoters

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

Management Discussion and Analysis



The financial year 2009-10 was an important year for the Company where we have shown robust recovery and emerge as a stronger Company to deliver enhanced shareholder value over the coming years

OVERVIEW

The financial year 2009-10 was an important year for the Company where we have shown robust recovery and emerge as a stronger Company to deliver enhanced shareholder value over the coming years. Your Company registered a healthy performance during 2009-10 with a 13% growth in revenues to Rs.11,714.83 million, 142% growth in EBIDTA to Rs.1,976.36 million, 186% increase in PBT to Rs.856.78 million and 171% rise in PAT to Rs.474.16 million.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Steel Industry Overview

The global economy has witnessed a sharp recovery largely driven by the large stimulus packages announced by various countries which has created liquidity and stimulated demand, leading to the speedy recovery of the world GDP growth. The Chinese and Indian economies have been the fastest economies to recover.

The steel industry has also seen a strong recovery 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. From a net exporter of Coking Coal and Coke, China has become a net importer of

Coking Coal. As a consequence of China importing significant quantity of Coking Coal, prices of Coking Coal have increased from USD 128 to USD 200 per MT. 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 to quarterly benchmark prices instead of annual benchmark prices.

China continues to drive the global steel industry with a production of approx. 570 million tons in 2009 which equates to 50% of global Steel production. Chinese Steel demand continues to be driven by large capital expenditure and government infrastructure projects across the country.

The Indian economy grew at 7.2% in 2009-10 against 6.7% last year which shows a remarkable turnaround. The economy is likely to grow at approx. 8 to 10% 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.

Company Overview

Your Company's current saleable products include Iron and Steel products such as Pig Iron, Coke, Ferro Chrome and Sponge Iron. Going forward, your Company will consume the Pig Iron and Sponge Iron captively in manufacturing of Steel. Your Company has made notable progress on the setting up of the 0.5 million TPA Steel Melt Shop and 0.5 million TPA Bar & Wire Rod Mill and additional 25 MW Power Plant. The said facilities, once commenced, would bring in strong growth in revenues and margins for the Company.

BUSINESS REVIEW

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

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

Iron & Steel Products

(a) 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 2009-10 was 150,424 MT as compared to 85,457 MT of hot metal in 2008-09 thereby registering a growth of 76%.

The main raw materials for the Blast Furnace are Iron Ore and Coke. During the second half of year under review, supply of Iron Ore from OMC's Daitari Mines and Gandhamardan mines had been hampered which has affected production volume. Coke was utilised mainly from the Coke Oven Plant.

Pig iron sales contributed to 21% of the total sales of the Company during the year under review, amounting to Rs.2,562.29 million.

(b) Coke

The Coke Oven Plant, with a total capacity of 400,000 TPA, operates on the stamp-charging heat recovery 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 2009-10 was 353,601 MT compared to 331,128 MT in 2008-09 thereby registering a growth of 7%. 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.3,312.33 million, equating to 28% of total sales.

(c) Ferro Chrome

The Ferro Chrome Plant, with a total capacity of 50,000 TPA produced 47,649 MT of Ferro Chrome in 2009-10 compared to 24,815 MT in 2008-09 showing a substantial improvement in production of 92% over previous year. The Ferro Chrome sales contributed 21% of total sales during the year amounting to Rs.2,517.48 million.

(d) Sponge Iron

The Sponge Iron Plant having total capacity of 300,000 TPA produced 139,299 MT of Sponge Iron during 2009-10 as against 28,370 MT during 2008-09 when only 50% of its capacity was in operation. Being fully operational now, it contributed 14% of the total sales amounting to Rs.1,731.08 million.

The main raw materials for Sponge Iron Plant are Iron Ore and Thermal Coal. Whilst Iron Ore is procured from OMC, Patnaik Minerals and Rungta Mines, the Coal is procured mainly from Mahanadi Coalfields Limited besides using Imported Coal.

(e) Power

The Power Plants produced 223 MKWH of power during the year 2009-10 as against 39 MKWH produced during 2008-09 showing a growth of 472%. The Power produced was mainly used captively.

PROJECT OVERVIEW

The following projects are under execution:

Steel Melt Shop – a 70 ton Electric Arc Furnaces (EAF) with LRF, VD and a Continuous Casting Machine with a Billet/Bloom Caster to manufacture 0.5 million TPA of Special Steel.

Rolling Mill – a 0.5 million TPA Bar and Wire Rod Mill supplied by SMS Meer, Germany.

Power Plant – an additional 25 MW Power generation with CFBC Boiler.

Associated infrastructure facilities – water pipelines, roads, drainage, railway siding, stockyards, buildings and colony etc.

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.

Project expansion

Your Company has started preparatory work for expanding the existing facility at Kalinganagar in Orissa from 0.5 million TPA to 1 million TPA Steel Plant and Captive Power Plant from 75 MW to 375 MW and set up greenfield facility of 1 million TPA Steel Plant and 300 MW Captive 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 reported to the Board of Directors at its meetings.

FINANCE REVIEW AND ANALYSIS

Your Company reported revenues of Rs.11,714.83 million, registering a 13% increase over 2008-09 and PAT increased from a loss of Rs.668.14 million to a profit of Rs.474.16 million during FY' 2009-10.

Highlights

	Rs. in Million			
	2009-10	2008-09	Change	Percent
Net Sales / Income from Operations	11,569.42	10,350.06	1,219.36	12
Other Income	145.41	54.54	90.87	167
Total Income	11,714.83	10,404.60	1,310.23	13
Expenditure				
(Increase) / decrease in stock	(176.82)	(237.13)	60.31	(25)
Raw Materials consumed	6,866.18	8,148.87	(1,282.69)	(16)
Purchase of Trading Products	1,447.24	190.63	1,256.61	659
Employee Cost	327.88	208.27	119.61	57
Other expenses	1,273.99	1,278.49	(4.50)	-
Operating Profit excluding Exceptional Item	1,976.36	815.47	1,160.89	142
Interest & Finance Charges (Net)	651.40	321.54	329.86	103
Depreciation	468.18	307.91	160.27	52
Profit before Exceptional Item and Tax	856.78	186.02	670.76	361
Loss on Exchange Fluctuation (Net)	-	1,184.67	-	-
Profit before Tax	856.78	(998.65)	1,855.43	186
Provision for Tax	382.62	(330.51)	713.13	216
Profit after Tax	474.16	(668.14)	1,142.30	171
Cash Profit	1,255.73	516.51	739.22	143

Sales & Other Income

Sales growth was primarily driven by the Pig Iron, Sponge Iron and Ferro Chrome business on the back of improved volumes. Other Income constitutes mainly income from sale of scrap, DEPB licence, receipt of insurance claim proceeds, etc.

Raw materials consumed

Raw material consumption decreased by 16% due to steep fall in prices of Iron Ore, Coking Coal and Chrome Ore despite increase in volumes as compared to the previous year.

Employee Cost and Other Expenses

Employee cost increased due to rise in manpower strength for the expanding facilities and annual increments. Other expenses remain same as compared to the previous year.

Interest & Finance Charges

The net interest and finance charges increased substantially during the year due to full operationalisation of DRI Plant, CPP and other Infrastructure facilities. The Company has also

availed enhanced working capital facilities during the year for its operations leading to higher interest and finance charges.

Depreciation

Depreciation increased significantly during the year mainly due to commissioning of the Sponge Iron Plant and Power Plant.

Profit before Tax

Your Company has registered a PBT of Rs.856.78 million as against loss of Rs.998.65 million last year. PBT has improved on account of better realisations of Coke, higher production of Ferro Chrome and lower power cost due to captive power generation.

Profit after Tax

Your Company has registered a PAT of Rs.474.16 million as against loss of Rs.668.14 million last year. PAT was adversely impacted by Rs.286.62 million during the year due to provision for deferred tax liability created as per Accounting Standard 22.



Cash Profit

During the year under review, Cash Profit has improved substantially to Rs.1,255.73 million as against Cash Profit of Rs.516.51 million in the previous year thereby registering a growth of 143%.

Balance Sheet Analysis

Fixed Assets & Investments

The Gross Block increased due to capitalization of the second kiln of Sponge Iron Plant and Infrastructure facilities. The Capital WIP increased due to the substantial progress in Power Plant, Steel Melt Shop, Rolling Mill and infrastructure projects. The investments increased due to infusion of equity in VISA BAO Limited.

Inventories

The value of Inventory reduced due to sharp reduction in prices of imported Coking Coal and other prime raw materials. The average inventory turnover reduced marginally to 110 days from 112 days in 2008-09.

Sundry Debtors, Loans & Advances

Gross debtors of your Company decreased by 21% despite a 12% increase in sales, which was possible due to better debtors management during the year. Your Company's focus on improving collections and stringent credit assessment procedures, helped bring down the average debtors turnover from 31 days to 23 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 decreased due to better vendor management and reduction in raw material prices as compared to the previous year.

Key Ratios

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

Particulars	2009-10	2008-09
EBIDTA / Turnover (percent)	16.87	7.84
Profit before Tax / Turnover (percent)	7.31	(9.60)
Profit After Tax / Turnover (percent)	4.05	(6.42)
Cash Profit / Turnover (percent)	10.72	4.96
Debt to Equity	3.12	3.03
Return on Equity (percent)	13.85	(24.17)
Book Value per share (Rs./share)	31.12	25.13
Earning per share (Rs./share)	4.31	(6.07)
Cash Earning per share (Rs./share)	11.42	4.70
Market Capitalisation (Rs. Million) as on 31 March	4,670	2,046

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 as on 31 March 2010 was 1051.

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 & Co., 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 9001-2008 certification. It shows commitment to quality, customers, and a willingness to work towards improving efficiency.

OUTLOOK

India has immense potential for creating new steel production capacity. Indian per capita steel consumption is presently very low compared to the 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 Iron and Steel demand.

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 is the system by which companies are directed, controlled and managed. In effect, it is concerned with systems, processes, controls, accountabilities and decision-making at the heart of and at the highest level of an organisation. It is about the way in which management executes its responsibilities and authority and how they account for that authority in relation to those that have entrusted them with assets and resources.

At VISA Steel Limited (the Company), the Corporate Governance objective is to create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligation towards shareholders and other stakeholders. Accordingly, the Corporate Governance process is carried out by the Board of

Directors, and its committees, on behalf of and for the benefit of the Company's stakeholders, to provide direction, authority and oversight to management. Corporate Governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalised.

COMPLIANCE WITH THE SEBI CODE ON CORPORATE GOVERNANCE

In line with this, we are pleased to inform you that, as on 31 March 2010, 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 2010

Name of the Director	Executive / Non-Executive / Independent ¹	No. of Outside Directorship(s) held			Outside Committee positions held ²	
		Public	Private	Foreign	Chairman	Member
Mr. Vishambhar Saran	Executive Chairman	7	-	5	-	-
Mr. Maya Shanker Verma	Non-Executive, Independent	5	2	-	4	1
Mr. Arvind Pande	Non-Executive, Independent	5	-	-	1	2
Mr. Shiv Dayal Kapoor	Non-Executive, Independent	5	1	-	1	2
Mr. Debi Prasad Bagchi	Non-Executive, Independent	6	-	-	2	3
Mr. Pradip Kumar Khaitan	Non-Executive, Independent	13	-	1	-	6
Mr. Shanti Narain	Non-Executive, Independent	2	-	-	-	1
Mrs. Saroj Agarwal	Non-Executive	6	-	1	-	-
Mr. Vikas Agarwal	Non-Executive	6	2	7	-	1
Mr. Vivek Agarwal	Non-Executive	7	-	7	-	3
Mr. Vishal Agarwal	Managing Director	8	-	1	2	2
Mr. Basudeo Prasad Modi	Deputy Managing Director	3	1	-	-	-

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.

Details of the Board Meeting and Attendance

Date of the Board Meeting	City	No. of Directors Present
19 May 2009	Kolkata	10
24 June 2009	Kolkata	8
22 July 2009	New Delhi	10
30 October 2009	New Delhi	7
18 December 2009	Kolkata	9
22 January 2010	Kolkata	9

Details of remuneration paid to the Board of Directors

A. Non-Executive Directors

Name of the Director	Sitting Fees paid ¹	Commission Payable ²	Total payments paid / payable in 2009-10	No. of Board Meetings		Attended Last AGM ³
	(Rs.)	(Rs.)	(Rs.)	Held	Attended	
Mr. Maya Shanker Verma	230,000	769,231	999,231	6	5	No
Mr. Arvind Pande	130,000	410,256	540,256	6	3	No
Mr. Shiv Dayal Kapoor	250,000	769,231	1,019,231	6	6	Yes
Mr. Debi Prasad Bagchi	190,000	538,462	728,462	6	6	No
Mr. Pradip Kumar Khaitan	80,000	205,128	285,128	6	3	No
Mr. Shanti Narain	120,000	307,692	427,692	6	4	No
Mrs. Saroj Agarwal	100,000	-	100,000	6	5	Yes
Mr. Vikas Agarwal	140,000	-	140,000	6	4	Yes
Mr. Vivek Agarwal	-	-	-	6	-	No
Total	1,240,000	3,000,000	4,240,000			

Note:

- During 2009-10, 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.
- 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.
- Annual General Meeting was held on 26 August 2009.

B. Executive Directors

Name of the Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration paid during 2009-10			
			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	17,460,158	See note (b)	See note (c)	See note (d)
Mr. Vishal Agarwal	See Note (a)	Managing Director	16,866,197	See note (b)	See note (c)	See note (d)
Mr. Basudeo Prasad Modi	See Note (a)	Deputy Managing Director	4,887,693	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, Mr. Vikas Agarwal and Mr. Vivek Agarwal. Other than this, none of the other Directors are in any way related to any other Director.
- (b) Mr. Vishambhar Saran, Chairman and Mr. Vishal Agarwal, Managing Director are entitled to performance linked incentive in the form of commission not exceeding Rs.4,657,500 and Rs.4,158,000 respectively for 2009-10, i.e., not exceeding 9 months' basic salary. Mr. Basudeo Prasad Modi, Deputy Managing Director is entitled to a Merit Bonus of Rs.1,320,000 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 effective from 15 December 2007. This appointment may be terminated by either party by giving 1 month's notice in writing and no severance fee is payable.
- Mr. Vishal Agarwal has been re-appointed as Managing Director for a period of 3 years effective from 25 June 2008. The appointment may be terminated by either party by giving 1 month's notice in writing and no severance fee is payable.
- Mr. Basudeo Prasad Modi has been appointed as Deputy Managing Director for a period of 3 years effective from 1 April 2008. The appointment may be terminated by either party by giving 1 month's notice in writing and no severance fee is payable.
- (d) The Company has registered a trust in the name and style of "VISA Steel Limited – Employee Welfare Trust" on 23 September, 2008, with Registrar of Assurances, Kolkata for implementing the Employee Stock Option Scheme 2008 for the employees specified therein. However, no option has been granted under the Scheme till date.
- (e) During the financial year 2009-10, 6 meetings of the Board of Directors were held. Mr. Vishambhar Saran, Chairman, was present in 5 Board meetings, Mr. Vishal Agarwal, Managing Director and Mr. Basudeo Prasad Modi, Deputy Managing Director were present in all the 6 Board Meetings. Mr. Vishambhar Saran, Mr. Vishal Agarwal and Mr. Basudeo Prasad Modi were all present at the last Annual General Meeting held on 26 August 2009.

II. BOARD COMMITTEES

Audit Committee

The Audit Committee comprises of 6 directors, all non-executive directors, out of which 4 are independent directors, details given under as on 31 March 2010:

Mr. Shiv Dayal Kapoor, Chairman	- Independent Director
Mr. Maya Shanker Verma	- Independent Director
Mr. Arvind Pande	- Independent Director
Mr. Debi Prasad Bagchi	- Independent Director
Mr. Vikas Agarwal	- Non-Executive Director
Mr. Vivek 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 2009-10, the Committee met five times on 19 May 2009, 24 June 2009, 22 July 2009, 30 October 2009 and 22 January 2010 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	5	5
Mr. Maya Shanker Verma	5	5
Mr. Arvind Pande	5	3
Mr. Debi Prasad Bagchi	5	5
Mr. Vikas Agarwal	5	3
Mr. Vivek Agarwal	5	-

Share Transfer and Investor Grievance Committee

The Share Transfer and Investor Grievance Committee comprises of the following Directors as on 31 March 2010:

Mr. Arvind Pande, Chairman	- Independent Director
Mr. Maya Shanker Verma	- Independent Director
Mr. Shiv Dayal Kapoor	- Independent Director
Mr. Shanti Narain	- 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 and rematerialisation of shares and speedy redressal of investor grievances.

As on 31 March 2010, 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 2009-10, the Committee met four times on 19 May 2009, 22 July 2009, 30 October 2009 and 22 January 2010 and the details of attendance by the Committee members are as given under:

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

Details of shareholders' complaints are given in the "Shareholder 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, finalisation and administration of the Scheme. The Committee comprises of the following Directors as on 31 March 2010:

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

One meeting of the Remuneration Committee was held during the financial year on 22 January 2010 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	1	-
Mr. Debi Prasad Bagchi	1	1
Mr. Shanti Narain	1	1
Mr. Vikas Agarwal	1	1
Mr. Vivek Agarwal	1	-

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 2010:

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

Four meetings of the Committee were held during 2009-10 on 19 May 2009, 22 July 2009, 30 October 2009 and 22 January 2010, 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	4	4
Mr. Shiv Dayal Kapoor	4	4
Mr. Pradip Kumar Khaitan	4	2
Mr. Vikas Agarwal	4	2
Mr. Vishal Agarwal	4	4

Selection Committee

In terms of Section 314(1B) of the Companies Act, 1956 and Director's Relatives (Office or Place of Profit) Rules 2003, for selecting and appointing employees, who are relatives of the Directors and carrying monthly remuneration exceeding Rs.50,000, 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 2010:

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

A meeting of the Selection Committee was held on 30 October 2009 which was attended by Mr. Debi Prasad Bagchi, Mr. Arvind Pande and Mr. Shanti Narain.

III. SUBSIDIARY COMPANIES

The Company has two subsidiary companies, M/s VISA BAO Limited (VBL) and M/s Ghotaringa Minerals Limited. As per the provisions of Clause 49 of the Listing Agreement, both the companies were not material non-listed subsidiary company for the financial year 2009-10 and hence the provisions of this clause did not apply.

However, as on 31 March 2010, the net worth of VBL has exceeded 20% of the consolidated net worth of the Listed Holding Company and its subsidiaries. Accordingly, pursuant to the Clause 49, VBL has become a "material non-listed Indian subsidiary" of your Company and at least one independent director on the Board of Directors of your Company shall be appointed as director on the Board of Directors of VBL. 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.

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 13, 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. 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 2009-10."

Kolkata
Date: 19 May 2010

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 2010 are as given below:

Name of the Director	No. of shares held
Mr. Maya Shanker Verma	1,017
Mr. Arvind Pande	-
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*
Mr. Vivek 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 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
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, 17 August, 2010 at 11.30 a.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
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
2006-07	IDCOL Auditorium, IDCOL House, Ashok Nagar, Near Indira Gandhi Park, Unit – II, Bhubaneswar 751 001	30 July 2007	12.30 p.m.	No

Postal Ballot

Whether resolutions were put through postal ballot last year : No

Details of voting pattern : NA

Person who conducted the postal ballot exercise : NA

Procedure for postal ballot : NA

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

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	:	17 August 2010 at 11.30 a.m.
-Venue	:	Jayadev Bhavan, Ashok Nagar, Unit II, Bhubaneswar 751001

2. FINANCIAL YEAR

: April to March

3. FINANCIAL CALENDAR (TENTATIVE)

:

Financial reporting and Limited Review for the quarter ending 30 June 2010	End July 2010
Financial reporting and Limited Review for the half year ending 30 September 2010	End October 2010
Financial reporting and Limited Review for the quarter ending 31 December 2010	End January 2011
Financial reporting for the year ending 31 March 2011	Mid May 2011
Annual General Meeting for the year ending 31 March 2011	Mid July 2011

4. DATES OF BOOK CLOSURE

: 10 August 2010 to 17 August 2010
(both days inclusive)

5. DIVIDEND PAYMENT DATE

: Within 3 weeks from the date of Annual
General Meeting

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)

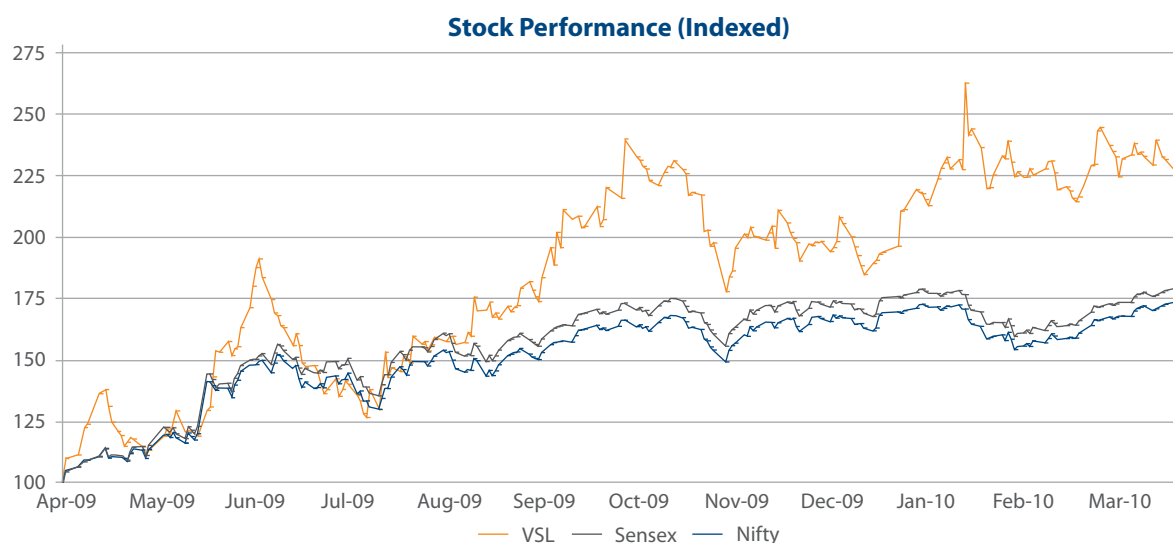
Note : Listing fees has been paid to the Stock Exchanges for the year 2010-11.

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-09	26.45	18.25	20.70	1,050,086	26.35	17.55	20.85	2,389,721
May-09	30.10	21.05	30.10	1,234,126	30.05	21.15	30.05	2,577,385
Jun-09	36.80	24.10	24.95	1,042,984	35.90	24.70	24.90	2,236,646
Jul-09	30.10	22.50	29.30	1,823,989	30.15	21.55	29.30	3,946,491
Aug-09	34.90	27.50	33.85	1,275,717	34.50	27.60	33.50	2,559,176
Sep-09	42.35	31.50	39.70	3,306,361	42.50	31.00	39.75	7,395,473
Oct-09	47.45	35.50	36.05	2,714,606	47.20	36.00	36.40	5,252,142
Nov-09	43.20	31.50	36.05	2,136,773	42.00	31.80	36.30	4,159,875
Dec-09	40.65	33.80	38.75	4,147,275	40.70	33.85	38.90	10,469,037
Jan-10	50.20	37.75	41.45	9,242,024	50.30	37.10	41.50	22,303,475
Feb-10	45.95	39.10	39.75	2,228,989	47.50	38.10	39.85	5,207,615
Mar-10	47.20	40.25	42.45	2,956,051	47.40	40.25	42.40	6,400,092

9. STOCK CODE:

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

10. STOCK PERFORMANCE:

11. STOCK PERFORMANCE OVER THE PAST FEW YEARS:

(In Percentage)	1 Year	2 Years	3 Years	4 Years
VISASTEEL	129.81	(-) 4.07	60.30	(-) 20.00
BSE Sensex	80.54	12.04	34.09	55.39
NSE Nifty	73.76	10.87	37.36	54.27

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 2331 2454, Fax: + 91 40 2342 1971
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.

14. INVESTOR SERVICES:

-Complaints received during the year

Nature of complaints	2009-10		2008-09	
	Received	Cleared	Received	Cleared
Relating to non-allotment, non-receipt of refund cheques arising out of the IPO exercise	1	1	17	17
Grievance related to non receipt of dividend	7	7	10	10
Relating to complaints from SEBI / Stock Exchanges	1	1	1	1
Total	9	9	28	28

- Number of pending complaints as on 31 March 2010: NIL

- Number of pending share transfers as at 31 March 2010: NIL

15. DETAILS OF UNCLAIMED SHARES AS ON 31 MARCH 2010:

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 2010 are as follows:

Year	Opening Balance as on 01.04.2009		Cases disposed off during the Financial Year 2009-10		Closing Balance as on 31.03.2010	
	No. of Cases	No. of Shares	No. of Cases	No. of Shares	No. of Cases	No. of Shares
2009-2010	15	4,196	1	141	14	4,055

16. DISTRIBUTION OF SHAREHOLDING AS ON 31 MARCH:

No. of equity shares held	2010				2009			
	No. of share-holders	% of share - holders	No. of shares held	% share - holding	No. of share-holders	% of share-holders	No. of shares held	% share-holding
1 – 500	30,321	82.18	5,243,831	4.77	30,695	82.75	5,332,170	4.85
501 – 1000	3,883	10.52	2,979,272	2.71	3,944	10.63	2,969,962	2.70
1001 – 2000	1,589	4.31	2,343,967	2.13	1,528	4.12	2,205,263	2.00
2001 – 3000	352	0.95	919,417	0.83	319	0.86	831,749	0.76
3001 – 4000	152	0.41	549,024	0.50	130	0.35	470,548	0.43
4001 – 5000	187	0.51	904,811	0.82	149	0.40	713,908	0.65
5001 – 10000	200	0.54	1,549,319	1.41	155	0.42	1,211,795	1.10
10001 and above	213	0.58	95,510,359	86.83	174	0.47	96,264,605	87.51
Total	36,897	100.00	110,000,000	100.00	37,094	100.00	110,000,000	100.00

17. CATEGORIES OF SHAREHOLDING AS ON 31 MARCH:

Category	2010			2009		
	No. of share-holders	No. of shares held	% share-holding	No. of share-holders	No. of shares held	% share-holding
Promoters	8*	80,000,000	72.73	8*	80,000,000	72.73
Persons acting in concert	-	-	-	-	-	-
Mutual Funds	1	372,271	0.34	1	473,500	0.43
Banks and Financial Institutions	2	1,501	0.00	1	1	0.00
FIs	4	5,994,931	5.45	4	8,737,184	7.94
NRIs	645	754,721	0.69	668	641,637	0.58
Bodies Corporate	702	5,536,824	5.03	652	4,116,544	3.74
Indian Public	35,535	17,339,752	15.76	35,760	16,031,134	14.58
Total	36,897	110,000,000	100.00	37,094	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 2010.

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. PLANT LOCATIONS

Kalinganagar Industrial Complex
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

21. INVESTOR CORRESPONDENCE

:

The Company Secretary,
VISA Steel Limited
"Brooke House", 2nd Floor,
9, Shakespeare Sarani,
Kolkata 700 071
Tel: + 91 33 3051 9000
Fax: + 91 33 3051 9001
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 2010, 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.

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 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.

Place: Kolkata

Date: 19 May 2010

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants
Partha Mitra
Partner
Membership No. 50553

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 31 March 2010, 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:
 - (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:
 - (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 31 March 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2010 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 2010;
 - (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 Lovelock & Lewes

Firm Registration Number : 301056E

Chartered Accountants

Partha Mitra

Partner

Place: Kolkata

Date: 19 May 2010

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 2010]

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 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.
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.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. 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.
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 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 31 March 2010 which have not been deposited on account of a dispute, are as follows:

Annexure to Auditors' Report (Contd.)

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	Sales Tax Tribunal, Orissa, Appeal
Central Sales Tax (Orissa) Rules, 1957	Excess amount shown in 'C' Form	0.01	Financial Year 2004-05	The Asst. 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	2.54	Financial Year 2004-05	The Asst. Commissioner of Sales Tax (Appeals), Jajpur Range, Jajpur Road, 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
West Bengal Sales Tax Act, 1994	Incorrectly assessed Gross Turnover	10.08	Financial Year 2003-04	The Asst. Commissioner of Commercial Taxes, (Appellate and Revisional Board), Kolkata, West Bengal

Annexure to Auditors' Report (Contd.)

10. The Company has no accumulated losses as at 31 March 2010 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, there are no funds raised on a short-term basis which have been used for long-term investment.
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 Lovelock & Lewes
Firm Registration Number : 301056E
Chartered Accountants

Partha Mitra

Place: Kolkata

Partner

Date: 19 May 2010

Membership Number 50553

Balance Sheet

as at 31 March 2010

Rs. Million

	Schedule	31 March 2010		31 March 2009	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	1,100.00		1,100.00	
Reserves and Surplus	2	2,046.93	3,146.93	1,701.46	2,801.46
Loan Funds					
Secured Loan	3		11,076.99		8,891.69
Unsecured Loan	3A		350.39		38.02
Deferred Taxation [Refer Note 12 Schedule 16]			301.10		14.48
			14,875.41		11,745.65
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		9,265.60		8,448.16	
Less : Depreciation		1,129.31		666.93	
Net Block		8,136.29		7,781.23	
Capital Work in Progress including Advances		7,700.70	15,836.99	5,410.43	13,191.66
Investments	5		600.40		304.65
Current Assets, Loans and Advances					
Inventories	6	3,417.07		3,565.08	
Sundry Debtors	7	648.78		823.73	
Cash and Bank Balances	8	833.41		704.55	
Interest Accrued on Deposits		18.15		18.53	
Loans and Advances	9	1,415.77		1,240.07	
		6,333.18		6,351.96	
Less: Current Liabilities and Provisions					
Liabilities	10	7,780.24		8,146.62	
Provisions	11	139.47		7.32	
		7,919.71	(1,586.53)	8,153.94	(1,801.98)
Miscellaneous Expenditure					
[To the extent not written off or adjusted]					
Share Issue Expenses			24.55		51.32
			14,875.41		11,745.65
Notes on Accounts	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

Vishambhar Saran

Chairman

Subhra Giri

Company Secretary

For and on behalf of the Board of Directors

Vishal Agarwal

Managing Director

Manoj Kumar Digga

Chief Financial Officer

Place: Kolkata

Date: 19 May 2010

Place: Kolkata

Date: 19 May 2010

Profit & Loss Account

for the year ended 31 March 2010

Rs. Million

	Schedule	31 March 2010		31 March 2009	
INCOME					
Sales		11,983.07		10,571.11	
Less: Excise Duty on Sales		413.65	11,569.42	221.05	10,350.06
Other Income	12		145.41		54.54
			11,714.83		10,404.60
EXPENDITURE					
Materials	13		8,136.60		8,102.37
Expenses	14		1,601.87		1,486.76
Interest (net)	15		651.40		321.54
Depreciation			468.18		307.91
			10,858.05		10,218.58
Profit Before Exceptional Item and Taxation			856.78		186.02
Exceptional Item					
Loss on Exchange Fluctuation (net)			-		1,184.67
Profit /(Loss) Before Taxation			856.78		(998.65)
Provision for Taxation					
Current Tax		96.00		-	
Fringe Benefit Tax		-		4.20	
Deferred Tax		286.62	382.62	(334.71)	(330.51)
Profit /(Loss) After Taxation			474.16		(668.14)
Balance brought forward from previous year			(35.37)		632.77
			438.79		(35.37)
Appropriation					
Proposed Dividend			110.00		-
Income Tax on Proposed Dividend			18.69		-
Balance Carried forward to Balance Sheet			310.10		(35.37)
Basic and Diluted Earning Per Share			4.31		(6.07)
Notes on Accounts	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: 19 May 2010

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: 19 May 2010

Schedules

to the Balance Sheet

Rs. Million		
	31 March 2010	31 March 2009
1 SHARE CAPITAL		
Authorised		
160,000,000 Equity Shares of Rs. 10/- each	1,600.00	1,600.00
Issued and Subscribed		
110,000,000 Equity Shares of Rs. 10/- each fully paid up	1,100.00	1,100.00
Note:		
(a) Of the above 56,212,167 Equity Shares of Rs. 10/- each are held by VISA Minmetal AG, 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.		
2 RESERVES & SURPLUS		
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	310.10	(35.37)
	2,046.93	1,701.46
3 SECURED LOAN		
From Banks		
Cash Credit	404.49	485.83
[Refer Note 3(a) Schedule 16]		
Term Loan	10,569.36	8,390.60
[Refer Note 3(b) Schedule 16]		
Interest Accrued & Due on above	-	1.11
Vehicle Loan	14.46	4.01
[Refer Note 3(c) Schedule 16]		
From Others		
Vehicle and Other Loan	88.68	10.14
[Refer Note 3(c) Schedule 16]		
	11,076.99	8,891.69
3A UNSECURED LOAN		
From Banks - Short Term		
SIDBI	100.39	38.02
From Others	250.00	-
	350.39	38.02

Schedules

to the Balance Sheet (Contd.)

4 FIXED ASSETS		Rs. Million									
ASSETS	Gross Block (at cost)					Depreciation			Net Block		
	As at 1 April 2009	Addition/ Adjustment	Deletion/ Adjustment	As at 31 March 2010	As at 1 April 2009	For the Year	Deletion/ Adjustment	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009	
Tangible											
Land- Freehold	8.66	4.42	-	13.08	-	-	-	-	13.08	8.66	
Land- Leasehold	143.81	2.70	-	146.51	7.54	1.70	-	9.24	137.27	136.27	
Buildings	662.03	76.46	-	738.49	39.09	21.68	-	60.77	677.72	622.94	
Plant & Machinery	7,450.22	711.23	-	8,161.45	548.47	423.23	-	971.70	7,189.75	6,901.75	
Furniture & Fixtures	29.75	8.34	-	38.09	15.56	3.42	-	18.98	19.11	14.19	
Vehicles	139.51	24.46	10.38	153.59	44.68	15.98	5.80	54.86	98.73	94.83	
Intangible											
Computer Software	14.18	0.21	-	14.39	11.59	2.17	-	13.76	0.63	2.59	
TOTAL	8,448.16	827.82	10.38	9,265.60	666.93	468.18	5.80	1,129.31	8,136.29	7,781.23	
2009	4,272.29	4,175.87	-	8,448.16	359.02	307.91	-	666.93	7,781.23		

Schedules

to the Balance Sheet (Contd.)

	Rs. Million	
	31 March 2010	31 March 2009
5 INVESTMENTS - AT COST		
Long Term - Trade - Unquoted		
Patrapada Coal Mining Company Private Limited 100 Equity Shares of Rs. 10/- each, fully paid up [Rs. 1,000 (2009: Rs. 1,000)]	-	-
Subsidiary Companies		
VISA BAO Limited 59,150,000 (2009: 29,575,000) Equity Shares of Rs. 10/- each, fully paid up [Including beneficial interest in 5 (2009: 4) Equity Shares of Rs. 10/- each, fully paid up]	591.50	295.75
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
	600.40	304.65
6 INVENTORIES - AT LOWER OF COST OR NET REALISABLE VALUE		
Stores & Spare Parts*	126.60	64.25
Raw Materials	1,757.66	2,143.22
Finished Goods**	1,144.97	1,058.22
By-Products	345.02	178.57
Work-in-Progress	42.82	120.82
	3,417.07	3,565.08
* Including Capital items lying in stores	71.53	19.65
** Including goods lying with Consignment Agents	33.64	74.00
7 SUNDRY DEBTORS - UNSECURED		
Debts Outstanding for a period exceeding six months		
Considered Good	35.39	50.34
Considered Doubtful	0.90	0.90
Other debts - Considered Good	613.39	773.39
	649.68	824.63
Less: Provision for Doubtful Debts	0.90	0.90
	648.78	823.73
8 CASH AND BANK BALANCES		
Cash in Hand	0.14	0.40
Balance with Scheduled Banks in:		
Current Account	74.86	30.39
Share Refund Order Account	0.34	0.34
Fixed Deposit Account	757.70	673.04
Dividend Account	0.37	0.38
	833.41	704.55

Schedules

to the Balance Sheet (Contd.)

		Rs. Million	
		31 March 2010	31 March 2009
9	LOANS AND ADVANCES UNSECURED - CONSIDERED GOOD [UNLESS OTHERWISE STATED]		
	Advance to Subsidiary	-	6.95
	Advances Recoverable in Cash or in kind or for value to be received		
	Considered Good	1,199.31	943.16
	Considered Doubtful	23.50	11.00
		1,222.81	954.16
	Less: Provision for Doubtful Advances	23.50	11.00
		1,199.31	943.16
	Deposits with		
	Customs, Port Trust etc.	6.56	6.56
	Others	97.24	163.46
	Advance Payment of Income Tax [Net of Provision Rs. 265.33 Million (2009: Rs 169.32 Million)]	108.44	116.68
	Advance Payment of Fringe Benefit Tax [Net of Provision Rs. 15.06 Million (2009: Rs. 15.03 Million)]	4.22	3.26
		1,415.77	1,240.07
	Due by Directors	-	15.92
	Maximum Amount due at any time during the year	16.62	15.92
	Due by an officer	-	-
	Maximum Amount due at any time during the year	0.54	-
	Due by a Private Company in which a Director is a Director	1.21	1.21
10	LIABILITIES		
	Sundry Creditors (Refer Note 15 Schedule 16)	6,964.05	7,871.39
	Advance from Subsidiary Companies	393.60	-
	Advance from Customers	254.80	77.54
	Other Liabilities	166.33	196.97
	Interest accrued but not due on loans	0.75	-
	Unclaimed dividend	0.37	0.38
	Share Refund Order Account	0.34	0.34
		7,780.24	8,146.62
11	PROVISIONS		
	Leave Encashment	10.78	7.32
	Proposed Dividend	110.00	-
	Income Tax on Proposed Dividend	18.69	-
		139.47	7.32

Schedules

to the Profit and Loss Account

Rs. Million

	31 March 2010		31 March 2009	
12 OTHER INCOME				
Insurance Claim received	17.76		9.79	
Gain on Exchange Fluctuation (net)	38.43		-	
Miscellaneous Income	89.22		44.75	
	145.41		54.54	
13 MATERIALS				
Raw Material Consumed				
Opening Stock	2,143.22		1,484.62	
Add: Purchase	6,480.62		8,807.47	
Less: Closing stock	1,757.66	6,866.18	2,143.22	8,148.87
Purchase of Finished Goods		1,447.24		190.63
(Increase)/ Decrease in Stock				
Opening Stock				
Finished Goods	1,058.22		981.65	
By-Products	178.57		167.94	
Work-in-Progress	120.82		36.14	
	1,357.61		1,185.73	
Less: Closing 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	(175.20)	1,357.61	(171.88)
Increase/ (Decrease) in Excise Duty on Stock		(1.62)		(65.25)
		8,136.60		8,102.37

Schedules

to the Profit and Loss Account (Contd.)

Rs. Million

	31 March 2010		31 March 2009	
14 EXPENSES				
Salary, Wages & Bonus	310.90		195.38	
Contribution to Provident & Other Funds	12.98		10.89	
Workmen and Staff welfare expenses	4.00	327.88	1.99	208.26
Consumption of Stores & Spare Parts		214.30		196.78
Power & Fuel		161.15		322.67
Rent		31.33		22.69
Repairs & Maintenance				
- Building	7.49		7.44	
- Plant & Machinery	42.72		17.25	
- Others	5.30	55.51	3.62	28.31
Insurance		53.12		34.45
Rates & Taxes		20.11		25.09
Material Handling Expenses		242.47		105.78
Custom & Cess		0.07		21.38
Freight & Selling expenses		157.54		201.94
Loss on Sale of Assets		1.15		-
Bank & Finance Charges		137.65		133.79
Bad Debts Written off		15.86		-
Provision for Doubtful Debts		-		0.56
Provision for Doubtful Advances		12.50		11.00
Advance Written off		10.00		16.11
Miscellaneous Expenditure written off		26.77		26.78
Miscellaneous Expenses		134.46		131.17
		1,601.87		1,486.76
15 INTEREST (NET)				
Interest on:				
Overdraft Facilities	116.25		77.39	
Term Loan	460.77		269.05	
Vehicle Loan	5.31		1.77	
Others	187.46	769.79	79.88	428.09
Less: Interest Income (Gross) [Tax Deducted at Source Rs. 6.10 Million (2009: Rs. 17.11 Million)]				
Bank Fixed Deposits	(28.55)		(40.82)	
Others	(89.84)	(118.39)	(65.73)	(106.55)
		651.40		321.54

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 Accounts (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 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 Company. The Company has taken out a policy with Life Insurance Corporation of India (LIC) for future payment of gratuity liability to its employees. Gratuity liability is determined as at the end of each year by LIC 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 LIC is contributed.

(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 Accounting Standard 15 (Revised 2005) and such liability is provided for in the accounts and charge is recognized in the Profit and Loss Account. Actuarial gains and losses, where applicable, are recognised in the Profit and Loss Account.

(II) Other Employee Benefits:

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 are being 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, which has been set aside by the bank from cash credit limit of the Company. The suit is currently pending before the Hon'ble Calcutta High Court.

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

- (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 traveling 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 2010	31 March 2009
(b) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advance Rs. 47.73 Million, 2009: Rs. 77.29 Million)	2,578.33	2,501.84
(c) Contingent liability not provided for in respect of:		
(i) Bank Guarantee	186.82	68.87
(ii) Income Tax matter on Appeal	63.63	21.14
(iii) Sales Tax matter on Appeal	18.83	18.83
(iv) Value Added Tax matter on Appeal	20.37	20.37
(v) Entry Tax matter on Appeal	50.59	50.59
(v) Differential tariff of electricity and Delayed Payment Surcharge thereon	-	11.61

- (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. 522.17 Million towards duty upto 31 March 2010. As per the requirement under the said Scheme, the Company is required to export amounting to Rs. 4,177.32 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.

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

- 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, 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 Company.

- (b) Term Loan from bank other than General Corpus Corporate Loan is secured by 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 along with other term lenders.

- (c) Vehicle 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. 30th April 2010.
- 5** On 29 July, 2008, the Board approved the VISA Steel Employee Stock Option Scheme 2008 (ESOP Scheme) and Members passed the Special Resolution vide Postal ballot pursuant to Section 192A of the Companies Act, 1956 for grant of not more than 5,500,000 stock options convertible into not more than 5,500,000 Equity Shares of face value Rs. 10 each fully paid up, through Trust for the purpose of welfare and benefit of the employees of the Company including any Director of the Company, whether whole-time or otherwise. The Remuneration Committee will administer the scheme through the trust, which has registered in the name and style of "VISA Steel Limited – Employee Welfare Trust" on 23 September 2008 with Registrar of Assurances, Kolkata for implementing the Employee Stock Option Scheme 2008 for the employees specified therein.

In view of that scheme the Company has transferred Rs. 10 Million to VISA Steel Limited – Employee Welfare Trust for procurement of share from the market, which will be granted to the employees of the Company as per the scheme after obtaining the approval of the Remuneration Committee. However the trust has not purchased any share from the market and the amount is lying under the current account of the Trust. Moreover, no option has been granted under the Scheme till date.

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

Rs. Million				
	MT	31 March 2010	MT	31 March 2009
6 a) Quantitative Information				
The Company manufactures Pig Iron, Coke, Ferro Chrome, Sponge Iron, Chrome Concentrate and Chrome Powder, generates power and trades in Coal and Coke and Sponge Iron. The relevant particulars are as under:				
i) Licensed Capacity	N.A.		N.A.	
ii) Installed Capacity (As certified by the Management)				
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 at Captive Power Plant (MKWH)	438		438	
iii) Opening Stock				
Pig Iron	7,216	129.42	677	13.36
Chrome Concentrate	10,589	117.85	4,557	9.58
Chrome Powder	92	0.35	207	0.80
Coal & Coke	-	-	7,536	140.59
LAM Coke	43,213	620.10	16,894	205.16
Ferro Chrome	4,607	190.49	10,168	612.16
Sponge Iron	4,934	-	-	-
		1,058.22		981.65
iv) Production				
Pig Iron (Note 1)	135,540		76,940	
Chrome Concentrate	2,412		10,683	
LAM Coke (Note 2)	327,154		303,725	
Ferro Chrome (Note 3)	45,771		22,671	
Sponge Iron (Note 4)	139,299		28,370	
Power generated at Captive Power Plant (MKWH)	223		39	
(Note 5)				
Note:				
1. Does not include By-products generated	14,884		8,517	
2. Includes used for own consumption	124,576		60,043	
Does not include By-products generated	26,447		27,403	
3. Does not include By-products generated	1,878		2,144	
4. Includes Trial Run Production	9,335		8,312	
5. Includes used for Captive Consumption (MKWH)	215		37	

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

Rs. Million				
	MT	31 March 2010	MT	31 March 2009
v) Purchases				
Coal & Coke	219,152	1,438.27	17,694	190.63
Sponge Iron	740	8.97	-	-
		1,447.24		190.63
vi) Closing Stock *				
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	190.50
Sponge Iron	5,144	61.03	4,934**	-
		1,144.97		1,058.22
* After adjustment of shortage/excess				
** Represents inventory out of trial run				
vii) Sales				
Pig Iron	137,882	2,562.29	70,449	1,632.38
Chrome Concentrate	-	-	4,000	109.55
Chrome Powder	-	-	115	1.92
Coal & Coke	196,022	1,221.45	24,827	352.32
LAM Coke	212,444	3,312.33	238,993	5,582.59
Ferro Chrome	49,536	2,517.48	29,133	2,194.91
Sponge Iron	124,184	1,731.08	20,079	270.41
By-products	-	611.86	-	425.15
		11,956.49		10,569.23
Power Generated at Captive Power Plant (MKWH)	9	26.58	2	1.88
		11,983.07		10,571.11

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

Rs. Million				
	MT	31 March 2010	MT	31 March 2009
b) Details of Raw Material Consumed				
Chrome Ore	110,094	744.77	94,305	1,090.32
Iron Ore (Note 1)	403,730	1,419.58	170,860	528.33
Coke (Note 2)	2,761	43.12	9,992	144.47
Coal (Note 3)	722,251	4,495.62	541,274	6,286.78
Others		163.09		98.97
		6,866.18		8,148.87
Note:				
1. Does not include iron ore fines generation	126,549		30,125	
2. Does not include captive consumption of coke	124,576		66,152	
3. Does not include coal ore fines generation	48,845		18,418	
c) Consumption of Raw Material	%		%	
Indigenous	60	4,108.35	23	1,906.55
Imported	40	2,757.83	77	6,242.32
	100	6,866.18	100	8,148.87
d) Stores & Spares Consumed	%		%	
Indigenous	100	214.30	92	180.67
Imported	-	-	8	16.11
	100	214.30	100	196.78
e) CIF Value of Imports				
Raw Material		2,762.86		6,690.30
Finished Goods		816.00		190.63
Capital Goods		38.08		16.08
		3,616.94		6,897.01
f) Expenditure in Foreign Currency				
Travelling		3.03		1.68
Interest		74.57		87.88
Others		0.98		0.53
		78.58		90.09
g) Earning in Foreign Currency				
Export Sales		1,952.94		2,395.82
h) Particulars of dividend remitted to non resident shareholders in foreign currency during the year related to the year ended 31 March 2008	Nos.		Nos.	
(i) Number of non-resident shareholder	-	-	1	-
(ii) Number of ordinary shares held	-	-	56,212,167	-
(iii) Dividend remitted	-	-	-	56.21
i) Miscellaneous expenses include Auditor's Remuneration:				
Audit Fees	-	0.85	-	0.85
Tax Audit Fees	-	0.10	-	0.10
Other Services	-	0.55	-	0.55
Re-imbursement of expenses	-	0.07	-	0.10
		1.57		1.60

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

Rs. Million				
	MT	31 March 2010	MT	31 March 2009
7 Earning Per Share				
Profit/ (Loss) After Tax (A)		474.16		(668.14)
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)		4.31		(6.07)
8 Directors Remuneration*				
Salaries, Allowances & Bonus		39.11		6.15
Retirement benefits		3.63		2.72
Perquisites		3.59		1.05
Commission		11.82		-
		58.15		9.92
Directors' Sitting Fees		1.24		0.95
TOTAL		59.39		10.87
Profit for the year before taxation as per Profit & Loss Account		856.78		
Add : Depreciation	468.18		-	
Provision for Doubtful Advances	12.50		-	
Directors' Remuneration for the current year	42.23	522.91	-	-
		1,379.69		-
Less : Depreciation u/s 350 of the Companies Act, 1956	468.18	468.18	-	-
		911.51		-
Commission to Executive Directors		8.82		-
Commission to Non Executive Directors**		3.00		-
		11.82		-
** Within the overall limit of 1% of Net Profit		9.12		-

*Includes Rs.15.92 Million towards 2008-09 managerial remuneration, for which Central Government has approved waiver of recovery of Rs.7.61 Million and Rs.6.60 Million from Mr. Vishambhar Saran, Chairman and Mr. Vishal Agarwal, Managing Director respectively. The Central Government has not given any approval for waiver in respect of Mr. Basudeo Prasad Modi, Deputy Managing Director, of Rs.1.71 Million as they were of the view that the remuneration payable to him for 2008-09 was within the permissible limit under Schedule XIII of the Companies Act, 1956.

9 Investment in Joint Venture

Joint Venture	Patrapada Coal Mining Co. Private Limited
Country of Incorporation	India
% of Ownership Interest as at 31 March 2010	0.49%

The Company's interests in the joint venture is reported as Long Term Investment in Schedule 5 and stated at cost. During the current year no Profit and Loss Account has been prepared, as there was no revenue transaction. 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) based solely on the accounts prepared for the internal management reporting purposes to assess the performance of the joint venture related to its interest in the Joint Venture are:

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

		Rs. Million
	31 March 2010	31 March 2009
Amounts in respect of Joint Venture-Balance Sheet		
Assets		
Capital Work in Progress	0.04	0.04
Current Assets [Rs. 2,932 (2009: Rs. 2,932)]	-	-
Liabilities		
Current Liabilities	0.04	0.04
10 Addition/Adjustment of Fixed Assets and Capital Work in Progress include borrowing cost amounting to Rs.90.63 Million (2009: Rs.427.93 Million) and Rs.510.69 Million (2009: Rs. 632.98 Million) respectively.		
11 Operating Leases Rent [Including minimum lease payment Rs.Nil (2009: Rs.Nil)] [Operating leases for office premises are entered into for a period of three years and thereafter renewable by mutual consent of both the parties. The operating leases are cancelable by either party by giving three month's notice.]	8.22	8.56
12 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:		
Deferred Tax Liabilities		
Depreciation	736.01	615.88
Public Issue Expenses	8.16	8.40
	744.16	624.28
Deferred Tax Assets		
Unabsorbed Depreciation	(347.75)	(370.01)
Unabsorbed Loss Carried Forward	(76.99)	(230.80)
Others - Section 43B items	(18.32)	(8.99)
	(443.06)	(609.80)
	301.10	14.48

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

13 Related Party Disclosures	
Nature of Relationship	Name of the Related Parties
Holding Company	VISA Minmetal AG
Subsidiaries	VISA BAO Limited
	Ghotaringa Minerals Limited
Joint Venture Company	Patrapada Coal Mining Company Private Limited
Enterprise having significant influence	VISA International Limited
Fellow Subsidiaries	Far East Trading AG (f.k.a. VISA Comtrade AG)
	VISA Coal Pty. Limited
	VISA GMR Limited
	VISA Global Mineral Resources SA (Proprietary) Limited
	Far East Chartering Limited
	VISA Power Limited
	VISA Comtrade 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	Khandadhar Minerals Limited
	VISA Realty Limited
	VISA Minmetal Limited
	VISA Infrastructure Limited
	North East Resources Limited
	VISA Aviation Limited
	Tastebuds Gourmet Foods Private Limited
	VISA Chartering Limited
	VISA Group Limited
	VISA Bulk Shipping Pte Limited
	VISA Resource Pte Limited
	VISA Trust
	PT VISA Indo

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.) Details of Transactions with Related Parties

Nature of Transaction	31 March 2010							31 March 2009							Rs. Million
	Subsidiaries	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	Subsidiary	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	
Rent	-	-	-	6.77	-	-	0.81	-	-	-	1.50	-	-	-	-
Purchase of Goods	-	-	1,268.55	-	-	-	152.08	-	-	6,587.31	-	-	-	-	-
Freight paid for the above	-	-	65.06	0.08	-	-	783.30	-	-	267.46	-	-	-	-	-
Sale of Goods	-	-	1,369.64	-	-	-	52.47	-	-	1,237.16	-	-	-	-	-
Travelling Expenses	-	-	-	-	-	-	11.33	-	-	-	-	-	-	-	5.52
Re-imbursement of expenses (net)	-	-	35.73	0.01	-	-	0.04	6.95	-	0.96	21.03	-	-	-	-
Investment Made	295.75	-	-	-	-	-	-	295.75	-	-	-	-	-	-	-
Advance Received	393.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits given	-	-	-	20.00	-	-	-	-	-	-	1.50	-	-	-	-
Unsecured Loan	-	-	250.00	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	-	-	1.69	0.87	-	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	1.37	-	-	-	-	-	-	-	-
Remuneration	-	-	-	-	39.21	2.51	-	-	-	-	-	9.92	4.47	-	-
Sitting Fees	-	-	-	-	-	0.24	-	-	-	-	-	-	0.29	-	-
Outstanding at closing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debit	-	1.21	567.42	-	-	-	-	6.95	1.21	-	1.50	15.92	-	10.00	-
Credit	393.60	-	-	3.24	-	-	670.40	-	-	6,177.76	-	-	0.03	-	-

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

Details of Transactions with Related Parties (Contd.)

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	31 March 2010	31 March 2009
Rent	VISA International Limited	6.77	1.50
	VISA Infrastructure Limited	0.81	-
Purchase of Goods	VISA Comtrade Limited	1,268.55	-
	VISA Resources Pte Limited	152.08	-
	Far East Trading AG	-	6,296.67
Freight paid for the above	VISA Bulk Shipping Pte Limited	781.80	36.74
	VISA Comtrade Limited	-	230.72
Sale of Goods	VISA Comtrade Limited	1,369.64	-
	Far East Trading AG	-	1,237.16
Traveling Expenses	VISA Aviation Limited	11.33	5.52
Purchase of Fixed Assets	VISA Comtrade Limited	1.69	-
	VISA International Limited	0.87	-
Sale of Fixed Assets	VISA Aviation Limited	1.37	-
Investment made	VISA BAO Limited	295.75	295.75
Re-imbursement of expenses (net)	VISA Comtrade Limited	35.56	-
	VISA BAO Limited	-	6.95
	VISA International Limited	-	21.03
Advance Received	VISA BAO Limited	393.60	-
Deposits given	VISA International Limited	20.00	1.50
Unsecured Loan	VISA Power Limited	250.00	-
Remuneration	Mr. Vishambhar Saran	17.46	-
	Mr. Vishal Agarwal	16.86	-
	Mr. Basudeo Prasad Modi	4.89	-
Sitting Fees	Mrs. Saroj Agarwal	0.10	-
	Mr. Vikas Agarwal	0.14	-

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

14 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.12.98 Million (2009: Rs.9.15 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	
	2010	2009	2010	2009
Amount recognised in the Balance Sheet are as follows:				
Present value of funded obligation	8.36	6.50	-	-
Fair Value of Plan Assets	12.47	9.29	-	-
	(4.11)	(2.79)	-	-
Unrecognized past service cost	-	-	-	-
Present value of un-funded obligation	-	-	10.78	7.32
Net (Asset)/Liability	(4.11)	(2.79)	10.78	7.32
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	2.84	1.86	2.20	1.60
Interest cost	0.52	0.37	0.72	0.50
Expected Return on Plan Assets	(0.84)	(0.61)	-	-
Net actuarial loss/(gain) recognised during the year	(1.36)	(0.15)	1.42	0.49
Total	1.16	1.47	4.34	2.59
Reconciliation of opening and closing balances of the present value of the obligations:				
Opening defined benefit obligation	6.49	4.63	7.32	5.25
Current Service cost	2.84	1.86	2.20	1.60
Interest cost	0.52	0.37	0.72	0.50
Actuarial loss/(gain)	(1.36)	(0.15)	1.42	0.49
Benefits paid	(0.14)	(0.22)	(0.88)	(0.52)
Closing Defined Benefit Obligation	8.35	6.49	10.78	7.32

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

Rs. Million				
	Gratuity 31 March		Leave Encashment 31 March	
	2010	2009	2010	2009
Reconciliation of opening and closing balances of the fair value of plan assets:				
Opening fair value of Plan Assets	9.29	6.81	-	-
Expected Return on Plan Assets	0.84	0.61	-	-
Contributions by employer	2.48	2.09	0.88	0.52
Benefits paid	(0.14)	(0.22)	(0.88)	(0.52)
Closing Fair Value on Plan Assets	12.47	9.29	-	-
Actual Return on Plan Assets [Plan Assets consist of funds maintained with LIC for gratuity scheme]	0.84	0.61	-	-
Principal Actuarial Assumption Used:				
Discount Rates	8%	8%	8%	8%
Expected Return on Plan Assets	8%	6.57%	-	-
Expected Salary increase rates	6%	5%	-	5%
Mortality Rates	LIC (1994-96) mortality tables		LIC (1994-96) mortality tables	

Net (Asset) / Liability recognised in Balance Sheet including experience adjustment impact :

	Gratuity 31 March			Leave Encashment 31 March		
	2010	2009	2008	2010	2009	2008
Present value of funded obligation	8.36	6.50	4.63	-	-	-
Present value of unfunded obligation	-	-	-	10.78	7.32	5.25
Fair Value of Plan Assets	12.47	9.29	6.81	-	-	-
Status [(Surplus)/Deficit]	(4.11)	(2.79)	(2.18)	10.78	7.32	5.25
Experience Adjustment of Plan Assets [(Gain)/Loss]	Not Available			Not Available		
Experience Adjustment of Obligation [(Gain)/Loss]						

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 2011 cannot be readily ascertainable and therefore not disclosed.

Schedules

to the Accounts (Contd.)

16. NOTES ON ACCOUNTS (Contd.)

		Rs. Million			
		31 March 2010		31 March 2009	
15	Details of dues to Micro and Small enterprises:				
		Principal	Interest	Principal	Interest
(i)	The amount remaining unpaid to any supplier as at the end of accounting year:	187.74	-	26.63	-
(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.

- 16 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.
- 17 As at 31 March 2010, the Company had net outstanding foreign currency exposures of Rs. 3,309.52 Million (US\$ 71.33 Million) (2009: Rs.6217.95 Million, US\$ 122.04 Million) of which Rs. 1248.89 Million (US\$ 27.67 Million) (2009: Rs. 3931.34 Million, US\$78.27 Million) has been covered by forward contracts.
- 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: 19 May 2010

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: 19 May 2010

Cash Flow Statement

for the year ended 31 March 2010

		Rs. Million	
Particulars		31 March 2010	31 March 2009
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net profit before Tax and Exceptional Item	856.78	186.02
	Adjusted for:		
	Depreciation	468.18	307.91
	Interest Expense	769.79	428.09
	Interest Income	(118.39)	(106.55)
	Loss on Sale of Fixed Assets	1.15	-
	Miscellaneous Expenditure Written off	26.77	26.78
	Bad Debts Written Off	15.86	-
	Advance Written off	10.00	16.11
	Provision for Doubtful Advances	12.50	11.00
	Provision for Doubtful Debts	-	0.56
	Unrealised Foreign Exchange gain/Loss	(107.26)	670.59
	Operating profit before working capital changes	1,935.38	1,540.51
	Adjustments for changes in working capital:		
	Decrease in Sundry Debtors	160.26	150.46
	(Increase) in Loans and Advances	(205.47)	(186.62)
	(Increase) /Decrease in Inventories	199.90	(833.57)
	Increase/Decrease in Trade and Other Payables	(259.79)	2,921.54
	Cash generated from operations	1,830.27	3,592.32
	Taxes Paid	(88.72)	(92.42)
	Exceptional item - Loss on Exchange Fluctuation (net)	-	(1,184.67)
	Net cash from Operating Activities	1,741.55	2,315.23
B	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets	(3,079.33)	(3,013.78)
	Proceeds from Sale of Fixed Assets	3.42	-
	Purchase of Investments	(295.75)	(295.75)
	Interest Received	118.80	90.36
	Net cash used in Investing Activities	(3,252.86)	(3,219.17)

Cash Flow Statement

for the year ended 31 March 2010 (Contd.)

Rs. Million		
	31 March 2010	31 March 2009
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term borrowings	2538.72	1,900.91
Repayment of Long Term borrowings	(270.99)	(375.64)
Proceeds from Short Term borrowings	233.23	415.63
Interest Paid	(860.79)	(1,061.07)
Dividend Paid	-	(109.62)
Dividend Tax Paid	-	(18.69)
Net cash used in Financing Activities	1,640.17	751.52
Net Increase in Cash & Cash Equivalents	128.86	(152.42)
Cash and cash equivalents as at 1 April 2009	704.55	856.97
Cash and cash equivalents as at 31 March 2010	833.41	704.55

Notes to Cash Flow Statement

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

Cash in Hand	0.14	0.40
Balance with Scheduled Banks in:		
Current Account	74.86	30.39
Share Refund Order Account	0.34	0.34
Fixed Deposit Account	757.70	673.04
Dividend Account	0.37	0.38
Cash & cash equivalents	833.41	704.55

- 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: 19 May 2010

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: 19 May 2010

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 0

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 2 7 9 5 1 2 1 Total Assets : 2 2 7 9 5 1 2 1

Sources of Funds

Paid-up Capital : 1 1 0 0 0 0 0 Reserves & Surplus : 2 0 4 6 9 3 3

Secured Loans : 1 1 0 7 6 9 9 5 Unsecured Loans : 3 5 0 3 8 7

Deferred Taxation : 3 0 1 1 0 0

Application of Funds

Net Fixed Assets : 1 5 8 3 6 9 9 3 Investments : 6 0 0 4 0 1

Net Current Assets : (-) 1 5 8 6 5 3 0 Misc. Expenditure : 2 4 5 5 1

Accumulated Losses : N I L

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

Turnover * : 1 1 7 1 4 8 3 3 Total Expenditure : 1 0 8 5 8 0 4 9

Profit Before Tax : 8 5 6 7 8 5 Profit After Tax : 4 7 4 1 5 9

Earning per share in Rs. : 4 . 3 1 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

Date: 19 May 2010

Place: Kolkata

Subhra Giri

Company Secretary

Manoj Kumar Digga

Chief Financial Officer

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 2010, 89% of the issued and subscribed equity share capital of GML was held by the Company along with 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 2010, 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 2010	31 March 2010
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 2010 (Rs.)	64,251	15,834,381
b	Not dealt with in the accounts of the Company for the year ended 31 March 2010 (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 2010 (Rs.)	220,645	5,253,996
b	Not dealt with in the accounts of the Company for the year ended 31 March 2010 (Rs.)	NIL	NIL

For and on behalf of the Board of Directors

Vishambhar Saran

Chairman

Vishal Agarwal

Managing Director

Place: Kolkata

Date: 19 May 2010

Subhra Giri

Company Secretary

Manoj Kumar Digga

Chief Financial Officer

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 subsidiary; hereinafter referred to as the "Group" (refer Note 1(b) on Schedule 15 to the attached consolidated financial statements) as at 31 March 2010, 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.10.82 Million and net assets of Rs.10.29 Million as at 31 March 2010, total revenue of Rs.0.22 Million, net profit of Rs.0.07 Million and net cash outflows amounting to Rs.2.26 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 and in so far as it relates to the amounts included in respect of the jointly controlled entity, is based solely on the accounts, which are not audited, prepared by the Management of the company for the internal management reporting purposes to assess the performance of the Joint Venture.
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 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.
5. Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the component of the Group and unaudited financial statements of jointly controlled entity prepared by the company, as referred to above, and to the best of our information and according to the explanations given to us, 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 31 March 2010;
 - (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 Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Partha Mitra

Partner

Place: Kolkata

Date: 19 May 2010

Membership Number 50553

Consolidated Balance Sheet

as at 31 March 2010

Rs. Million

	Schedule	31 March 2010		31 March 2009	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	1,100.00		1,100.00	
Reserves and Surplus	2	2079.46	3,179.46	1,706.93	2,806.93
Minority Interest			336.95		163.18
Minority Interest - on account of share capital pending allotment			-		159.16
Loan Funds					
Secured Loan	3		11,076.99		8,891.69
Unsecured Loan	3A		350.39		38.02
Deferred Taxation [Refer Note 10 Schedule 15]			301.11		14.48
			15,244.90		12,073.46
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		9,267.63		8,448.40	
Less : Depreciation		1,129.41		666.93	
Net Block		8,138.22		7,781.47	
Capital Work in Progress including Advances		7,728.42		5,415.86	
Add - Share of Joint Venture [Refer Note 8 Schedule 15]		0.04	15,866.68	0.04	13,197.37
Current Assets, Loans and Advances					
Inventories	5	3,417.06		3,565.08	
Sundry Debtors	6	648.78		823.73	
Cash and Bank Balances	7	1,364.73		1,342.49	
Interest Accrued on Deposits		37.44		35.72	
Loans and Advances	8	1414.26		1,229.23	
		6,882.27		6,996.25	
Less: Current Liabilities and Provisions					
Liabilities	9	7,389.13		8,164.16	
Provisions	10	139.47		7.32	
		7,528.60	(646.33)	8,171.48	(1,175.23)
Miscellaneous Expenditure					
[To the extent not written off or adjusted]					
Share Issue Expenses			24.55		51.32
			15,244.90		12,073.46
Notes on Consolidated Accounts	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: 19 May 2010

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: 19 May 2010

Consolidated Profit & Loss Account

for the year ended 31 March 2010

Rs. Million

	Schedule	31 March 2010		31 March 2009	
INCOME					
Sales		11,983.07		10,571.11	
Less: Excise Duty on Sales		413.65	11,569.42	221.05	10,350.06
Other Income	11		145.41		54.54
			11,714.83		10,404.60
EXPENDITURE					
Materials	12		8,136.60		8,102.37
Expenses	13		1,613.24		1,495.14
Interest (Net)	14		602.83		296.25
Depreciation			468.28		307.91
			10,820.95		10,201.67
Profit Before Exceptional Item, Taxation and Minority Interest			893.88		202.93
Exceptional Item					
Loss on Exchange Fluctuation (net)			-		1,184.67
Profit / (Loss) Before Taxation and Minority Interest			893.88		(981.74)
Provision for Taxation					
Current Tax		108.63		8.64	
Fringe Benefit Tax		-		4.30	
Deferred Tax		286.62	395.25	(334.71)	(321.77)
Profit / (Loss) after Taxation before share of Minority Interest			498.63		(659.96)
Minority Interests			8.53		2.84
Net Profit / (Loss)			490.10		(662.81)
Balance brought forward from previous years			(29.90)		632.91
			460.20		(29.90)
Appropriation					
Proposed Dividend			110.00		-
Income Tax on Proposed Dividend			18.69		-
Balance Carried forward to Balance Sheet			331.51		(29.90)
Basic and Diluted Earning Per Share			4.46		(6.03)
Notes on Consolidated Accounts	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: 19 May 2010

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: 19 May 2010

Schedules

to the Consolidated Balance Sheet

	Rs. Million	
	31 March 2010	31 March 2009
1 SHARE CAPITAL		
Authorised		
160,000,000 Equity Shares of Rs. 10/- each	1,600.00	1,600.00
Issued and Subscribed		
110,000,000 Equity Shares of Rs. 10/- each fully paid up	1,100.00	1,100.00
Note:		
(a) Of the above 56,212,167 Equity Shares of Rs. 10/- each are held by VISA Minmetal AG, the Ultimate Holding Company. (Refer Note 4 Schedule 15)		
(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.		
2 RESERVES & SURPLUS		
Capital Reserve	11.19	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	331.51	(29.90)
	2,079.46	1,706.93
3 SECURED LOAN		
From Banks		
Cash Credit	404.49	485.83
[Refer Note 3(a) Schedule 15]		
Term Loan	10,569.36	8,390.60
[Refer Note 3(b) Schedule 15]		
Interest Accrued & Due on above	-	1.11
Vehicle and Other Loan	14.46	4.01
[Refer Note 3(c) Schedule 15]		
From Others		
Vehicle and Other Loan	88.68	10.14
[Refer Note 3(c) Schedule 15]		
	11,076.99	8,891.69
3A UNSECURED LOAN		
From Banks - Short Term		
SIDBI	100.39	38.02
From Others	250.00	-
	350.39	38.02

Schedules

to the Consolidated Balance Sheet (Contd.)

4 FIXED ASSETS	ASSETS	Gross Block (at cost)				Depreciation				Net Block		Rs. Million
		As at 1 April 2009	Addition/ Adjustments	Deletions/ Adjustments	As at 31 March 2010	As at 1 April 2009	For the Year	Deletions/ Adjustments	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009	
	Goodwill on Consolidation	0.24	-	-	0.24	-	-	-	-	0.24	0.24	
	Tangible											
	Land- Freehold	8.66	4.41	-	13.07	-	-	-	-	13.07	8.66	
	Land- Leasehold	143.81	2.70	-	146.51	7.54	1.70	-	9.24	137.27	136.27	
	Buildings	662.03	76.46	-	738.49	39.09	21.68	-	60.77	677.72	622.94	
	Plant & Machinery	7,450.22	711.68	-	8,161.90	548.47	423.27	-	971.74	7,190.16	6,901.75	
	Furniture & Fixtures	29.75	8.34	-	38.09	15.56	3.42	-	18.98	19.11	14.19	
	Vehicles	139.51	25.81	10.38	154.94	44.68	16.04	5.80	54.92	100.02	94.83	
	Intangible											
	Computer Software	14.18	0.21	-	14.39	11.59	2.17	-	13.76	0.63	2.59	
	TOTAL	8,448.40	829.61	10.38	9,267.63	666.93	468.28	5.80	1,129.41	8,138.22	7,781.47	
	2009	4,272.53	4,175.87		8,448.40	359.02	307.91	-	666.93	7,781.47		

Schedules

to the Consolidated Balance Sheet (Contd.)

	Rs. Million	
	31 March 2010	31 March 2009
5 INVENTORIES - AT LOWER OF COST OR NET REALISABLE VALUE		
Stores & Spare Parts	126.59	64.25
Raw Materials	1,757.66	2,143.22
Finished Goods	1,144.97	1,058.22
By-Products	345.02	178.57
Work-in-Progress	42.82	120.82
	3,417.06	3,565.08
6 SUNDRY DEBTORS - UNSECURED		
Debts Outstanding for a period exceeding six months		
Considered Good	35.39	50.34
Considered Doubtful	0.90	0.90
Other Debts - Considered Good	613.39	773.39
	649.68	824.63
Less: Provision for Doubtful Debts	0.90	0.90
	648.78	823.73
7 CASH AND BANK BALANCES		
Cash in Hand	0.15	0.40
Balance with Scheduled Banks in:		
Current Account	120.56	32.27
Share Refund Order Account	0.34	0.34
Fixed Deposit Account	1,243.31	1,309.10
Dividend Account	0.37	0.38
	1,364.73	1,342.49

Schedules

to the Consolidated Balance Sheet (Contd.)

		Rs. Million	
		31 March 2010	31 March 2009
8	LOANS AND ADVANCES UNSECURED - CONSIDERED GOOD [UNLESS OTHERWISE STATED]		
	Advances Recoverable in Cash or in kind or for value to be received		
	Considered Good	1,200.12	943.65
	Considered Doubtful	23.50	11.00
		1,223.62	954.65
	Less: Provision for Doubtful Advances	23.50	11.00
		1,200.12	943.65
	Deposits with		
	Customs, Port Trust etc.	6.56	6.56
	Others	97.29	163.46
	Advance Payment of Income Tax [Net of Provision Rs. 286.58 Million (2009: Rs.177.97 Million)]	106.14	112.40
	Advance Payment of Fringe Benefit Tax [(Net of Provision Rs. 15.16 Million (2009: Rs.16.80 Million)]	4.15	3.16
	Add - Share of Joint Venture [Rs.2,932 (2009: Rs.2,932)] [Refer Note 8 Schedule 15]	-	-
		1,414.26	1,229.23
9	LIABILITIES		
	Sundry Creditors (Refer Note 13 Schedule 15)	6,964.55	7,871.52
	Advance from Customers	254.80	77.54
	Other Liabilities	168.28	214.34
	Interest accrued but not due on loans	0.75	-
	Unclaimed dividend	0.37	0.38
	Share Refund Order Account	0.34	0.34
	Add - Share of Joint Venture [Refer Note 8 Schedule 15]	0.04	0.04
		7,389.13	8,164.16
10	PROVISIONS		
	Leave Encashment	10.78	7.32
	Proposed Dividend	110.00	-
	Income Tax on Proposed Dividend	18.69	-
		139.47	7.32

Schedules

to the Consolidated Profit and Loss Account

Rs. Million

	31 March 2010		31 March 2009	
11 OTHER INCOME				
Insurance Claim received		17.76		9.79
Gain on Exchange Fluctuation (Net)		38.43		-
Miscellaneous Income		89.22		44.75
		145.41		54.54
12 MATERIALS				
Raw Material Consumed				
Opening Stock	2,143.22		1,484.62	
Add: Purchase	6,480.62		8,807.47	
Less: Closing stock	1,757.66	6,866.18	2,143.22	8,148.87
Purchase of Finished Goods		1,447.24		190.63
(Increase)/ Decrease in Stock				
Opening Stock				
Finished Goods	1,058.22		981.65	
By-Products	178.57		167.94	
Work-in-Progress	120.82		36.14	
	1,357.61		1,185.73	
Less: Closing 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	(175.20)	1,357.61	(171.88)
Increase/ (Decrease) in Excise Duty on Stock		(1.62)		(65.25)
		8,136.60		8,102.37

Schedules

to the Consolidated Profit and Loss Account (Contd.)

Rs. Million

	31 March 2010		31 March 2009	
13 EXPENSES				
Salary, Wages & Bonus	316.77		197.53	
Contribution to Provident & Other Funds	13.19		10.89	
Workmen and Staff Welfare Expenses	4.00	333.96	1.99	210.41
Consumption of Stores & Spare Parts		214.30		196.78
Power & Fuel		161.15		322.67
Rent		31.33		22.69
Repairs & Maintenance				
- Building	7.48		7.44	
- Plant & Machinery	42.72		17.25	
- Others	5.56	55.76	3.61	28.30
Insurance		53.12		34.45
Rates & Taxes		20.57		25.09
Material Handling Expenses		242.47		105.78
Custom & Cess		0.07		21.38
Freight & Selling Expenses		157.54		201.96
Loss on Sale of Assets		1.15		-
Bank & Finance Charges		137.67		133.80
Bad Debts Written off		15.86		-
Provision for Doubtful Debts		12.50		0.56
Provision for Doubtful Advances		-		11.00
Advance Written off		10.00		16.11
Miscellaneous Expenditure written off		26.77		26.78
Miscellaneous Expenses		139.02		137.38
		1,613.24		1,495.14
14 INTEREST (NET)				
Interest on:				
Overdraft Facilities	116.25		77.39	
Term Loan	460.77		269.05	
Vehicle Loan	5.31		1.77	
Others	187.46	769.79	79.88	428.09
Less: Interest Income (Gross) [Tax Deducted at Source Rs.11.35 Million (2009: Rs. 17.11 Million)]				
Bank Fixed Deposits	(48.56)		(66.11)	
Others	(118.40)	(166.96)	(65.73)	(131.84)
		602.83		296.25

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 2010 [Including Beneficial Interest]
Subsidiaries		
VISA BAO Limited	India	65%
Ghotaringa Minerals Limited	India	89%
Joint Venture		
Patrapada Coal Mining Co. Pvt. Limited	India	0.49%

(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.
- (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.

Schedules

to the Consolidated Accounts

15. NOTES ON ACCOUNTS (Contd.)

(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 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

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 (LIC) for future payment of gratuity liability to its employees. Gratuity liability is determined as at the end of each year by LIC 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 LIC is contributed.

(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 Accounting Standard 15 (Revised 2005) and such liability is provided for in the accounts and charge is recognized in the Profit and Loss Account.

(II) Other Employee Benefits:

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

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 & Loss Account on accrual basis.

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

Public issue expenses in respect of Holding Company are being 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 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 Company. The suit is currently pending before 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 traveling 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.

Schedules

to the Consolidated Accounts

15. NOTES ON ACCOUNTS (Contd.)

	Rs. Million	
	31 March 2010	31 March 2009
(b) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for [net of advance Rs. 47.73 Million (2009 : Rs. 77.29 Million)]	3,344.36	2,501.84
(c) Contingent liability not provided for in respect of the Holding Company:		
(i) Bank Guarantee	186.82	68.87
(ii) Income Tax matter on Appeal	63.63	21.14
(iii) Sales Tax matter on Appeal	18.83	18.83
(iv) Value Added Tax matter on Appeal	20.37	20.37
(v) Entry Tax matter on Appeal	50.59	50.59
(vi) Differential tariff of electricity and Delayed Payment Surcharge thereon	-	11.61

(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. 522.17 Million towards duty upto 31 March 2010. As per the requirement under the said Scheme, the Holding Company is required to export amounting to Rs. 4,177.32 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.

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 Company.
- (b) In respect of the Holding Company term loan from bank other than General Corpus Corporate Loan is secured by 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 moveable 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 vehicle 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 Ultimate Holding Company of the Company w.e.f. 30th April 2010.

Schedules

Schedules to the Consolidated Accounts

15. NOTES ON ACCOUNTS (Contd.)

5. On 29 July, 2008, the Board of the Holding Company approved the VISA Steel Employee Stock Option Scheme 2008 (ESOP Scheme) and Members passed the Special Resolution vide Postal ballot pursuant to Section 192A of the Companies Act, 1956 for grant of not more than 5,500,000 stock options convertible into not more than 5,500,000 Equity Shares of face value Rs. 10 each fully paid up, through Trust for the purpose of welfare and benefit of the employees of the Holding Company including any Director of the Holding Company, whether whole-time or otherwise. The Remuneration Committee will administer the scheme through the trust, which has registered in the name and style of "VISA Steel Limited – Employee Welfare Trust" on 23 September 2008 with Registrar of Assurances, Kolkata for implementing the Employee Stock Option Scheme 2008 for the employees specified therein.

In view of that scheme the Holding Company has transferred Rs.10 Million to VISA Steel Limited – Employee Welfare Trust for procurement of share from the market, which will be granted to the employees of the Holding Company as per the scheme after obtaining the approval of the Remuneration Committee. However the trust has not purchased any share from the market and the amount is lying under the current account of the Trust. Moreover, no option has been granted under the Scheme till date.

		Rs. Million	
		31 March 2010	31 March 2009
6. Consolidated Earning Per Share			
Consolidated Profit / (Loss) After Tax (A)		490.10	(662.81)
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)		4.46	(6.03)
7. Directors Remuneration (in respect of the Holding Company)*			
Salaries, Allowances & Bonus		39.11	6.15
Retirement benefits		3.63	2.72
Perquisites		3.59	1.05
Commission		11.82	-
		58.15	9.92
Directors' Sitting Fees		1.24	0.95
TOTAL		59.39	10.87
Profit for the year before taxation as per Profit & Loss Account		893.88	-
Add: Depreciation	468.28	-	-
Provision for Doubtful Advances	12.50	-	-
Directors' Remuneration for the current year	42.23	523.01	-
		1,416.89	-
Less: Depreciation u/s 350 of the Companies Act, 1956	468.28	468.28	-
		948.61	-
Commission to Executive Directors		8.82	-
Commission to Non Executive Directors**		3.00	-
		11.82	-
**Within the overall limit of 1% of Net Profit		9.49	-

*Includes Rs 15.92 Million towards 2008-09 managerial remuneration, for which Central Government has approved waiver of recovery of Rs 7.61 Million and Rs 6.60 Million from Mr Vishambhar Saran, Chairman and Mr Vishal Agarwal, Managing Director respectively. The Central Government has not given any approval for waiver in respect of Mr Basudeo Prasad Modi, Deputy Managing Director, of Rs 1.71 Million as they were of the view that the remuneration payable to him for 2008-09 was within the permissible limit under Schedule XIII of the Companies Act, 1956.

Schedules

to the Consolidated Accounts

15. NOTES ON ACCOUNTS (Contd.)

8. Investment in Joint Venture

Joint Venture	Patrapada Coal Mining Co. Private Limited
Country of Incorporation	India
% of Ownership Interest as at 31 March 2010	0.49%

During the current year no Profit and Loss Account has been prepared for joint venture, as there was no revenue transactions. However, the Group's share of the assets and liabilities etc. based solely on the accounts prepared for the internal management reporting purposes by the Holding Company to assess the performance of the joint venture related to its interest in the Joint Venture.

9. Addition/Adjustment of Fixed Assets and Capital Work in Progress include borrowing cost amounting to Rs. 90.63 Million (2009: Rs.427.93 Million) and Rs.510.69 Million (2009: Rs.632.98 Million) respectively.

	Rs. Million	
	31 March 2010	31 March 2009
10. 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:		
Deferred Tax Liabilities		
Depreciation	736.06	615.88
Public Issue Expenses	8.16	8.40
	744.21	624.28
Deferred Tax Assets		
Unabsorbed Depreciation	(347.75)	(370.01)
Unabsorbed Loss Carried Forward	(76.99)	(230.80)
Others	(18.36)	(8.99)
	(443.10)	(609.80)
	301.11	14.48
11. Operating Leases (in respect of the Holding Company)		
Rent [Including minimum lease payment Rs. Nil (2009: Rs. Nil)]	8.22	8.56
[Operating leases for office premises are entered into for a period of three years and thereafter renewable by mutual consent of both the parties. The operating leases are cancellable by either party by giving three month's notice.]		

Schedules

to the Consolidated Accounts

15. NOTES ON ACCOUNTS (Contd.)

12. Related Party Disclosures	
Nature of Relationship	Name of the Related Parties
Ultimate Holding Company	VISA Minmetal AG
Enterprise having significant influence	VISA International Limited
Fellow Subsidiaries	Far East Trading AG (f.k.a. VISA Comtrade AG)
	VISA Coal Pty. Limited
	VISA GMR Limited
	VISA Global Mineral Resources SA (Proprietary) Limited
	Far East Chartering Limited
	VISA Power Limited
	VISA Comtrade 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	Khandadhar Minerals Limited
	VISA Realty Limited
	VISA Minmetal Limited
	VISA Infrastructure Limited
	North East Resources Limited
	VISA Aviation Limited
	Tastebuds Gourmet Foods Private Limited
	VISA Chartering Limited
	VISA Group Limited
	VISA Bulk Shipping Pte Limited
	VISA Resource Pte Limited
	VISA Trust
	PT VISA Indo

Schedules

to the Consolidated Accounts

15. NOTES ON ACCOUNTS (Contd.)

Details of Transactions with Related Parties

Nature of Transaction	31 March 2010					31 March 2009					Rs. Million
	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	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	-	6.77	-	-	0.81	-	1.50	-	-	-	-
Purchase of Goods	1,268.55	-	-	-	152.08	6,587.31	-	-	-	-	-
Freight paid for above	65.06	0.08	-	-	783.30	267.46	-	-	-	-	-
Sale of Goods	1,369.64	-	-	-	52.47	1,237.16	-	-	-	-	-
Traveling Expenses	-	-	-	-	11.33	-	-	-	-	-	5.52
Re-imbursement of expenses (net)	35.73	0.01	-	-	0.04	0.96	21.03	-	-	-	-
Investment Made	-	-	-	-	-	-	-	-	-	-	-
Advance Received	-	-	-	-	-	-	-	-	-	-	-
Deposits given	-	20.00	-	-	-	-	1.50	-	-	-	-
Unsecured Loan	250.00	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	1.69	0.87	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	1.37	-	-	-	-	-	-
Remuneration	-	-	39.21	2.51	-	-	-	9.92	4.47	-	-
Sitting Fees	-	-	-	0.24	-	-	-	-	0.29	-	-
Outstanding at closing	-	-	-	-	-	-	-	-	-	-	-
Debit	567.42	-	-	-	-	-	1.50	15.92	-	10.00	-
Credit	-	3.24	-	-	670.40	6,177.76	-	-	0.03	-	-

Schedules

to the Consolidated Accounts

15. NOTES ON ACCOUNTS (Contd.)

Rs. Million				
	31 March 2010		31 March 2009	
	Principal	Interest	Principal	Interest
13. In respect of the Holding Company: Details of dues to Micro and Small enterprises				
(i) The amount remaining unpaid to any supplier as at the end of accounting year;	187.74	-	26.63	-
(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 Holding Company.

In respect of the Subsidiary Company:

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 Company.

14. 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 13.01 Million (2009: Rs 9.15 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.

Schedules

to the Consolidated Accounts

15. NOTES ON ACCOUNTS (Contd.)

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

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.

15. As the Holding Company 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.
16. As at 31 March 2010, the Holding Company had net outstanding foreign currency exposures of Rs.3,309.52 Million (US\$ 71.33 Million) (2009: Rs.6,217.95 Million, US\$ 122.04 Million) of which Rs.1,248.89 Million (US\$ 27.67 Million) (2009: Rs.3,931.34 Million, US\$78.27 Million) has been covered by forward contracts.
17. 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: 19 May 2010

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: 19 May 2010

Consolidated Cash Flow Statement

for the year ended 31 March 2010

Rs. Million

Particulars	31 March 2010	31 March 2009
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax and Exceptional Item	893.88	202.93
Adjusted for:		
Depreciation	468.28	307.91
Interest Expense	769.79	428.09
Interest Income	(166.96)	(131.84)
Loss on Sale of Fixed Assets	1.15	-
Miscellaneous Expenditure Written off	26.77	26.78
Bad Debts Written off	15.86	-
Advance Written off	10.00	16.11
Provision for Doubtful Advances	12.50	11.00
Provision for Bad and Doubtful Debts	-	0.56
Unrealised Foreign exchange gain / loss	(107.26)	670.59
Operating profit before working capital changes	1,924.01	1,532.13
Adjustments for changes in working capital:		
Decrease in Sundry Debtors	160.25	150.46
(Increase) in Loans and Advances	(205.86)	(186.68)
(Increase)/ Decrease in Inventories	199.90	(833.57)
Increase/ (Decrease) in Trade and Other Payables	(658.17)	2,945.85
Cash generated from Operations	1,420.13	3,608.19
Taxes Paid	(103.34)	(92.45)
Exceptional item - Loss on Exchange Fluctuation (net)	-	(1,184.67)
Net cash from Operating Activities	1,316.79	2,331.06
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(3,103.41)	(3,013.76)
Proceeds from Sale of Fixed Assets	3.42	-
Interest Received	165.27	94.07
Net cash used in Investing Activities	(2,934.72)	(2,919.69)

Consolidated Cash Flow Statement

for the year ended 31 March 2010 (Contd.)

Rs. Million

Particulars	31 March 2010	31 March 2009
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Equity Shares	-	159.25
Proceeds from Advance against Share Capital	-	159.16
Proceeds from Long Term borrowings	2,538.72	1,900.91
Repayment of Long Term borrowings	(270.99)	(375.64)
Proceeds from Short Term borrowings	233.23	415.62
Interest Paid	(860.79)	(1,060.83)
Dividend Paid	-	(109.62)
Dividend Tax Paid	-	(18.69)
Net cash used in Financing Activities	1,640.17	1,070.16
Net Increase in Cash & Cash Equivalents	22.24	481.54
Cash and cash equivalents as at 1 April 2009	1,342.49	860.95
Cash and cash equivalents as at 31 March 2010	1,364.73	1,342.49

Notes to Cash Flow Statement

1	Cash and cash equivalents consist of cash in hand and balance with banks and deposits with banks		
	Cash and Cheques in hands	0.15	0.40
	Balance with Scheduled Banks in:		
	Current Account	120.56	32.27
	Share Refund Order Account	0.34	0.34
	Fixed Deposit Account	1,243.31	1,309.10
	Dividend Account	0.37	0.38
	Cash & cash equivalents	1,364.73	1,342.49

- 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

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: 19 May 2010

Place: Kolkata
Date: 19 May 2010

Report of the Directors

Dear Members,

Your Directors have pleasure in presenting the 2nd Annual Report and Audited statement of Accounts of VISA BAO Limited for the year ended 31 March 2010.

The Company was incorporated on 01 February 2008 as a subsidiary of VISA Steel Limited, India (VSL). It became a subsidiary of Baosteel Resources Co. Ltd, China (Baosteel) on 10 July 2009, with the issue of 15,925,000 equity shares of Rs.10 each aggregating to Rs.159,250,000. Later during the year, on

further issue of 29,575,000 equity shares of Rs.10/- each to VISA Steel Limited, the Company again became a subsidiary of VISA Steel Limited. The present share holding of the Joint Venture Partners in the Company is in the following ratio – VSL – 65%, Baosteel – 35%.

During the year, the paid-up capital of the Company was increased to Rs.910 million by issue of a further 45,500,000 equity shares of Rs. 10/- each in the same proportion as above.

Financial Results

(Rs.)

Particulars	Year ended 31-03-2010	Period ended 31-03-2009
Gross Revenue (Interest Income)	48,339,804	25,038,512
Expenditure	11,372,556	8,255,441
Profit/ (Loss) before Taxation	36,967,248	16,783,071
Provision for Taxation	12,606,661	8,700,000
Profit/ (Loss) after Taxation	24,360,587	8,083,071
Profit/ (Loss) brought forward from previous year	8,083,071	NIL
Balance carried forward to Balance Sheet	32,443,658	8,083,071

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

Dividend

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

Operations

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

The Company has made significant progress towards finalization of Layout, Site Preparation and obtaining necessary environmental clearances from MOEF (Ministry of Environment and Forest), New Delhi and other statutory approvals. We have made applications for grant of mining lease for Chrome Ore with Government of Orissa. The Company has also started employment of Project team for execution of the Project.

The Company is scheduled to complete the Project by the end of 2011.

Directors

Mr. Vishambhar Saran, Mr. Vishal Agarwal and Mr. Jiang Xia, Directors appointed at the First Annual General Meeting of the Company, are liable to retire by rotation at the forthcoming

Annual General Meeting and being eligible, offer themselves for re-appointment.

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. Vishal Agarwal, Mr. Vivek Agarwal, Mr. Basudeo Prasad Modi and Mr. Manoj Kumar Digga) and 3 directors nominated by Baosteel Resources Co. Limited (Mr. Jiang Xia, Mr. Qinghua Zhou and Mr. Chao Ji).

Directors' Responsibility Statement

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

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 2009-10.

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. Jiang Xia	Member

Conservation of Energy and Technology Absorption

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 2009-10 has been set out in Annexure I to this report.

Particulars of Employees

The particulars of employee, employed throughout the Financial Year 2009-10, pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) are set out in Annexure II to this report.

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

Place: Kolkata

Date: 14 May 2010

Vishal Agarwal

Director

Jiang Xia

Director

Annexure I to Directors' Report

FOREIGN EXCHANGE EARNINGS & OUTGO

	(Rs.)	
	2009-10	2008 -09
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo		
Traveling Expenses	1,382,277	173,121

For and on behalf of the Board

Place: Kolkata

Date: 14 May 2010

Vishal Agarwal

Director

Jiang Xia

Director

Annexure II to Directors' Report

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) and forming part of Directors' Report for the year ended on 31 March 2010:

EMPLOYED THROUGHOUT THE YEAR

Sl. No	Name	Designation	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Joining	Age	Last Employment Details
1	Mr. Ranjan Mishra	President	31,99,596	Bachelor of Engineering (Metallurgy)	24	01/04/09	47	Vice-President VISA Steel Ltd.

For and on behalf of the Board

Place: Kolkata

Date: 14 May 2010

Vishal Agarwal

Director

Jiang Xia

Director

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 2010, 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:
 - (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;
 - (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 31 March 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2010 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 2010;
 - (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: 14 May 2010

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 2010]

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. .

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 2010]

- (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 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.
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: 14 May 2010

Membership Number 50553

Balance Sheet

as at 31 March 2010

(Rs.)

	Schedule	31 March 2010		31 March 2009	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	910,000,000		455,000,000	
Reserves and Surplus	2	49,563,317	959,563,317	8,083,071	463,083,071
Advance against Share Capital			-		159,158,246
Deferred Taxation [Refer Note 6 Schedule 9]			6,661		-
			959,569,978		622,241,317
APPLICATION OF FUNDS					
Fixed Assets	3				
Gross Block		1,793,484		-	
Less: Depreciation		85,982		-	
Net Block		1,707,502		-	
Capital Work in Progress		19,533,949	21,241,451	-	-
Current Assets, Loans and Advances					
Cash and Bank Balances	4	529,543,891		633,913,903	
Interest Accrued on Fixed Deposits from Banks		19,288,475		17,184,551	
Loans and Advances	5	393,986,922		14,008	
		942,819,288		651,112,462	
Less: Current Liabilities and Provisions					
Liabilities	6	1,011,107		24,314,295	
Provisions	7	3,479,654		4,556,850	
		4,490,761	938,328,527	28,871,145	622,241,317
			959,569,978		622,241,317
Notes on Accounts	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: 14 May 2010

For and on behalf of the Board of Directors

Vishal Agarwal

Director

Jiang Xia

Director

Basudeo Prasad Modi

Managing Director

Vikash Prasad Singh

Company Secretary

Place: Kolkata

Date: 14 May 2010

Profit & Loss Account

for the year ended 31 March 2010

(Rs.)

	Schedule	31 March 2010	31 March 2009
INCOME			
Other Income			
Income from Interest on Fixed Deposit from Banks (Gross)		48,339,804	25,038,512
[Tax Deducted at source Rs. 5,233,059 (2009: Rs. 4,143,150)]			
		48,339,804	25,038,512
EXPENDITURE			
Expenses	8	11,286,574	8,255,441
Depreciation		85,982	-
		11,372,556	8,255,441
Profit Before Taxation		36,967,248	16,783,071
Provision for Taxation			
Current Tax-Net of Provision		12,600,000	8,600,000
Fringe Benefit Tax		-	100,000
Deferred Tax		6,661	-
Profit After Taxation		24,360,587	8,083,071
Appropriation			
Transfer to General Reserve		-	-
Proposed Dividend		-	-
Income Tax on Proposed Dividend		-	-
Balance Carried forward to Balance Sheet		24,360,587	8,083,071
Basic and Diluted Earning Per Share		0.38	0.35
Notes on Accounts	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

For and on behalf of the Board of Directors

Vishal Agarwal

Director

Jiang Xia

Director

Partha Mitra

Partner

Membership Number 50553

Basudeo Prasad Modi

Managing Director

Vikash Prasad Singh

Company Secretary

Place: Kolkata

Date: 14 May 2010

Place: Kolkata

Date: 14 May 2010

Schedules

to the Balance Sheet

(Rs.)

	31 March 2010		31 March 2009	
1 SHARE CAPITAL				
Authorised				
92,000,000 Equity Shares of Rs. 10/- each		920,000,000		920,000,000
Issued and Subscribed				
91,000,000 (2009: 45,500,000) Equity Shares of Rs. 10/- each fully paid up		910,000,000		455,000,000
Note:				
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 Minmetal AG, the Ultimate Holding Company				
		910,000,000		455,000,000
2 RESERVES & SURPLUS				
Capital Reserve		17,119,659		
Profit & Loss Account				
Balance brought forward	8,083,071		-	
Profit & Loss for the Current Year	24,360,587	32,443,658	8,083,071	8,083,071
		49,563,317		8,083,071

Schedules

to the Balance Sheet (Contd.)

3 FIXED ASSETS		(Rs.)					
Asset Description	Gross Block			Depreciation		Net Block	
	As at 1 April 2009	Additions	Deletions	As at 1 April 2009	For the year 31 March 2010	Closing	Opening
Office Equipments	-	32,200	-	-	385	31,815	-
Vehicles	-	1,345,084	-	-	59,515	1,285,569	-
Computer & Printer	-	416,200	-	-	26,082	390,118	-
TOTAL	-	1,793,484	-	-	85,982	1,707,502	-

Schedules

to the Balance Sheet (Contd.)

(Rs.)

	31 March 2010	31 March 2009
4 CASH AND BANK BALANCES		
Cash in Hand	3,901	-
Balances with Scheduled Banks in:		
Current Account	43,931,730	1,353,861
Fixed Deposit Account	485,608,260	632,560,042
	529,543,891	633,913,903
5 LOANS AND ADVANCES - UNSECURED, CONSIDERED GOOD		
Advance recoverable in cash or in kind or value to be received	393,936,922	14,008
Security Deposit	50,000	-
	393,986,922	14,008
6 LIABILITIES		
Other Liabilities	1,011,107	24,314,295
	1,011,107	24,314,295
7 PROVISIONS		
Provision for Income Tax [Net of advance payment of Income tax Rs.18,730,326 (2009: Rs. 4,143,150)]	2,469,674	4,456,850
Fringe Benefit Tax [Net of advance payment of FBT Rs.28,090 (2009: Nil)]	71,910	100,000
Provision for Expenses	938,070	-
	3,479,654	4,556,850

Schedules

to the Profit & Loss Account

	(Rs.)	
	31 March 2010	31 March 2009
8 EXPENSES		
Salary, Wages & Bonus	5,872,583	2,156,691
Contribution to Provident Fund & Other Funds	202,439	-
Advertisement	-	12,180
Auditors Remuneration	110,000	150,000
Bank Charges	15,507	8,341
Boarding & Lodging	501,770	169,719
Pollution Controls Measure	240,000	-
Car Hire Charges	329,199	-
Repairs & Maintenance - Others	258,766	-
Consultancy Charges	1,237,700	-
Rates & Taxes	462,715	-
Filling Fees	6,410	6,600
Miscellaneous Expenses	380,192	2,258
Printing & Stationery Expenses	25,097	18,890
Professional Fees	17,651	111,824
Telephone, Telex & Fax	12,943	-
Travelling Expenses	1,613,602	809,938
Preliminary Expenses	-	4,708,000
Pre-Operative Expenses	-	1,000
Processing Fees	-	100,000
	11,286,574	8,255,441

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 and 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 and 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 and Loss Account.

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

- 2. During the year ended 31 March 2010, the Company had issued 45,500,000 equity shares of Rs. 10/- each amounting to Rs. 455,000,000 to finance a part of the capital expenditure for setting up new manufacturing facilities of an integrated 100,000 MTPA Ferro Chrome Project at Kalinganagar Industrial Complex.

Schedules

to the Accounts (Contd.)

		(Rs.)	
		31 March 2010	31 March 2009
3	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	766,034,382	-
4	Earning Per Share		
	Profit After Tax (A)	24,360,587	8,083,071
	Weighted average number of Rs. 10 equity share outstanding during the year (B)	63,419,521	23,221,096
	Basic and Diluted Earning per Share (A/B)	0.38	0.35
5	Expenditure in Foreign Currency - Travelling	1,382,277	173,121
6	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:		
	Deferred Tax Liabilities		
	Depreciation	47,231	-
	Deferred Tax Assets		
	Employee Benefit	40,570	-
		6,661	-
7	Auditors' Remuneration:		
	Audit Fees	100,000	100,000
	Other Services	10,000	50,000
		110,000	150,000

- 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. Comparative figures in the financial statement pertain to uneven periods and are hence, not strictly comparable.
- 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. 25,644/- (2009: Rs. Nil) has been charged to the Profit & Loss Account of the above defined contribution schemes.

The Company is in the process of taking out benefit schemes like gratuity and leave encashment. Annual actuarial valuations are being carried out by LIC in compliance with Accounting Standard 15 (revised 2005) 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 2005) on Employee Benefits. Employees are not required to make any contribution.

Schedules

to the Accounts (Contd.)

(Rs.)

	Gratuity 31 March		Leave Encashment 31 March	
	2010	2009	2010	2009
Amount recognised in the Balance Sheet are as follows:				
Present value of funded obligation	-	-	-	-
Fair Value of Plan Assets	-	-	-	-
Unrecognized past service cost	-	-	-	-
Present value of un-funded obligation	145,930	-	122,124	-
Net (Asset)/Liability	145,930	-	122,124	-
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	77,417	-	22,204	-
Past service benefit	68,513	-	-	-
Interest cost	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Net actuarial loss/(gain) recognised during the year	-	-	99,920	-
Total	145,930	-	122,124	-
Reconciliation of opening and closing balances of the present value of the obligations:				
Opening defined benefit obligation	-	-	-	-
Current Service cost	77,417	-	22,204	-
Past service benefit	68,513	-	-	-
Interest cost	-	-	-	-
Actuarial loss/(gain)	-	-	99,920	-
Benefits paid	-	-	-	-
Closing Defined Benefit Obligation	145,930	-	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	-	-	-	-
Benefits paid	-	-	-	-
Closing Fair Value on Plan Assets	-	-	-	-

Schedules

to the Accounts (Contd.)

			(Rs.)	
	Gratuity 31 March		Leave Encashment 31 March	
	2010	2009	2010	2009
Actual Return on Plan Assets [Plan Assets consist of funds maintained with LIC for gratuity scheme]	-	-	-	-
Principal Actuarial Assumption Used:				
Discount Rates	8%	-	8%	-
Expected Return on Plan Assets	-	-	-	-
Expected Salary increase rates	7%	-	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 2011 cannot be readily ascertainable and therefore not disclosed.

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

12 Related Party Disclosures

Name of the Related Parties:

VISA Steel Limited

VISA Minmetal AG

Baosteel Resources Co. Ltd.

Mr. Basudeo Prasad Modi

Nature of Relationship

Holding Company

Ultimate Holding Company

Enterprise having significant influence

Key Managerial Personnel

Details of Transactions with Related Parties

	2009-10		2008-09	
Nature of Transaction	Holding Company	Enterprise having significant influence	Holding Company	Enterprise having significant influence
Advance against Share Capital	295,750,000	-	232,049,980	318,408,246
Issue of share capital	295,750,000	159,250,000	232,049,980	159,250,000
Expenses incurred	-	-	7,377,867	-
Re-imbursement of expenses	-	-	427,204	-
Advance against facilities	393,600,000	-	-	-
Outstanding at closing	-	-	-	-
Debit	393,600,000	-	-	-
Credit	-	-	6,950,663	159,158,246

For Lovelock & Lewes

Firm Registration Number - 301056E

Chartered Accountants

Partha Mitra

Partner

Membership Number 50553

Place: Kolkata

Date: 14 May 2010

For and on behalf of the Board of Directors

Vishal Agarwal

Director

Jiang Xia

Director

Basudeo Prasad Modi

Managing Director

Vikash Prasad Singh

Company Secretary

Place: Kolkata

Date: 14 May 2010

Cash Flow Statement

for the year ended 31 March 2010

(Rs.)

	31 March 2010	31 March 2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax and Extraordinary items	36,967,248	16,783,071
Adjusted for:		
Depreciation	85,982	-
Interest Income	(48,339,804)	(25,038,512)
Operating profit before working capital changes	(11,286,574)	(8,255,441)
Adjustments for changes in working capital:		
- (Increase) in Loans and Advances	(393,972,914)	(14,008)
- Increase/(Decrease) in Trade and Other Payables	(5,153,705)	24,314,295
Cash generated from operations	(410,413,193)	16,044,846
- Taxes Paid	(14,615,266)	-
Net cash from Operating activities	(425,028,459)	16,044,846
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,793,484)	-
Capital Work in Progress	(19,533,949)	-
Interest Received	46,235,880	3,710,811
Net cash used in Investing activities	24,908,447	3,710,811
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Money Received against Issue of Shares	295,750,000	455,000,000
Advance against Share Capital	-	159,158,246
Net cash used in Financing activities	295,750,000	614,158,246
Net Increase in Cash & Cash Equivalents	(104,370,012)	633,913,903
Cash and cash equivalents as at 1 April 2009	633,913,903	-
Cash and cash equivalents as at 31 March 2010	529,543,891	633,913,903

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 2010	31 March 2009
Cash and cash equivalents as at 31 March 2010 comprises:		
Cash & Cheques in hand	3,901	-
Balance with Scheduled Banks:		
in Current Accounts	43,931,730	1,353,861
in Deposit Accounts	485,608,260	632,560,042
Cash & cash equivalents	529,543,891	633,913,903

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

For and on behalf of the Board of Directors

Vishal Agarwal

Director

Jiang Xia

Director

Basudeo Prasad Modi

Managing Director

Vikash Prasad Singh

Company Secretary

Place: Kolkata
Date: 14 May 2010

Place: Kolkata
Date: 14 May 2010

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 0
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 : 4 5 5 0 0 0

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

Total Liabilities : 9 6 4 0 6 1 Total Assets : 9 6 4 0 6 1

Sources of Funds

Paid-up Capital : 9 1 0 0 0 0 Reserves & Surplus : 4 9 5 6 3

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

Deferred Taxation : 7 Advance against share capital pending allotment : N I L

Application of Funds

Net Fixed Assets : 2 1 2 4 1 Investments : N I L

Net Current Assets : 9 3 8 3 2 9 Misc. Expenditure : N I L

Accumulated Losses : N I L

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

Turnover * : 4 8 3 4 0 Total Expenditure : 1 1 3 7 3

Profit Before Tax : 3 6 9 6 7 Profit After Tax : 2 4 3 6 1

Earning per share in Rs. : 0 . 3 8 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

Jiang Xia

Director

Place: Kolkata

Date: 14 May 2010

Basudeo Prasad Modi

Managing Director

Vikash Prasad Singh

Company Secretary

Directors' Report

To the Members,

Your Directors take the pleasure in presenting the Seventh Annual Report together with the audited Annual Accounts of the Company for the year ended 31 March 2010.

Financial Results

	(In Rupees) Year ended 2009-10	(In Rupees) Year ended 2008-09
Gross Revenue	-	-
Interest income	2,15,970.00	2,54,891.00
Expenditure	1,10,505.46	1,32,711.73
Profit/(Loss) after Taxation	72,192.54	94,506.27
Profit/(Loss) brought forward from previous year	(25,754.75)	(1,20,261.02)
Balance carried forward to Balance Sheet	46,437.79	(25,754.75)

Operations

During the year, your Company earned an amount of Rs.2,15,970.00 from term deposits made with banks, recorded a net profit of Rs.72,192.54 and after adjusting the carried forward losses from the previous year, has transferred an amount of Rs.46,437.79 to the Balance Sheet.

The application of the Company for transfer of Prospecting Licence, spread over an area of 721.207 hectares in village Ghotaringa, Kalada, Kerjodi, Ranjagada RF etc. in Dhenkhanal district, Orissa, from Orissa Industries Limited (ORIND) is in advanced stages with the Government of Orissa. Your Company is currently carrying out drilling & prospecting work in the said area allotted to ORIND.

Dividend

As your Company is yet to commence its operations, the Directors do not recommend any dividend for the financial year ended 31 March 2010.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Manoj Kumar Digga and Mr. Ranjan Mishra, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment.

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 re-appointment.

Directors Responsibility Statement

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

- That in the preparations of the annual accounts, the applicable accounting standards had been followed, along with proper explanation relating to material departures.
- 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.
- 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 need for furnishing of particulars pursuant to Section 217(2A) does not arise.

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 of Directors

Vishal Agarwal

Director

Jugal Kishore Jhunjunwala

Director

Place: Bhubaneswar

Date: 13 May 2010

Auditors' Report

to the Members of Ghotaringa Minerals Limited

1. We have audited the attached Balance Sheet of **GHOTARINGA MINERALS LIMITED** as at 31 March 2010, 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 2010 and taken as record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March 2010 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 2010;
 - (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

Membership No.50070

Place: Kolkata

Date: 13 May 2010

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 procurement of fixed assets which are treated as Capital Work in Progress. Hence clauses 4(i)(a), (b) and (c) are not applicable.
2. The Company do not carry any inventories and so clauses 4(ii)(a), (b) and (c) are not applicable.
3. (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'. Hence provisions of clauses 4(iii)(b),(c) and (d) are not applicable.
(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'. Hence provisions of clauses 4(iii)(e), (f) and (g) are not applicable.
4. The Company has not yet commenced normal commercial activity and so it has not entered into any transactions of purchases of inventory, fixed assets or of sales of goods or services. However, 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 and there have been no major weaknesses in internal control system.
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. At present, all controls and supervisions are lying with the senior executives directly.
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 has deposited regularly all statutory dues relating to Income tax and such other taxes as are applicable to it and there are no undisputed dues as at 31 March 2010, which is due for a period of more than 6 months from the date when it has 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 March 2010.
10. The Company does not have any accumulated loss as at 31 March 2010 and it has not incurred cash losses in the financial year ended on that date and in the immediate preceding financial year.
11. The Company has not taken any loans from any banks or financial institutions and so there is no default in repayment of dues.
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: 13 May 2010

Membership No.50070

Balance Sheet

as at 31 March 2010

(Rs.)			
	Schedule	As At 31 March 2010	As At 31 March 2009
I SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	10,000,000.00	10,000,000.00
Reserves & Surplus			
Profit & Loss Account		46,437.79	-
TOTAL		10,046,437.79	10,000,000.00
II APPLICATION OF FUNDS			
Fixed Assets:			
Capital Work In Progress		8,139,209.00	5,422,499.00
(Note B2 of Schedule 7)			
Deferred Tax Assets		-	7,472.00
Current Assets, Loans and Advances			
Cash and Bank Balances	2	1,763,640.79	4,026,090.25
Other Current Assets	3	-	5,547.00
Loans and Advances	4	683,133.00	661,536.00
		2,446,773.79	4,693,173.25
Less: Current Liabilities and Provisions	5	539,545.00	148,899.00
Net Current Assets		1,907,228.79	4,544,274.25
Profit and Loss Account		-	25,754.75
TOTAL		10,046,437.79	10,000,000.00
Significant Accounting Policy and Notes to Accounts	7		

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

For and on behalf of the Board of Directors

T. Mandal
Partner
Membership No. 50070

Jugal Kishore Jhunjunwala
Director

Vishal Agarwal
Director

Manoj Kumar Digga
Director & Company Secretary

Place: Kolkata
Date: 13 May 2010

Place: Bhubaneswar
Date: 13 May 2010

Profit And Loss Account

for the year ended 31 March 2010

			(Rs.)
	Schedule	For the year ended 31 March 2010	For the year ended 31 March 2009
INCOME			
Interest on Term Deposits (Gross)		215,970.00	254,891.00
(TDS Rs. 21,597; P.Y. Rs. 49,330)			
TOTAL		215,970.00	254,891.00
EXPENDITURE			
Expenses	6	110,505.46	132,711.73
TOTAL		110,505.46	132,711.73
Profit Before Taxation		105,464.54	122,179.27
Less: Taxation for the year			
Current Tax		25,800.00	12,600.00
For earlier years (including Interest Rs. 6,095)		-	22,545.00
Deferred Tax		(7,472.00)	7,472.00
Profit After Taxation		72,192.54	94,506.27
Balance brought forward from previous year		(25,754.75)	(120,261.02)
Balance carried over to Balance Sheet		46,437.79	(25,754.75)
Earning Per Share: (Note 8 on Schedule 7)			
Basic		0.07	0.09
Diluted		0.07	0.09
Face Value of Equity Share		10.00	10.00
Significant Accounting Policy and Notes to Accounts	7		

The Schedules referred to above and attached thereto form an integral part of this Profit and Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

For L. B. JHA & CO

Chartered Accountants

Firm Registration Number - 301088E

For and on behalf of the Board of Directors

T. Mandal

Partner

Membership No. 50070

Jugal Kishore Jhunjunwala

Director

Vishal Agarwal

Director

Manoj Kumar Digga

Director & Company Secretary

Place: Kolkata

Date: 13 May 2010

Place: Bhubaneswar

Date: 13 May 2010

Schedules

to the Balance Sheet

	(Rs.)	
	As At 31 March 2010	As At 31 March 2009
SCHEDULE: 1		
SHARE CAPITAL		
Authorised:		
1,000,000 Equity Shares of Rs.10 each (P.Y. 1,000,000 Equity Shares of Rs.10 each)	10,000,000.00	10,000,000.00
Issued, Subscribed and Paid up:		
1,000,000 Equity Shares of Rs.10 each (P.Y. 1,000,000 Equity Shares of Rs.10 each) (Refer notes below)	10,000,000.00	10,000,000.00
	10,000,000.00	10,000,000.00
NOTES:		
(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 for using a Prospecting Licence.		
(2) 890,000 (P.Y. 890,000) Equity Shares of Rs. 10 each are held by VISA Steel Limited (immediate holding company) and its nominees.		
SCHEDULE: 2		
CASH AND BANK BALANCES		
Cash in hand	-	-
Balances with Scheduled Bank :		
- in Current Account	1,763,640.79	526,090.25
- in Term deposits	-	3,500,000.00
	1,763,640.79	4,026,090.25
SCHEDULE: 3		
OTHER CURRENT ASSETS		
Interest accrued on term deposits	-	5,547.00
	-	5,547.00
SCHEDULE: 4		
LOANS AND ADVANCES		
(Unsecured, Considerd good)		
Due from a Company in which a director is a director	469,147.00	469,147.00
Advance Income Tax	213,986.00	192,389.00
	683,133.00	661,536.00
SCHEDULE: 5		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
To Micro & Small Enterprises	-	-
To Other Creditors	493,145.00	128,299.00
Provisions		
Provision for Taxation	46,400.00	20,600.00
	539,545.00	148,899.00

Schedules

to the Profit and Loss Account

	(Rs.)	
	For the year ended 31 March 2010	For the year ended 31 March 2009
SCHEDULE: 6		
EXPENSES		
Filing Fees	2,620.00	2,864.00
Professional Fees	850.00	1,000.00
Auditor's Remuneration (as Auditors)	15,000.00	13,788.00
Directors' Sitting Fees	20,000.00	110,000.00
Other Expenses	11,284.46	585.73
Printing & Stationery	700.00	125.00
Travelling Expenses	60,051.00	4,349.00
	110,505.46	132,711.73

Schedules

to the Profit and Loss Account

SCHEDULE: 7

A. Significant Accounting Policies

a. 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 and the relevant provisions of the Companies Act, 1956 (the 'Act') to the extent applicable.

b. 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.

c. 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.

d. 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 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.

e. 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.

f. Impairment of Assets

An asset is treated as impaired, when carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in estimate of the recoverable amount.

g. Intangible Assets

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

h. 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.

Schedules

to the Profit and Loss Account (Contd.)

i. Foreign Exchange Transaction

- i. Foreign currency transactions are recorded at exchange rates prevailing on the date of such transaction.
- ii. Monetary Foreign currency assets/liabilities at the end of the year are re-aligned at the exchange rate prevailing at the year-end and the difference on re-alignment is recognised in the Profit & Loss account.

j. 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.

k. 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.

l. 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 applied for renewal of the Prospecting Licenses of Ghotaringa village site which had expired on 11.07.2008 and also transfer of the Prospecting License in the name of the company from ORIND (original license holder). Such renewal of the Prospecting Licenses and its transfer in the name of the company is pending.
2. Capital Work In Progress amounting to Rs. 81,39,209/- (previous year Rs. 54,22,499/-) represents
 - Rs. 70,39,209/- (previous year Rs. 43,22,499/-) for cost of prospecting, core drilling, logging and sampling at the Mines area in Ghotaringa village to enable the Company to apply for transferring the Prospecting License into a Mining Lease and
 - Rs. 11,00,000/- (previous year Rs. 11,00,000/-) for cost of transfer of Prospecting License held by Orissa Industries Ltd. in the said Ghotaringa village.
3. Advances include Rs. 4,69,147/- (previous year Rs. 4,69,147/-) amounts paid to Orissa Industries Limited (ORIND), a company in which a director of the Company is also a director.
4. Retirement Benefits

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

Schedules

to the Profit and Loss Account (Contd.)

	31 March 2010	31 March 2009
5. Earnings per share		
Profit after tax (Rs.)	72,192.54	94,506.27
No. of Equity Shares of Rs. 10 each	1,000,000	1,000,000
Basic & Diluted Earnings per share (Rs.)	0.07	0.09
6. Deferred Tax Asset/Liability		
Asset:		
Deferred tax liability on account of carries over business losses	Nil	Rs 7,472

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

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

a) Where control Exists	
Related party	Relationship
VISA Steel Ltd.	Holding Company
b) Transactions during the year	Nil

8. Additional information pursuant to the provisions of paragraph 3(4C) and (4D) of Part-II of Schedule III of Companies Act, 1956 has not been furnished since the company has not carried out on any manufacturing/trading/service activities in the financial year.

9. The previous year's figures have been regrouped/ re-arranged wherever necessary.

Cash Flow Statement

for the year ended 31 March 2010

	(Rs.)	
	Year ended 31 March 2010	Year ended 31 March 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before Tax and extraordinary items	105,464.54	122,179.27
Less: Adjustment for taxation for the year	(25,800.00)	(35,145.00)
Adjustment for deferred taxation	(7,472.00)	7,472.00
Operating profit/(loss) before working capital changes	72,192.54	94,506.27
Adjustments for changes in working capital:		
(Increase)/Decrease in Other Current Assets	5,547.00	6,428.00
(Increase)/Decrease in Loans and Advances	(14,125.00)	(56,802.00)
Increase/(Decrease) in Current Liabilities and Provisions	390,646.00	(1,125.00)
Net Cash Flow from Operating Activities A	454,260.54	43,007.27
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on Capital Work-in- Progress	(2,716,710.00)	-
Net Cash Flow from Investing Activities B	(2,716,710.00)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital	-	-
Net Cash Flow from Financing Activities C	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(2,262,449.46)	43,007.27
Opening Balance of cash and cash equivalents	4,026,090.25	3,983,082.98
Closing Balance of cash and cash equivalents	1,763,640.79	4,026,090.25
	2,262,449.46	(43,007.27)

Notes:

- (1) The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31 March 2010 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 year'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

For and on behalf of the Board of Directors

T. Mandal

Partner

Membership No. 50070

Jugal Kishore Jhunjunwala

Director

Vishal Agarwal

Director

Manoj Kumar Digga

Director & Company Secretary

Place: Kolkata

Date: 13 May 2010

Place: Bhubaneswar

Date: 13 May 2010

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 0
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 0 0 4 6 Total Assets : 1 0 0 4 6

Sources of Funds

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

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

Application of Funds

Net Fixed Assets : 8 1 3 9 Investments : N I L

Net Current Assets(including deferred tax asset) : 1 9 0 7 Misc. Expenditure : N I L

Accumulated Losses : N I L

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

Turnover : 2 1 6 Total Expenditure : 1 1 1

+ - Profit/Loss Before tax : 1 0 5 + - Profit/Loss after tax : 7 2

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

Earning per share in Rs. : 0 . 0 7 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 Jhunjunwala
Director

Vishal Agarwal
Director

Manoj Kumar Digga
Director & Company Secretary

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Notes

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Corporate Information

BOARD OF DIRECTORS

Mr. Vishambhar Saran, Chairman
Mr. Maya Shanker Verma, Independent Director
Mr. Arvind Pande, 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. Vivek 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

Andhra Bank
Bank of Baroda
Bank of India
Canara Bank
Central Bank of India
Dena Bank
HUDCO
Indian Overseas Bank
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

VISA STEEL 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, HLL Building,
9, Shakespeare Sarani,
Kolkata - 700071.
Tel: +91 (33) 3051 9000,
Fax: +91 (33) 3051 9001/2

PLANT OFFICES

KALINGANAGAR PLANT SITE
Kalinganagar Industrial Complex,
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.

