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

# VISA STEEL

VISA Steel Limited

Annual Report 2006-2007

## VISA Steel Limited

### REGISTERED OFFICE

#### BHUBANESWAR

'VISA House'  
11 Ekamra Kanan Nayapalli  
Bhubaneswar 751015  
Tel: +91 674 2552479  
Fax: +91 674 2554662  
visabbsr@visasteel.com

### CORPORATE OFFICE

#### KOLKATA

'Brooke House' 2nd Floor  
9 Shakespeare Sarani  
Kolkata 700 071  
Tel: +91 33 30519000  
Fax: +91 33 30519001  
investors@visasteel.com

### PLANT OFFICES

#### KALINGANAGAR PLANT SITE

Kalinganagar Industrial Complex  
PO: Jakhapura  
Dist: Jajpur  
Orissa 755 019  
Tel: +91 6726 242441  
Fax: +91 6726 242442

#### GOLAGAON PLANT SITE

Village Golagaon (Near Duburi)  
PO: Pankapal  
Dist: Jajpur  
Orissa  
Tel: +91 6726 245470  
Fax: +91 6726 245561

### AUDITORS

Lovelock & Lewes

### INTERNAL AUDITORS

L. B. Jha & Co.

### SOLICITORS

Khaitan & Co.

### BANKERS

Andhra Bank • Bank of Baroda • Bank of India • Central Bank • Dena Bank  
ICICI Bank • Indian Overseas Bank • Oriental Bank of Commerce • State Bank of India  
State Bank of Hyderabad • Syndicate Bank • UCO Bank • Union Bank of India • Vijaya Bank

### REGISTRARS

Karvy Computershare Private Limited

### FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed 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 realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear 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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# FOUNDING THE FUTURE

The world is about changes. Changes are about adaptability and readiness. The readiness to guide for the future is about leadership. And leadership is what the path ahead demands. The past holds historical information that lights the future.

**VISA Steel, with its 0.5 MTPA plant located in one of the most mineral abundant states in the country is geared to leverage future opportunities.**

a story of  
**Success** set in steel  
 a story that is **special & stainless**



## ESTABLISHING GLOBAL SCALE CAPACITY

The winds of change are blowing with astounding velocity and the face of the planet and its economies are being forged anew. This change is fuelled by growth and development in emerging nations.

VISA Steel is responsive to the changes and has developed its vision and strategy to keep pace with the dynamic environment.

The rapid growth in India and the world has thrown open tremendous opportunities and VISA Steel plans to capitalize on these by establishing a global scale special and stainless steel plant in the mineral rich state of Orissa.

Additions in capacity, especially the commissioning of the blast furnace and coke oven, have contributed significantly to a topline performance of over Rs. 500 crores!

## CREATING VALUABLE ASSETS

When nature's bounty meets man's ingenuity, progress is the result.

VISA Steel's greatest assets lie in its location, resources and technology. As an early mover, we have the benefit of being in Orissa – home to around 99 percent of India's chrome ore deposits.

By locating its plant in close proximity to vital raw materials, VISA Steel shall optimally capitalize on resources with plans to backward integrate into mining of iron ore, chrome ore and coal. Armed with custom made cutting edge

technology, the plant will produce quality special and stainless steel products.

From blending superior and lower grade coking coal to help us optimize costs of this vital input to electricity generation from waste heat in order to minimize energy wastage while simultaneously reducing cost of energy supply, we implemented a slew of measures to optimize our assets.

a story of creating  
**value**  
a story that **invests in itself**



## ENHANCING MARKET PRESENCE

By establishing our credentials as a quality manufacturer in local and global markets, VISA Steel enhances its market presence and de-risks its operations from the fluctuations of any one economy.

The steel industry is on the upswing. The automobile and construction industries have a near insatiable appetite for steel. Increasing disposable incomes are sustaining demand.

This bodes well for manufacturers of special steel like us.

At VISA Steel, market expansion is a natural corollary of our expansion in capacity.

Our initiatives ease the entry into new

markets and sustain our competitive edge.

Installing the latest equipment from leading international industrial vendors and appointing engineers, representing these vendors, to train our employees ensures constant attention to quality. Additionally, our successful IPO, in February 2006, helped boost our corporate image and brand value.

Our meticulous project management ensures timely completion of projects, adheres to cost estimates and reduces the fixed cost of manufacturing.



a story of accelerating

**growth**

a story that **builds confidence**

A story heralding a deep belief in

# progress

a story that **sustains the community  
& environment**



VISA Steel views sustainability as a methodology that creates a positive impact within our area of operations; beyond the value additions that our enterprise offers various stakeholders.

The VISA Trust has undertaken several social initiatives that benefit our host community. The Trust is involved in providing medical facilities around the plant and village; soon a mobile medical van will be instituted for our outreach programs in the community.

VISA Steel has also provided aid to the local community by funding procurement of vital medical equipment. The Company

has also lent support to various educational institutions.

Several scholarships have been instituted in Jajpur and we have donated funds to build science laboratories as well as a library in Jajpur. Over 80 percent of our contract workers are locals and this has boosted wage earnings in the locality. We have taken other social measures by planting over 25,000 trees in and around the plant and installing 10 hand pumps in the villages.

## ESTABLISHING SUSTAINABILITY

VISA Steel combines the steely determination to pursue growth in tandem with a code of ethics that underpins all its activities.

Integral to this code is our practice of good corporate governance and transparency in operations. Our commitment spans shareholders, vendors, employees and the communities we operate in.

While pursuing profit and productivity goals alongside best practices in environmental protection and sustainable

manufacturing, we are also responsive to our stakeholders and adhere to the highest level of disclosures. We use the latest technologies not just in our manufacturing operations but also in reprocessing the waste. While pursuing our goals to emerge as competitive producers of special steel, we also focus on reducing waste and reusing energy to minimize our carbon impact.

While we pursue commercial goals, we are also driven to maintain a clean development program.

a story of a strong **foundation**  
a story that inspires and **commits to ethics**



ESTABLISHING TRANSPARENT GOVERNANCE

## OVERVIEW OF VISA STEEL

## FINANCIAL HIGHLIGHTS



Part of the VISA Group, VISA Steel is on its way to realizing its expansive vision of becoming one of the largest, low cost integrated special and stainless steel player in the 1.5 MTPA sector.

With manufacturing facilities in Kalinganagar and Golagaon, both located in Orissa, VISA Steel also plans to set up integrated steel plants in the other minerals rich states of Chhattisgarh and Jharkhand. To add to its competitive edge VISA Steel has also integrated backwards into mining iron ore, chrome ore and coal.

The integrated Special and Stainless Steel Plant at the Kalinganagar Industrial Complex includes the following facilities:

- 225,000 TPA Pig Iron Plant
- 400,000 TPA Coke Oven Plant
- 50,000 TPA Ferro Chrome Plant
- 300,000 TPA Sponge Iron Plant
- 75 MW Waste Heat Recovery Power Plant
- 500,000 TPA Special & Stainless Steel Plant.

VISA Steel's Golagaon operations include:

- 100,000 TPA Chrome Ore Beneficiation Plant (COBP)
- 100,000 TPA Chrome Ore Grinding Plant (COGP)

**38.83 %** growth in Turnover

**71.55 %** increase in Profits before Tax

**64.47 %** increase in Profits after Tax

**15.43 %** growth in Earnings per Share

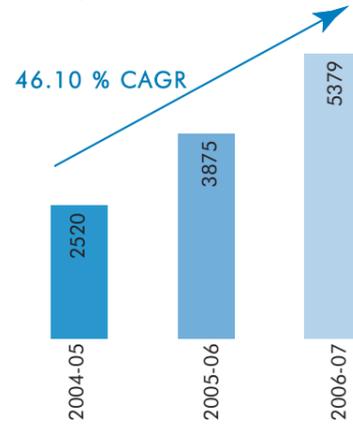
# FINANCIAL HIGHLIGHTS



A unique combination of raw material access, strategic location, modern technology, professional management, marketing network, vast experience and knowledge shall enable VISA Steel to rank amongst the lowest-cost producers of Special and Stainless Steel.

Mr. Vishal Agarwal, Managing Director

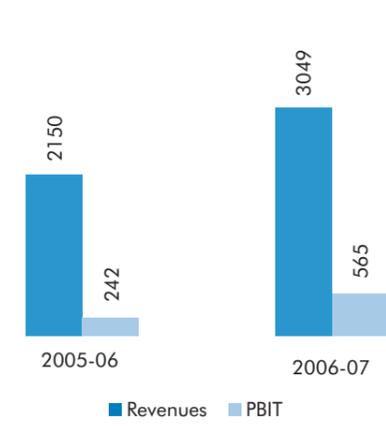
**TURNOVER** (Rs. Million)



**EBITDA** (Rs. Million)



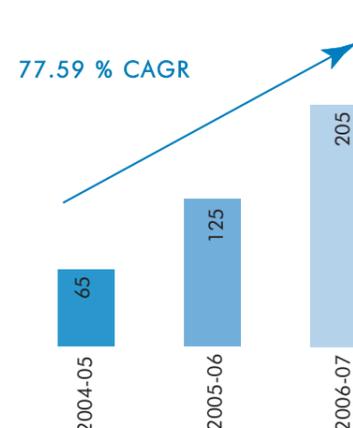
**MANUFACTURING** (Rs. Million)



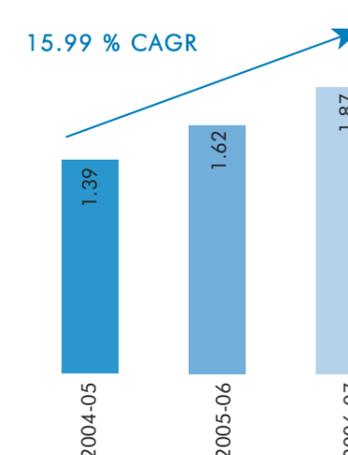
**PROFIT BEFORE TAX** (Rs. Million)



**PROFIT AFTER TAX** (Rs. Million)



**EARNINGS PER SHARE** (Rs. )



## CHAIRMAN'S STATEMENT



Vishambhar Saran

—

On behalf of the Board, I am pleased to report that the Company has registered a strong performance in 2006-07 against a challenging economic environment with high economic growth, moderate inflation, rising interest rates, firming exchange rates and rising input costs.

The financial year 2006-07 has seen us achieve growth in our pig iron and coke operations and significant progress in project execution. We experienced the first year of being a public listed company and have been committed to achieving the best standards of corporate governance and maintaining effective communication with our shareholders.

### Annual Results

For the year ended 31 March 2007, VISA Steel recorded a revenue growth of 39% to Rs. 5,379 million from Rs. 3,875 million last year and EBITDA growth of 37% to Rs. 505 million from Rs. 367 million last year. The PBT grew by 72% to Rs. 343 million from Rs. 200 million and PAT grew by 65% to Rs. 205 million in financial year 2006-07 from Rs. 125 million during the previous financial year.

The growth in revenue and profits have been driven by the Pig Iron and Coke business. The Company was able to report a superior performance by virtue of leveraging its knowledge and understanding of the

coal, minerals, iron and steel business.

Our plan is to establish a capacity of 0.5 million TPA and then expand to 1.5 million TPA to rank amongst the largest, low cost integrated special and stainless steel players. As the commissioning of the Ferro Chrome Plant, Sponge Iron Plant, Power Plant and Special and Stainless Steel Plant unfolds, our performance will be boosted and we shall be poised to emerge as one of the most exciting and valuable companies in the Indian and Global Special and Stainless Steel Sector.

### The Industry

The Indian economy is growing at a GDP growth rate of more than 9% per annum and considering the multiplier effect, it is expected that Steel demand will grow at the rate of over 10% per annum during the next 15 to 20 years. Demand in the domestic steel industry has been fuelled by the infrastructure, construction, automobile and consumer goods sector. Furthermore, the country is becoming a hub for manufacturing of auto components and compact cars which will boost demand for special steel products.

The imposition of export tax at the rate of Rs 300 per MT on exports of iron ore and Rs. 2,000 per MT on export of Chrome Ore and Concentrates demonstrates the policy direction of the Government of India to discourage exports of raw materials and

to promote value addition of raw material within the country. This will help in improving availability of raw materials for the steel industry in India.

Further, the removal of export subsidies and imposition of export taxes in China on exports of coke, pig iron and steel products are expected to help prices of iron and steel products remain firm. It is also expected that the export taxes on these products could be raised further to control the growth of the Chinese iron and steel sector.

### Leveraging Opportunities

This throws open several opportunities for the Indian iron and steel sector and with early mover advantages, we are in a very favourable position to gain significant benefits. Orissa is blessed with a tremendous endowment of natural resources and the Company plans to integrate backwards into mining of coal, iron ore and chrome ore to have better control on raw material costs.

Our Plant at Kalinganagar offers excellent locational and logistical advantages through close proximity to key raw material sources and infrastructure which contribute in reducing costs and in ease of operations and reflects foresight in location planning.

Additionally, the Company employs cutting edge technology and its domestic and international vendors are of the highest repute and provide the

best quality equipment. The consultants and contractors being engaged are also among the best in the industry.

### Outlook

We shall continue to grow rapidly in the coming years to emerge as a leading player in the Special & Stainless Steel industry in order to deliver sustainable growth and create value for our shareholders.

The Company thrives on its human capital and I would like to congratulate and commend the efforts, thoughts, commitment and passion put in by our team. I would like to express my gratitude to all members of the Board of the Company for their precious contribution. I would also like to convey my grateful thanks to all the stakeholders for their confidence and faith and the regulatory authorities for their valued support.

Warm Regards,

Vishambhar Saran

We shall continue to grow rapidly in the coming years to emerge as a leading player in the Special & Stainless Steel industry in order to deliver sustainable growth and create value for our shareholders.

## MANAGING DIRECTOR'S REVIEW



Vishal Agarwal

“

We have taken initiatives to put systems in place for better financial and operational control and have made progress towards reducing financing and raw material costs. As a responsible corporate citizen, we have increased the scope of our CSR activities in areas of community development and environment protection.

”

During the year 2006-07, we focused our efforts on improving the performance of our operating plants and in execution of new projects in order to maintain high quality growth and maximize shareholder value.

We have taken initiatives to put systems in place for better financial and operational control and have made progress towards reducing financing and raw material costs. We have optimized realizations for our saleable products and also improved our HR practices to create a passionate team. As a responsible corporate citizen, we have increased the scope of our CSR activities in areas of community development and environment protection.

### Growth in Operations of Blast Furnace and Coke Ovens

During the financial year 2006-07, we have achieved approximately 20% growth in our Hot Metal production from the Blast Furnace to 181,086 MT from 151,647 MT during the previous financial year. We have achieved a Coke production of 59,643 MT against 450 MT during the previous year.

### Rapid progress in execution of new projects

We have made rapid progress towards setting up a 50,000 TPA Ferro Chrome Plant, 300,000 TPA Sponge Iron Plant, 50 MW Power Plant and 0.5 million TPA Special & Stainless Steel Plant. These projects are at different stages of completion and will

start generating revenues from financial year 2007-08 onwards. We also plan to set up a 0.5 million TPA Bar and Wire Rod Mill and an additional 25 MW Power Plant in order to achieve forward integration and further value addition to our products.

We continue to use the best domestic and international equipment suppliers for our projects. During the year, we finalized supply of DRI Kilns from Tata Steel's Growth Shop, Turbines from BHEL, Electric Arc Furnace and Ladle Refining Furnace from SMS Demag, VD from Siemens VAI and Caster from Concast.

We also continue to use the best contractors such as GDC, Bridge & Roof, Hajee Bava for our civil and fabrication work and Areva and ABB for our electrical work to ensure high standards of quality.

### Efforts to reduce financing cost and improve control systems

We continued our efforts to reduce our weighted average cost of capital. During the year, we completed documentation for term loan of Rs. 7,450 million at an interest rate of 9% which is fixed for the period upto December 2007.

We have also streamlined our SAP systems and the scope of our internal audit in order to improve our internal control systems and ensure transparency in management.

### Raw Materials costs and Mining Lease

During the year, our landed cost of Iron Ore increased due to the increase in international prices of Iron Ore. However, with the commissioning of our Coke Oven Plant, we have started using our captive production of coke in the Blast Furnace thereby reducing cost compared to using imported Coke from China.

We have also made progress towards backward integration into mining of Iron Ore, Chrome Ore and Coal in order to reduce our raw materials costs.

### Improvement in market realization for our products

Our realization for Hot Metal have improved significantly during the year since Pig Iron prices have also been firm due to high international prices of scrap. The prices of Coke and Ferro Chrome have been firm and the outlook remains positive. Coke prices are firm due to increase in export tax on Coke exports from China from 5% to 15%. Ferro Chrome prices have also been very firm on the backing of growing demand from the Stainless Steel Plants in China and Europe.

### Human Resource Initiatives

We have set up a VISA Steel Learning Centre at Kalinganagar in order to provide training to our employees and have introduced an annual training calendar. We continue to induct fresh engineers &

MBA's through campus recruitment and provide opportunity for development and encourage them to grow with the Company. We have a very transparent performance appraisal system to decide upon increments and promotions. We have also introduced an annual Social Calendar for social activities for improving team building and better family bonding.

### Corporate Social Responsibilities

We aim to be a responsible and respected Corporate Citizen and continue to place significant emphasis on our social responsibilities. We have directed our community development initiatives in the areas of education, health care, rural development and sports & culture. During the year, we have contributed towards renovation of the Biraja Temple and construction of a Blood Bank at Jaipur, Orissa. We have also launched water harvesting and plantation initiatives for promoting environment protection. We have completed our employment responsibilities as per the R & R policy of the Government of Orissa.

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 the key to our growth.

Vishal Agarwal

## PROFILES OF THE BOARD OF DIRECTORS



### Vishambhar Saran, Chairman

Mr. Saran has an enriched experience of over 38 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 seven countries, namely, Australia, China, India, Indonesia, Singapore, Switzerland and U.K. He is the Chairman of the International Trade Committee of the CII-Eastern Region Council and the Infrastructure Committee of the Indian Chamber of Commerce.



### Shanti Narain

Mr. Narain brings with him his expertise in strategic management of transport systems, especially the Railways in the areas of planning, marketing, monitoring and control of operational & 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.



### Maya Shanker Verma, Chairman, Finance & Banking and Selection Committees

Mr. Verma is a career banker with a multi-level and wide ranging experience of over 45 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 has 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.



### Saroj Agarwal

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 active part in philanthropic activities and contributes to the community through the VISA Charitable Trust where she is a trustee. She is currently the Managing Director of VISA International Limited.



### Arvind Pande, Chairman, Share Transfer & Investor Grievance & Remuneration Committees

Mr. Pande has over 40 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.



### Vikas Agarwal

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 coking coal mining venture in Australia.

He holds a Masters degree in Manufacturing Engineering from Trinity College, Cambridge University and is currently the Managing Director of VISA Power Limited.



### Debi Prasad Bagchi, Chairman, Audit Committee

Mr. Bagchi brings to the Board his deep knowledge of the administrative services and the state of Orissa, especially in the steel & mining sector. He has held prestigious positions of authority like Additional Secretary, Commerce - Government of India, Secretary, Ministry of Small Scale Industry - Government of India, Chief Secretary - Government of Orissa, etc.

A Master of Arts in Economics and an M.Phil in Public Administration, Mr. Bagchi was also the Chairman cum Managing Director of Orissa Lift Irrigation Corporation and Managing Director of Orissa Mining Corporation Limited.



### Vivek Agarwal

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 is currently responsible for developing the minerals, ferro-alloys, alumina and pig iron trading and shipping business of the VISA Group.

He holds a Masters degree in Manufacturing Engineering from Trinity College, Cambridge University and is currently the Managing Director of VISA Comtrade Limited.



### Pradip Kumar Khaitan

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 LL.B 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.



### Vishal Agarwal, Managing Director

Mr. Agarwal has in-depth experience of commissioning of greenfield projects of the Company by successfully establishing the plants at Golagaon and Kalinganagar. As Managing Director of the Company, he is responsible for overall management of operations and implementation of projects and is the driving force behind many of the Company's strategic and human resource initiatives. He is also actively involved in various philanthropic activities in the backward districts of Orissa and West Bengal.

He is a Bachelor in Economics from London School of Economics and also holds a Masters degree in Economics for development from Oxford University. He is also member of Young Presidents' Organisation, International Chromium Development Association - Paris, CII-Orissa State Council and Federation of Indian Mineral Industries - New Delhi.

## MANAGEMENT PROFILES



### **Surya Bhan Singh, Executive Director (Kalinganagar)**

Mr. Singh is the former Executive Director (Works), Bhilai Steel Plant and Director (Operations), Ispat Industries Ltd. Mr. Singh has over 35 years of experience with SAIL and Ispat. He is in charge of the overall operations and projects at Kalinganagar.

### **Krishna Murari Lal, Executive Director (Raw Materials)**

Mr. Lal, former CGM, Southern Eastern Coalfields Ltd. at Gevra (the largest coal mine in Asia) brings his extensive industry experience to the procurement of raw materials and the development of captive mines for iron ore, chrome ore and steam coal for the Company.

### **Ashok Kumar Lamba, President (Projects)**

Mr. Lamba brings with him more than 30 years of experience in implementing and managing core sector projects in large companies. He is currently responsible for setting up the Coke Oven project at Kalinganagar.

### **Vinod Kumar, President (Projects)**

Mr. Kumar has over 30 years of experience in project execution, operation and maintenance of DRI, SMS & Rolling Mill. He is responsible for the implementation of the DRI, SMS & Rolling Mill projects at Kalinganagar.

### **Manoj Kumar Digga, Chief Financial Officer**

Mr. Digga has been a core member of the Group's Finance and Accounts team since 1995 and is responsible for the Company's financial strategy. He oversees the finance and accounting functions and also spearheads ERP implementation. He has also played a vital role in mobilizing funds for the expansion projects of VISA Steel.

### **Ranjan Mishra, Vice President (Ferro Chrome)**

Mr. Mishra, a metallurgical engineer, has about 20 years of experience in operations of ferro chrome plants and in procurement of raw materials which includes working with the ferro chrome plant of Tata Steel at Bamnival. He is currently responsible for setting up the ferro chrome plant at Kalinganagar.

### **Jagat I. Parija, Vice President (Corporate)**

Mr. Parija, a Masters in Social Sciences, has more than 18 years of experience in marketing and communication with companies like Tata Steel, Grasim and JK Paper. Mr. Parija is responsible for all infrastructure and corporate matters with various state government and regulatory authorities.

### **Manoj Kumar, Vice President (Purchase)**

A mechanical engineer, Mr. Kumar possesses rich experience in the domestic and international procurements for the iron and steel industry, having honed it in Tata Steel and Jindal Steel & Power before joining the Company. Currently, he heads the procurement function of the Company's projects and operations.

### **Bhawna Agarwal, Vice President (Corporate Communications)**

A Master's Degree holder in Economics, Mrs. Agarwal has been spearheading the Corporate Communication strategy of the Company. She is responsible for creating and managing the internal and external communication process and extends this to corporate brand building. She was previously associated with one of India's leading newspapers, Dainik Bhaskar.

### **Manish Jaiswal, Vice President (Marketing)**

A mechanical engineer, Mr. Jaiswal is currently in charge of marketing pig iron and coke. His rich sectoral experience and knowledge enables him to market the product in a very effective manner.

### **Ashok Agarwal, Vice President (Commercial)**

Mr. Agarwal has more than 25 years of experience in marketing and commercial matters. Prior to his joining VISA Steel, he worked and gained experience for over 20 years in Sales and Marketing and Commercial matters in Tata Steel. He is currently responsible for overseeing the commercial aspects of the Company's operations at Kalinganagar.

### **Deep Kamra, Vice President (Logistics)**

Mr. Kamra, a mining engineer, has over 25 years of experience in drilling & blasting in open cast mines and operating of heavy media coal washing circuits with zero effluent discharge. He is currently responsible for logistics & raw material activities of the Company at Kalinganagar.

### **Naresh Goyal, Vice President (Power & Power Distribution)**

Mr. Goyal is currently in charge of the electrical department and power plant and holds a Diploma in Electrical Engineering. He has considerable experience in all operational, commercial, technical and project related activities in his previous assignment as the head of the electrical department with Jindal Steel & Power, Raigarh.

### **K.Bhaskar Rao, Vice President (Blast Furnace)**

Mr. Rao holds a degree in metallurgy from the Indian Institute of Metals and has over 24 years expertise in commissioning & operation of foundry, DRI, blast furnace and has implemented ISO & TPM in various plants in his previous assignment with Mid West Iron & Steel. He is currently responsible for the overall blast furnace operations.

## CORPORATE SOCIAL RESPONSIBILITY



**As a responsible corporate, VISA Steel is focused on extending prosperity from the Company to the larger external community. Over the years, VISA Steel has directed its community development in the areas of:**

### Education

- Played a leading role in establishing two premier education institutions in Kolkata, namely The Heritage School and The Heritage Institute of Technology, through the Kalyan Bharti Trust.
- Introduced scholarship opportunities for brilliant and needy students.
- Offered scholarships to needy girls at the Smt. Sarala Devi Saraswati Balika Inter College in the Tilhar district of Shahjahanpur, Uttar Pradesh.

### Healthcare

- Set up medical check-up camps in the backward areas of Orissa and West Bengal.
- Contributed to the construction of a blood bank in Jajpur, Orissa.
- Offered advice on treatment of common diseases and hygiene; also provided free medicines and medical facilities.
- Providing clean drinking water in the villages of Orissa.

### Rural development

- Installed bore-wells for providing clean drinking water in the backward areas.
- Provided employment according to the rehabilitation policy of the government.
- Contributed towards renovation of the Biraja temple in Jajpur, Orissa.
- Launched water harvesting initiatives to protect ground water levels.
- Introduced plantation drive to improve greenery in industrial region.

### Sports and culture

- Sponsored and organised an annual ladies golf tournament at the Tollygunge Club in Kolkata.
- Actively helped in promoting contemporary Indian art through exhibitions.
- Organised painting competitions to promote talented young artists.

## REPORT OF THE DIRECTORS



### Dear Shareholders,

Your Directors are pleased to present the eleventh Annual Report together with the audited accounts of the Company for the year ended 31 March 2007.

### Financial Results

Particulars	(Rs. Million)	
	2006-07	2005-06
Net Revenue	5311.80	3868.15
Other Income	67.48	6.45
Total Income	5379.28	3874.60
Profit before interest, depreciation & taxation	504.65	367.07
Interest & Finance Charges (Net)	63.93	117.53
Depreciation	97.67	49.57
Profit before Taxation	343.05	199.97
Taxation – Current	39.00	17.39
– Deferred	93.84	54.81
– Fringe Benefit Tax	5.00	3.00
Profit after Taxation	205.21	124.77
Balance brought forward	124.77	—
Balance carried to Balance Sheet	329.98	124.77

### Operations

During the year under review, your Company recorded a revenue growth of 39% to Rs.5,379 million, PBT growth of 72% to Rs.343 million and

PAT growth of 65% to Rs.205 million.

In 2006-07, your Company achieved approximately 20% growth in Hot Metal production from the blast furnace to 181,086 MT from

151,647 MT and a Coke production of 59,643 MT against 450 MT, as compared to the previous financial year.

Your Company made rapid progress towards setting up a 50,000 TPA Ferro Chrome Plant, 0.30 million TPA Sponge Iron Plant, 2x25 MW Power Plant and 0.5 million TPA Special & Stainless Steel Plant. These projects are in different stages of execution and project work is progressing satisfactorily.

A detailed analysis of your Company's operations, segment-wise performance, project review, risk management, strategic initiatives and financial review & analysis has been given in the Management Discussion & Analysis Report which forms a part of the Annual Report as a separate section.

### Dividend

In view of the future fund requirements of your Company for its expansion plans, your Directors have considered it prudent not to recommend any dividend for the year ended 31 March 2007.

### Directors

In terms of Article 158 of the Articles of Association of the Company, Mr.Arvind Pande, Mr.Debi Prasad Bagchi and Mr.Pradip Kumar Khaitan retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for reappointment.

### 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 judgements 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.

### 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 18 June 2007 and is also annexed to this Report.

### Subsidiary Company

Ghotaranga Minerals Limited (GML), subsidiary of your Company is primarily engaged in the business of mining of chrome ore and /or other minerals as may be available from the mine. GML is currently carrying out drilling & prospecting work over the leasehold area 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 upcoming Ferro Chrome Plant. The audited accounts of GML for the year ended 31 March 2007 are attached as required under Section 212 of the Companies Act, 1956.

### Auditors

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

### Human Resources

Human Capital is a key to the growth of any organization as it directs and manages resources towards achievement of organization goals. Your Company has integrated its policies to develop employees through training and encourages them to grow with the Company. Your Company creates a harmonious and vibrant working environment for its employees, offers training programmes, encourages team-building and empowers independent decision making, in an effort to mould the talents of employees to suit organizational needs.

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in Annexure II to this report.

### 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 continues in its commitment to good corporate governance standards and specifically those prescribed under Clause 49 of the Listing Agreement with the stock exchanges. A Report on Corporate Governance & Shareholder Information together with the Auditors' Certificate on the same 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 2006-07. A certificate, signed by the Managing Director, affirming compliance of Directors & Senior Management, forms part of the Report on Corporate Governance.

### Conservation of Energy and Technology Absorption

The information required under 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 are set out as Annexure I to this Report.

### Foreign Currency Earnings and Outgo

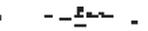
The particulars, with respect to foreign exchange earnings and outgo, are set out in a separate Annexure I attached hereto and forms a part of this Report.

### Acknowledgement

Your Directors take this opportunity to thank all shareholders, banks, customers, suppliers, regulatory & government authorities, project associates & other business associates and stakeholders for their assistance, co-operation and the confidence reposed in your Company. Your Directors also extend their deep sense of appreciation to the employees of the Company for their commitment and contribution during the period under review.

For and on behalf of the Board

Kolkata  
18 June 2007

  
Vishambhar Saran  
Chairman

### Annexure I to the Report of the Directors

Statement of particulars 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  
Set up Coke Oven plant to reduce imports of coke.
- (b) Additional Investment and Proposals being

Implemented

- Improvement in the productivity of the blast furnace, thereby reducing the specific energy consumption and coke rate.
  - Waste Heat recovery boilers are being installed for utilizing the waste heat generated from Blast Furnace, Coke Ovens and Sponge Iron Plant to produce power.
- (c) Impact of Measures in (a) and (b) above have resulted in conservation of energy.
- (d) Total Energy Consumption and Energy Consumption per Tonne of Production (as per Form "A" below)**

#### FORM A

Rs. Million

Particulars	2006-07	2005-06	
<b>A. Power &amp; Fuel Consumption</b>			
1. Electricity			
(a) Purchased			
Unit	33,830,760	29,170,200	
Total Amount – (Rs. million)	107.05	100.28	
Rate / unit - (Rs.)	3.16	3.44	
(b) Own Generation			
(i) Through Diesel Generator (Units)	71,256	NIL	
(ii) Through Steam Turbine / Generator	NIL	NIL	
2. Coal			
Quantity (tonnes)	80,675	600	
Total cost – (Rs. million)	465.39	4.52	
Rate / Tonne – (Rs.)	5768.72	7,533.33	
3. Furnace oil	NIL	NIL	
4. Coke			
Quantity (tonnes)	133,270.00	145,894.67	
Total cost – (Rs. million)	1081.22	1,117.51	
Cost / Tonne – (Rs.)	8,113.00	7,659.73	
<b>B. Consumption per unit of production</b>			
Products			
Production of Pig Iron, including by-products	MT	181,086.79	151,647.96
Electricity	kWh	186.82	192.35
Furnace Oil	Ltr.	—	—
Coal	Kg.	995.46	3.96
Coke	Kg.	735.94	772.85

## B. Technology Absorption

### FORM B

Form for disclosure of particulars with respect to absorption

No technology was imported for the blast furnace

### Research & Development (R&D)

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

- Modification made in Pig Casting Machine moulds design to cater for higher production and yield.
- Blending of different varieties of coking coal.

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

- After modification of mould design, performance of system and productivity improved.
- Cost reduction due to blending of semi-soft coking coal.

#### 3. Future plan of action:

- Improvement in yield of pig iron by improving raw material quality and optimizing the operation parameters.

- Modification of Coal Box to improve yield and production in coke oven plant.
- Implementation of additional pusher car with coal plate system to further improve the production.

### Foreign Exchange Earnings and Outgo

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

Particulars	(Rs. Million)	
	2006-07	2005-06
<b>Foreign Exchange Earnings</b>		
Export Sales	1,082.40	423.05
Consultancy	—	19.18
<b>Foreign Exchange Outgo</b>		
Imports – Raw Materials	2,285.88	981.80
– Finished Goods	1,269.64	1,660.45
– Capital Goods	65.32	243.05
Traveling	2.01	1.43
Interest	41.93	44.76
Others	9.40	—

### B. Employed for part of the year

Name	Designation	Remuneration (Rs.)	Qualification	Experience (years)	Date of Joining	Age	Last Employment, Designation, Employer
Mr.Surya Bhan Singh	Executive Director - Kalinganagar	2,943,855	B.E. (Metallurgy)	39	01-06-06	60	E.D.(Works), Bhilai Steel Plant, SAIL

#### Notes:

- Remuneration includes Salary, House Rent Allowance, Commission, Company's contribution to Provident Fund and Perquisites. Value of perquisites have been calculated on the basis of Income-Tax Act, 1961.
- Information about qualification and last employment are based on particulars furnished by the employees concerned.
- Mr.Vishambhar Saran holds 0.09% (105,100 equity shares) and Mr.Vishal Agarwal holds 0.02% (20,100 equity shares) of the paid-up share capital of the Company, the beneficial interest of which vests with VISA International Limited. Mr.Surya Bhan Singh does not hold any equity shares in the Company.

- Mr.Vishambhar Saran is the father of Mr.Vishal Agarwal, Mr.Vivek Agarwal and Mr.Vikas Agarwal and husband of Mrs.Saroj Agarwal, all being Directors of the Company.
- Nature of employment in all cases is contractual in nature.

For and on behalf of the Board

Kolkata  
18 June 2007

Vishambhar Saran  
Chairman

## Annexure II

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 2007

### A. Employed throughout the year

Name	Designation	Remuneration (Rs.)	Qualification	Experience (years)	Date of Joining	Age	Last Employment, Designation, Employer
Mr.Vishambhar Saran	Whole-time Director designated as Chairman	10,387,612	Mining Engg.	37	15-12-04	59	Chairman & Managing Director of VISA Energy Resources Limited
Mr.Vishal Agarwal	Managing Director	7,069,153	B.Sc. (Eco), Masters in Eco.	10	25-09-97	32	—

## CEO / CFO CERTIFICATION TO THE BOARD

18 June 2007

The Board of Directors  
VISA Steel Limited  
Kolkata 700 027

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:

- we have reviewed the financial statements and the cash flow statement for the year 2006-07 and that to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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.
- 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.

- 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.
- we have indicated to the auditors and the Audit Committee that:
  - there have been no significant changes in internal control over financial reporting during the year;
  - there have been no significant changes in accounting policies during the year; and
  - there have been no instances of significant fraud of which we have become aware.

Vishal Agarwal  
Managing Director

Manoj Kumar Digga  
Chief Financial Officer

## MANAGEMENT DISCUSSION & ANALYSIS



### Overview

Your Company registered a healthy performance during 2006-07 with a 39% growth in revenues to Rs.5,379.3 million, 37% increase in EBITDA to Rs.504.6 million, 72% increase in PBT to Rs.343.0 million and 65% rise in PAT to Rs.205.2 million. Your Company's performance was driven primarily by the blast furnace operations and the coke oven plant and is expected to grow in the coming years with the commissioning of new projects.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### Steel Industry Overview

The global steel industry is in its long-term growth phase aided by a steady world economic growth and expected to experience a CAGR of 5-6 per cent in the next five years. Global steel production recorded over a billion tonne production for the third successive year, reaching a new high of 1.24 billion tonnes in 2006. China accounts for 1/3rd of the global steel production and consumption, accounting for 55% of the global steel consumption growth over the last 10 years. China became a net exporter of steel in 2006, with exports of 49.2 million tonnes and imports of 18.6 million tonnes. Steel prices globally have increased with rise in demand, especially from Asia and Europe.

Domestic steel prices have spurted in anticipation of steel consumption growth surpassing production growth in 2006-07 and in line with international

prices. The price differential advantage that India enjoys facilitates easy entry into the steel export market. Domestic steel prices will continue to be driven by global steel prices, the domestic demand-supply scenario and raw material prices.

### Company Overview

Your Company has embarked on an expansion plan to realize its vision of becoming one of the largest, low cost integrated special and stainless steel player by setting up a fully integrated 0.5 million TPA Special and Stainless Steel Plant at Kalinganagar Industrial Complex, Orissa.

Your Company's current saleable products include LAM coke, pig iron, chrome concentrates, chrome ore powder, coal & iron ore fines and ferro chrome and special & stainless steel will be added in due course. Going forward, your Company will consume a part of its products captively in the manufacture of special and stainless steel, once the respective plants are commissioned.

### SEGMENT-WISE / PRODUCT-WISE BUSINESS REVIEW

The current business of your Company comprises of manufacturing of pig iron, coke and chrome concentrates and trading of coal and iron ore fines. During the year under review, the share of Manufacturing and Trading segment in Gross Revenue was 55 : 45 and key financials of each segment are:

Particulars	(Rs. Million)			
	Manufacturing		Trading	
	2006-07	2005-06	2006-07	2005-06
Revenue	3,048.75	2,149.54	2,569.36	1,966.71
Profit (before interest & tax)	564.90	241.88	(70.88)	192.97

### Manufacturing

The manufacturing facilities of your Company are located in Kalinganagar (blast furnace and coke oven) and Golagoan (chrome ore beneficiation & chrome ore grinding plants) in Orissa.

#### Pig Iron

The Blast Furnace, with a total capacity of 225,000 TPA, uses SMS Demag technology to produce pig iron. Basic grade pig iron is sold to various steel plants in eastern India while foundry grade pig iron to major customers in eastern and northern India.

The total hot metal production during 2006-07 was 181,086 MT compared to 151,647 MT of hot metal in 2005-06, thereby registering an increase of 19.41%. Sales of pig iron increased by 38.72% from 137,060 in 2005-06 to 190,134 in 2006-07.

The primary raw materials for the blast furnace are iron ore and coke. While iron ore was sourced from Sesa Goa and OMC, coke was partly utilised

from the Coke Oven plant and partly imported from China.

Pig iron sales contributed to 52% of the total revenues of the Company during the year under review, amounting to Rs.2,940.2 million.

#### Coke

The Coke Oven Plant, with a total capacity of 400,000 TPA, of which 300,000 TPA has already been commissioned, operates on the stamp-charging technology which allows blending of semi-soft coking coals with hard coking coals.

The total coke production during 2006-07 was 59,643 MT, most of which were consumed in the blast furnace. Coking coal, the primary raw material for producing coke, was imported from Australia.

#### Chrome Concentrates and Chrome Ore Powder

The Chrome Ore Beneficiation Plant and the Chrome Ore Grinding Plant, has a capacity of 100,000 TPA each, and produces high grade

chrome concentrates for exports and chrome ore powder for sale to chrome chemical plants in India respectively. Chrome concentrates and chrome ore powder sales were negligible compared to the total revenues of the Company. The key raw material, chrome ore, was procured from IDCOL and OMC.

### Trading

The trading segment suffered due to liquidation of inventory of coking coal and iron ore fines. Going forward, the trading operations will be strategically limited and with the projects of your Company getting commissioned, revenues from trading activities are expected to form a marginal portion of its total revenues.

### Coal

Coal sales contributed 41% of the total revenues of the Company. These were mainly obtained from South Africa, Indonesia, China and Australia and were supplied to the Iron & Steel, Cement and Power Sectors.

### Iron Ore Fines

Sales of iron ore fines contributed to 4% of total revenues of the Company. The total sales quantity of 128,950 MT were exported through Haldia and Paradip Ports.

### PROJECT OVERVIEW

Ferro Chrome Plant – with a total capacity of 50,000 TPA, the plant is equipped with 2 x 16.5 MVA submerged arc furnace with indigenous technology for producing ferrochrome.

Sponge Iron Plant – with a total capacity of 300,000 TPA, the plant is equipped with 2 x 500 TPD coal-based rotary kilns with Outokumpu (Lurgi) technology for producing sponge iron.

Waste Heat Recovery Power Plant – with a total capability to produce 50 MW (2 x 25 MW TG), the plant will generate power from the waste heat gases from the Blast Furnace, Coke Oven and Sponge Iron plants.

Special and Stainless Steel Plant – Your Company is setting up a 70 ton Electric Arc Furnaces (EAF) with AOD, LRF, VD/VOD and a continuous casting machine with a billet / bloom caster to manufacture 0.5 million TPA of special and stainless steel.

Your Company has also expanded the scope of its projects to include a 0.5 million Bar & Wire Rod Mill and an additional 25 MW Power Plant.

Associated manufacturing facilities – Your Company is

also setting up requisite infrastructure facilities, such as power lines, water pipelines, roads, railway siding, stockyards, buildings, etc.

### STRATEGIC INITIATIVES

#### Location and Logistics

Steel manufacturing is a raw material intensive industry, requiring 4 tonnes of raw materials for every tonne of steel and to this effect, location and logistics play a major role in the viability of steel manufacturing units. Your Company's integrated special and stainless steel plant is strategically located in the Kalinganagar Industrial Complex, Orissa, to leverage on the following locational and logistical advantages:

- Talcher Coalfields are situated 110 km away.
- The Daitari iron ore mines are located 30 km away while the Keonjhar and Barbil mines are 100 to 150 km away.
- The Sukinda chrome ore mines are 35 km away. Orissa has 99 per cent of India's chrome ore reserves, majority of which are located in Sukinda Valley.
- The Paradip port is located within 120 km away from the plant.
- The Banspani – Jakhapura railway line is being developed and will enable the Company to further reduce logistics costs.

#### Raw Material Linkages

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

- Ghotaringa Minerals Limited, a subsidiary of your Company is developing a chrome ore deposit in Orissa. Chrome ore is also being procured from IDCOL and OMC.
- The Patrapara Coal Block at Talcher, Orissa has been allocated jointly to your Company.
- Iron ore supplies were procured primarily from OMC and Sesa Goa and your Company has entered into a long term agreement with Sesa Goa for supplies, until allocation of mining leases in Orissa.

### OPPORTUNITIES AND THREATS

Your Company builds on its strengths of locational advantages, raw material linkages, technology edge and management expertise to seize opportunities in the iron & steel industry. These will be linked directly to the

growing demand from the automobile & auto components, infrastructure, construction and power sectors. Your Company's current operations and upcoming projects are also strategically located at a single location to offer a seamless value adding manufacturing process from hot metal to stainless steel.

The threats for your Company would come from adverse economic fluctuation in prices and levies affecting the iron & steel industry and general economic slowdown. Your Company will also be affected by delay in project implementation through delay in generation of revenues and rise in costs.

### RISK MANAGEMENT

Your Company has identified the major thrust areas to concentrate on, which it believes to be critical to achievement of organisational goals. A well defined structure has been laid down to assess, monitor and mitigate risks associated with these areas, briefly enumerated below:

- 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.

- Foreign Exchange – Your Company deals in sizeable amount of foreign exchange in imports of capital items and raw materials and exports of finished products. Necessary guidance is provided by the forex consultant on mitigating foreign exchange exposure.
- 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. SAP is in its stabilisation phase and your Company has appointed a support partner for smoother stabilisation.
- 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 a revenue of Rs.5,379 million, registering a 39 per cent increase over 2005-06 and Rs.205 million in profits after tax, an increase of 65 per cent over 2005-06. Your Company has posted an EBITDA of Rs.505 million in the year 2006-07, an increase of 37 per cent from the year 2005-06.

### Highlights

(Rs. Million)

	2006-07	2005-06	Change	%
Net Sales / Income from Operations	5,311.80	3,868.15	1,443.65	37
Other Income	67.48	6.45	61.03	946
<b>Total Income</b>	<b>5379.28</b>	<b>3874.60</b>	<b>1504.68</b>	<b>39</b>
(Increase) / decrease in stock	316.30	(222.12)	538.42	—
Raw Materials consumed	1837.96	1526.75	311.21	20
Purchase of Trading Products	2296.14	1711.58	584.56	34
Employee Cost	49.10	42.36	6.74	16
Other expenses	375.13	448.96	(73.83)	(16)
<b>Operating Profit</b>	<b>504.65</b>	<b>367.07</b>	<b>137.58</b>	<b>37</b>
Interest & Finance Charges (Net)	63.93	117.53	(53.60)	(46)
Depreciation	97.67	49.57	48.10	97
<b>Profit before Tax</b>	<b>343.05</b>	<b>199.97</b>	<b>143.08</b>	<b>72</b>
Provision for Tax	137.84	75.20	62.64	83
<b>Profit after Tax</b>	<b>205.21</b>	<b>124.77</b>	<b>80.44</b>	<b>65</b>

### Sales & Other Income

Sales were primarily driven by pig iron business on the back of improved volumes and better realisations. Other Income constitutes mainly income from sale of scrap, DEPB licence, foreign exchange gain, receipt of insurance claim proceeds, etc.

### Purchase of Traded Products

Purchase cost of traded goods increased on account of increase in prices, despite decrease in volumes compared to the previous year.

### Raw materials consumed, Employee Cost and Other Expenses

Raw material consumption decreased in percentage terms due to increased production volumes and improved productivity in the blast furnace. Employee cost increased due to rise in manpower strength for the expanding facilities. A proportionate part of other expenses was capitalized on the commissioning of projects, which reflected a decrease in the same.

### Interest & Finance Charges

Interest costs increased substantially during the year due to increased availment of term loans for projects and working capital facilities for its operations. However, with the adjustment of interest income earned on fixed deposits with banks, the net interest & finance charges has decreased.

### Depreciation

Depreciation increased during the year mainly due to commissioning of the Coke Oven operations.

### Profit after Tax

PAT improved on account of improved performance of the blast furnace and the captive use of the majority of the coke production facilitated improvement in margins. PAT was adversely impacted by the incidence of deferred tax provisions due to addition of fixed assets.

### Balance sheet analysis

#### Fixed Assets & Investments

Your Company made major commitments during the year on account of capital expenditure for the Ferro Chrome Plant, Sponge Iron Plant and the Power Plant, which are reflected as Capital WIP in the Fixed Assets

Schedule. Your Company has been jointly allotted the Patrapara coal block in Talcher, Orissa, through a joint venture company, Patrapara Coal Mining Company Private Limited. As reported last year, your Company has a 89% controlling stake in Ghotaringa Minerals Limited, which plans to develop a chrome ore deposit in Orissa and with whom your Company had entered into a long term agreement for securing its chrome ore requirement.

### Inventories

Inventory of raw materials went up during the year due to increased blast furnace & coke oven operations and also due to bulk purchase of imported coke and coking coal to obtain price advantages. Inventories of finished goods has decreased substantially and comprises mainly chrome concentrates, as we expect better realizations during 2007-08. The average inventory turnover came down substantially to 82 days from 110 days in the previous year.

### Sundry Debtors, Loans & Advances

Gross debtors increased marginally by 7% despite a 39% increase in sales, which was possible due to better debtors management during the year. The Company's focus on improving collections and stringent credit assessment procedures, helped bring down the average debtors turnover from 41 days to 28 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 mobilized Rs.1,995 million through public issue of equity shares, out of which Rs.795.41 million has been utilised in projects and the balance has been kept in fixed deposits till such time the funds are deployed in the forthcoming projects.

### Sundry Creditors & Current Liabilities

Sundry creditors decreased due to better vendor management and reduction of amount payable to suppliers in the trading segment.

### Key Ratios

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

Particulars	2006-07	2005-06
EBITDA / Turnover (%)	9.50	9.49
Profit After Tax / Turnover (%)	3.86	3.23
EBITDA / Net Interest (no. of times)	7.89	3.12
Debt to Equity	1.63	0.65
Return on average Capital Employed (%)	7.73	11.19
Return on Equity (%)	18.65	16.20
Book Value per share (Rs./share)	27.83	25.86
Earning per share (Rs./share)	1.87	1.62
Market Capitalisation (Rs. Million) as on 31 Mar	2,942	5,880

### DEVELOPMENTS IN HUMAN RESOURCES & INDUSTRIAL RELATIONS

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. An HR Learning Centre has been set up at Kalinganagar, Orissa and employee skills are trained & developed to suit organisational needs. The total number of employees in your Company as on 31 March 2007 was 524.

### INTERNAL CONTROL AND SYSTEMS

The internal control systems in your Company is commensurate with the size and nature of its operations and periodic audits are conducted in various disciplines to ensure adherence to the same. 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. The first year of SAP implementation has 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.

### OUTLOOK

Asia, which has been dominating the steel industry in terms of demand & supply, is expected to witness high demand and capacity addition. The demand-supply gap in inputs is the pivotal force in determining the price levels and profitability in the iron & steel industry and therefore, steel prices are expected to remain firm. Demand in the domestic steel industry will be fuelled by the construction, automobile and consumer durable goods. Your Company is well poised to take advantage of the growth in the iron and steel sector and upon completion and commissioning of its projects, your Company will rank among the largest integrated special and stainless steel producers in India.

### 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 an ideology which needs to be ingrained in the system and the mindset of an organization. Corporate Governance can be described as a 'belief' as well as a 'perception'. 'Belief' of the Company in the principles of good governance and 'perception' by the external world in how the Company is adhering to the same. The essence is to be steadfast in your value system in face of challenges in the prevalent dynamic and fiercely competitive business environment. Corporate Governance is the edifice which supports creation of a long term sustainable shareholder value. 'Morning shows the day' – early laying of the foundation will help the edifice withstand the buffeting winds of change.

At VISA Steel Limited (the Company), we are committed to high standards of corporate governance. We imbibe the values of good governance practices as a way of life, rather than as a mandatory statutory requirement. Good

governance practices at the Company flow from the basic tenets of Corporate Governance norms, i.e. transparency, accountability, disclosure and unbiased treatment to all stakeholders. The Company and its executives believe that good governance must balance individual interests with corporate goals and operate within the acceptable framework of transparent, fair & ethical means with emphasis on accountability. The Company strives for excellence through timely disclosures and transparent decision making, thereby building stakeholder confidence.

### Compliance with the SEBI Code on Corporate Governance

In line with this, we are pleased to inform you that, as on 31 March 2007, 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 2007

	Executive / Non-Executive / Independent <sup>1</sup>	No. of Outside Directorship(s) held			Outside Committee positions held <sup>2</sup>	
		Public	Private	Foreign	Chairman	Member
Mr.Vishambhar Saran	Executive Chairman	4	1	3	—	—
Mr.Maya Shanker Verma	Non-Executive / Independent	4	5	—	3	—
Mr.Arvind Pande	Non-Executive / Independent	4	—	—	—	1
Mr.Debi Prasad Bagchi	Non-Executive / Independent	2	—	—	—	—
Mr.Pradip Kumar Khaitan	Non-Executive / Independent	13	—	—	—	3
Mr.Shanti Narain	Non-Executive / Independent	1	—	—	—	1
Mrs.Saroj Agarwal	Non-Executive	3	3	—	—	—
Mr.Vikas Agarwal	Non-Executive	3	1	4	—	3
Mr.Vivek Agarwal	Non-Executive	3	1	2	—	2
Mr.Vishal Agarwal	Managing Director	5	1	2	2	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 Board Meeting and Attendance**

Date of Board Meeting	City	No. of Directors Present
23 May 2006	Kolkata	8
28 July 2006	Bhubaneswar	7
8 September 2006	New Delhi	8
30 October 2006	New Delhi	7
4 December 2006	Kolkata	8
30 January 2007	New Delhi	8
30 March 2007	Kolkata	8

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

Name of Director	Sitting Fees paid <sup>1</sup>	Commission payable <sup>2</sup>	Total payments paid / payable in 2006-07	No. of Board Meetings		Attended Last AGM <sup>3</sup>
	(Rs.)	(Rs.)	(Rs.)	Held	Attended	
Mr. Maya Shanker Verma	90,000	300,000	390,000	7	5	No
Mr. Arvind Pande	100,000	313,636	413,636	7	5	No
Mr. Debi Prasad Bagchi	125,000	422,728	547,728	7	7	Yes
Mr. Pradip Kumar Khaitan	55,000	150,000	205,000	7	4	No
Mr. Shanti Narain	110,000	313,636	423,636	7	7	Yes
Mrs. Saroj Agarwal	60,000	—	60,000	7	6	Yes
Mr. Vikas Agarwal	50,000	—	50,000	7	3	Yes
Mr. Vivek Agarwal	40,000	—	40,000	7	3	Yes
Total	630,000	1,500,000	2,130,000			

**Note:**

1. During 2006-07, sitting fees were paid @ Rs.10,000 per Board Meeting and Rs.5,000 per Committee Meeting, i.e. Audit, Share Transfer & Investor Grievance, Finance & Banking, Remuneration and Selection Committees. At the Board meeting held on 30 March 2007, the Board approved increase in sitting fees to Rs.20,000 per Board Meeting and Rs.10,000 per Committee Meeting.

2. Commission is paid out of profits of the Company for the relevant financial year, not exceeding 1% of net profits, to Directors (other than Wholetime Directors of the Company and the Group). Commission is calculated based on weightage given to the attendance at Board and Committee meetings.
3. Annual General Meeting held on 29 July 2006.

**B. Executive Directors**

	Relationship with other Directors	Business relationship with the Company, if any	Remuneration paid during 2006-07			
			All elements of remuneration package, i.e. salary, benefits, bonuses, etc. (Rs.)	Fixed component & performance linked incentives, alongwith performance criteria	Service contracts, notice period, severance fee	Stock option details, if any
Mr. Vishambhar Saran	See Note (a)	Chairman	10,387,612	See note (b)	See note (c)	See note (d)
Mr. Vishal Agarwal	See Note (a)	Managing Director	7,069,153	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 a performance linked incentive in the form of commission not exceeding Rs.2,700,000 and Rs.1,890,000 for 2006-07, i.e. not exceeding 9 months' basic salary. The Company has internal norms for assessing performance of its Executive Directors which is done by the Board.
- (c) The Company has executed service contract dated 15 December 2004 with its Chairman, Mr. Vishambhar Saran for a period of 3 years. The contract 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 appointed Managing Director for a period of 3 years effective 25 June 2005. 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 does not have any scheme of stock options for its Directors or its employees.
- (e) Mr. Vishambhar Saran, Chairman and Mr. Vishal Agarwal, Managing Director were present in all the 7 Board Meetings held during 2006-07 as well as the Annual General Meeting held on 29 July 2006.

**II. BOARD COMMITTEES****Audit Committee**

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

Mr. Debi Prasad Bagchi, Chairman	- Independent Director
Mr. Maya Shanker Verma	- Independent Director
Mr. Arvind Pande	- Independent Director
Mr. Shanti Narain	- 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.

Mr. S. Swaminathan, 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:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with the management the internal control

systems, internal audit functions, observations of the auditors, periodical financial statements before submission to the Board.

- Recommendation of matters relating to financial management and audit reports.
- The Committee is authorized 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 year 2006-07, the Committee met 5 times on 23 May 2006, 28 July 2006, 30 October 2006, 29 January 2007 and 10 March 2007 and the details of attendance by the Committee members are as given under:

Name of Director	No. of meetings	
	Held	Attended
Mr.Debi Prasad Bagchi	5	5
Mr.Maya Shanker Verma	5	4
Mr.Arvind Pande	5	3
Mr.Shanti Narain	5	5
Mr.Vikas Agarwal	5	2
Mr.Vivek Agarwal	5	1

### Share Transfer and Investor Grievance Committee

The Share Transfer and Investor Grievance Committee comprises the following Directors:

Mr.Arvind Pande, Chairman	- Independent Director
Mr.Debi Prasad Bagchi	- Independent Director
Mr.Shanti Narain	- Independent Director
Mr.Vivek Agarwal	- Non-executive 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, dematerialization & rematerialisation of shares and speedy redressal of investor grievances.

As on 31 March 2007, over 78% of the Company's shares are in dematerialized form and the shares are compulsorily traded on the stock exchanges in the demat

form.

During the year 2006-07, the Committee met 4 times on 23 May 2006, 28 July 2006, 30 October 2006 and 29 January 2007 and the details of attendance by the

Name of Director	No. of meetings	
	Held	Attended
Mr.Arvind Pande	4	2
Mr.Debi Prasad Bagchi	4	4
Mr.Shanti Narain	3	3
Mr.Vivek Agarwal	4	1
Mr.Vishal Agarwal	4	4

Committee members are as given under:

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

Mr. S. Swaminathan, 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 Committee comprises the following Directors:

Mr.Arvind Pande, Chairman	- Independent Director
Mr.Debi Prasad Bagchi	- Independent Director
Mr.Pradip Kumar Khaitan	- Independent Director
Mr.Vikas Agarwal	- Non-executive Director
Mr.Vivek Agarwal	- Non-executive Director

A meeting of the Committee was held on 8 September 2006, and all the members except Mr.Vivek Agarwal attended the meeting.

### 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 currently comprises the following Directors:

Mr. Maya Shanker Verma, Chairman	- Independent Director
Mr. Arvind Pande	- Independent Director
Mr. Pradip Kumar Khaitan	- Independent Director
Mr. Vikas Agarwal	- Non-executive Director
Mr. Vishal Agarwal	- Managing Director

4 meetings of the Committee were held during 2006-07 on 23 May 2006, 28 July 2006, 4 December 2006 and 29 January 2007 and the attendance of the Directors is given below:

Name of Director	No. of meetings	
	Held	Attended
Mr.Maya Shankar Verma	4	3
Mr.Arvind Pande	4	3
Mr.Pradip Kumar Khaitan	4	1
Mr. Vikas Agarwal	4	1
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:

Mr. Maya Shankar Verma, Chairman	- Independent Director
Mr. Arvind Pande	- Independent Director
Mr. Debi Prasad Bagchi	- Independent Director
Mr. Pradip Kumar Khaitan	- Independent Director

A meeting of the Selection Committee was held on 8 September 2006 and all the Directors were present at the meeting.

### III. SUBSIDIARY COMPANIES

The Company has one subsidiary, M/s.Ghotaringa Minerals Limited. However, as per the provisions of Clause 49 of the Listing Agreement, this is not a material non-listed subsidiary company and hence the provisions of the clause does not apply.

## 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 17 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 issued by the Institute of Chartered Accountants of India.

### Code of Conduct

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

"I hereby confirm that, the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2006-07."

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 periodically reports to the Audit Committee on the adequacy of the procedures.

### Details on use of proceeds from public issues

As required under Clause 49 of the Listing Agreement, details of use of public issue proceeds are placed before the Audit Committee at its meetings on a quarterly basis.

### 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 2007 are as given below:

Name of Director	No. of shares held
Mr.Maya Shanker Verma	1,017
Mr.Arvind Pande	—
Mr.Debi Prasad Bagchi	—
Mr.Pradip Kumar Khaitan	—
Mr.Shanti Narain	—
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

- Will be made 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 Monday, 30 July 2007, at 12.30 p.m. at IDCOL Auditorium, IDCOL HOUSE, Ashok Nagar, Near Indira Gandhi Park, Unit – II, Bhubaneswar 751 001.

**Location and time, where last three AGMs held:**

### Postal Ballot

- Whether resolutions were put through postal ballot last year : NO

- Details of voting pattern : N.A.

- Person who conducted the postal ballot exercise : N.A.

- Whether any resolution is proposed to be conducted through postal ballot : N.A.

- Procedure for postal ballot : N.A.

- 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 Exchange 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. 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.

Year	Location	Date	Time	Whether special resolutions passed
2005-06	IDCOL Auditorium, IDCOL House Ashok Nagar, Near Indira Gandhi Park, Unit – II, Bhubaneswar 751 001	29 July 2006	11.00 a.m	No
2004-05	11, Ekamra Kanan, Nayapalli, Bhubaneswar 751 015	1 August 2005	10.30 a.m.	Yes
2003-04	11, Ekamra Kanan, Nayapalli, Bhubaneswar 751 015	16 June 2004	10.30 a.m.	No

## Shareholders Information

### 1. Annual General Meeting

Date and Time	:	30 July 2007 at 12.30 p.m.
Venue	:	IDCOL Auditorium IDCOL HOUSE Ashok Nagar, Near Indira Gandhi Park, Unit - II Bhubaneswar 751 001

### 2. Financial Calendar (tentative)

Financial reporting and Limited Review for the quarter ending 30 June 2007	End July 2007
Financial reporting and Limited Review for the half year ending 30 September 2007	End October 2007
Financial reporting and Limited Review for the quarter ending 31 December 2007	End January 2008
Financial reporting for the year ending 31 March 2008	Mid May 2008
Annual General Meeting for the year ending 31 March 2008	Mid July 2008

3. Dates of Book Closure : 25 July 2007 to 30 July 2007  
(both days inclusive)

4. Registered Office : VISA House  
11, Ekamra Kanan,  
Nayapalli  
Bhubaneswar 751 015  
Tel: (0674) 2552 479  
Fax: (0674) 2552 662  
E-mail: investors@visasteel.com  
Website: www.visasteel.com

### 5. Listing Details

#### Equity Shares

The Stock Exchange, Mumbai  
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)**

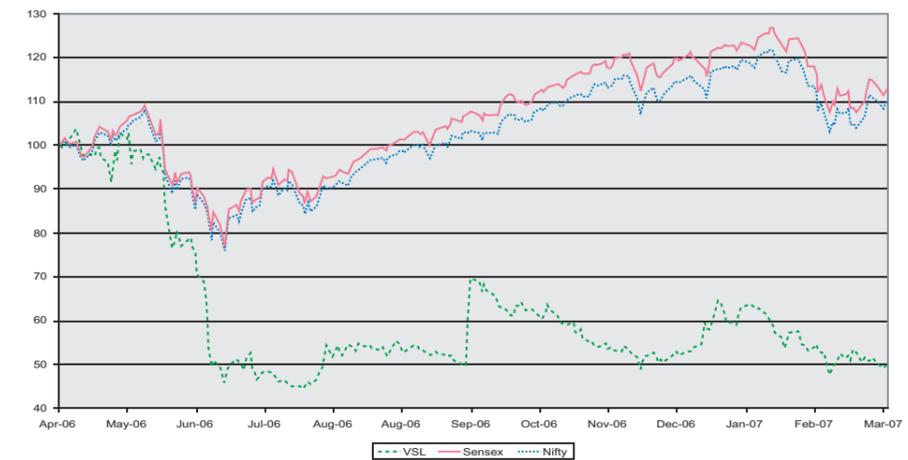
Note: Listing fee has been paid to the Stock Exchanges for the year 2007-08

### 6. Stock Price Data:

	Bombay Stock Exchange				National Stock Exchange			
	High (Rs.)	Low (Rs.)	Close (Rs.)	Av. Volume (Nos)	High (Rs.)	Low (Rs.)	Close (Rs.)	Av. Volume (Nos)
Apr-06	57.90	48.00	54.65	120,340	59.00	48.55	54.75	133,329
May-06	57.00	36.05	40.80	152,379	57.00	33.10	40.75	140,321
Jun-06	41.40	24.10	25.75	95,693	43.00	24.00	25.70	92,457
Jul-06	29.75	22.50	27.50	69,940	29.80	23.10	27.55	82,964
Aug-06	31.00	27.00	28.00	28,146	32.00	25.80	27.85	41,957
Sep-06	38.00	26.30	37.15	86,976	38.20	25.05	37.10	102,110
Oct-06	38.90	31.00	32.30	71,433	38.45	31.00	32.30	97,150
Nov-06	34.90	28.10	28.40	21,332	35.00	28.05	28.60	49,820
Dec-06	29.95	25.15	27.80	17,657	29.75	25.30	28.10	28,141
Jan-07	37.00	27.25	33.60	50,908	36.90	27.75	33.80	57,197
Feb-07	34.60	27.70	28.30	19,324	34.75	27.00	28.30	26,507
Mar-07	29.00	25.30	26.75	22,120	29.00	25.45	26.45	37,393

### 7. Stock Performance

Stock Performance (Indexed)



8. Registrars and Transfer Agents  
(Share transfer and communication  
regarding share certificates,  
dividends and change of address)

Karvy Computershare Private Limited  
Unit: VISA Steel Limited  
Karvy House, 46 Avenue 4, Street No. 1,  
Banjara Hills, Hyderabad 500 034  
Tel: + 91 40 2331 2454  
Fax: + 91 40 2331 1968  
Email: jayaramanvk@karvy.com  
Website: www.karvy.com

9. 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, dematerialisation etc., as and when such requests come.

10. Investor services :  
- Complaints received during the year

Nature of complaints	2006-07		2005-06	
	Received	Cleared	Received	Cleared
Relating to non-Allotment, non-receipt of Refund cheques arising out of the IPO exercise.	201	216 **	63	48
Relating to complaints from SEBI / Stock Exchanges.	—	—	—	—
Total	201	216 **	63	48

\*\* There were 15 complaints pending as on 31 March 2006, which were cleared during April 2007.

- Number of pending complaints as on 31 March 2007: NIL.

- Number of pending share transfers as at 31 March 2007: NIL

11. Distribution of share holding as on 31 March:

No. of equity shares held	2007				2006			
	No. of shareholders	% of shareholders	No. of shares held	% share-holding	No. of shareholders	% of shareholders	No. of shares held	% share-holding
1 – 500	16,257	76.57	3,222,890	2.93	18,049	74.57	3,601,293	3.27
501 – 1000	3,401	16.02	2,196,208	2.00	4,453	18.40	2,654,689	2.41
1001 – 2000	1,157	5.45	1,484,569	1.35	1,437	5.94	1,757,029	1.60
2001 – 3000	141	0.66	364,401	0.33	70	0.29	182,190	0.17
3001 – 4000	48	0.23	172,326	0.16	30	0.12	107,225	0.10
4001 – 5000	56	0.26	265,781	0.24	38	0.16	176,648	0.16
5001 – 10000	77	0.36	612,150	0.56	46	0.19	334,451	0.30
10001 and above	94	0.44	101,681,675	92.44	81	0.33	101,186,475	91.99
Total	21,231	100.00	110,000,000	100.00	24,204	100.00	110,000,000	100.00

12. Categories of Shareholding as on 31 March:

Category	2007			2006		
	No. of shareholders	No. of shares held	% share-holding	No. of shareholders	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	—	—	—	7	2,357,764	2.14
Banks and Financial Institutions	1	829	0.00	1	829	0.00
FII's	6	17,200,479	15.64	8	14,681,315	13.35
NRI / OCBs	134	133,744	0.12	106	54,482	0.05
Bodies Corporate	380	3,462,138	3.15	326	3,011,956	2.74
Indian Public	20,702	9,202,810	8.37	23,748	9,893,654	8.99
Total	21,231	110,000,000	100.00	24,204	110,000,000	100.00

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

13. Dematerialisation of shares and liquidity:

Over 78% of outstanding equity shares have been dematerialised upto 31 March 2007.

The International Security Identification Number (ISIN) for your Company's shares is **INE286H01012**.

The CIN allotted by the Ministry of Company Affairs is **L51109OR1996PLC004601**.

14. Details on use of public funds obtained in the last three years :

Out of the IPO proceeds of Rs.1,995 million, an amount of Rs.795.41 million has been utilised in earmarked projects and the balance amount of Rs.1,199.59 million has been kept in fixed deposits with banks, awaiting deployment in projects earmarked for the same.

15. Plant Locations:

Kalinganagar Industrial Complex	Village Golagaon
P.O. Jakhapura	Near Duburi
Dist. Jajpur	P.O.Pankapal
Orissa 755 019	Dist.Jajpur
Tel: + 91 6726 242441	Orissa
Fax: + 91 6726 242442	Tel: + 91 6726 245470
	Fax: + 91 6726 245561

## 16. 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

### AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

#### To the Members of VISA Steel Limited (Formerly VISA Industries Limited)

We have examined the compliance of conditions of Corporate Governance by VISA Steel Limited (Formerly VISA Industries Limited), for the year ended March 31, 2007, 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 Company's 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

Partha Mitra  
Partner  
Membership No: 50553

Place: Kolkata  
Date: 18 June 2007

For and on behalf of  
Lovelock & Lewes

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  
VISA International Limited  
VISA Comtrade AG  
VISA Comtrade ( Asia ) Limited  
VISA PLC  
VISA Power Limited  
VISA Comtrade Limited  
VISA Coal Pty Limited  
Ghotaringa Minerals Limited  
Khandadhar Minerals Limited

#### Individuals / HUF

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

# Financials

## AUDITORS' REPORT TO THE MEMBERS OF VISA STEEL LIMITED

1. We have audited the attached Balance Sheet of VISA Steel Limited, as at March 31, 2007 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, 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 said Order.
4. Further to our comments 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 March 31, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2007 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 March 31, 2007
    - 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.

**Partha Mitra**  
 Partner  
 Membership Number 50553  
 For and on behalf of  
 Lovelock & Lewes  
 Chartered Accountants

Place: Kolkata  
 Date: 18 June 2007

## 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 March 31, 2007]

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 inventory (excluding stocks with third parties and materials in transit) 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, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, 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, are considered to be of special nature as explained by the management of the Company, for which no suitable market prices for similar services are available.
6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the 'Act' and the rules framed there under.

## ANNEXURE TO AUDITORS' REPORT

7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. 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 generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of sales-tax as at March 31, 2007 which have not been deposited on account of a dispute, are as follows-

Name of the statute	Nature of dues	Amount (Rs. Million)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax (Orissa) Rules, 1957	Non-submission of 'C' Form against sale of Coal.	1.70	Assessment Year 2003-04	Assistant Commissioner of Sales Tax (Appeal), Jajpur Range, Jajpur Road, Orissa

10. The company has no accumulated losses as at March 31, 2007 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 banks 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.

## ANNEXURE TO AUDITORS' REPORT

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 management has disclosed the end use of money raised by public issues (Refer Note 4 (a) of Schedule 17) and the same has been verified by us.
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 clauses, (iii)(c), (iii)(d), (iii)(e), (iii)(f), (iii)(g) and (xix) 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 current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Place: Kolkata  
Date: 18 June 2007

**Partha Mitra**  
Partner  
Membership Number 50553  
For and on behalf of  
Lovelock & Lewes  
Chartered Accountants

## BALANCE SHEET AS AT MARCH 31, 2007

			Rs. Million	
	Schedule		March 31, 2007	March 31, 2006
<b>SOURCES OF FUNDS</b>				
Shareholders' Fund				
Share Capital	1	1,100.00		1,100.00
Reserves and Surplus	2	2,066.21	3,166.21	1,861.00
<b>Loan Funds</b>				
Secured Loan	3		4,985.85	1,860.15
Deferred Taxation [Refer Note 6 Schedule 17]			197.92	104.08
			<b>8,349.98</b>	<b>4,925.23</b>
<b>APPLICATION OF FUNDS</b>				
Fixed Assets	4			
Gross Block		2,663.12		1,586.41
Less : Depreciation		170.06		66.71
Net Block		2,493.06		1,519.70
Capital Work in Progress including Advances		3,726.50	6,219.56	1,010.25
Investments	5		8.90	8.90
<b>Current Assets, Loans and Advances</b>				
Inventories	6	1,195.12		1,165.68
Sundry Debtors	7	413.73		434.55
Cash and Bank Balances	8	1,728.30		2,487.37
Interest Accrued on Deposits		40.61		10.43
Loans and Advances	9	464.79		272.42
		3,842.55		4,370.45
<b>Less: Current Liabilities and Provisions</b>				
Liabilities	10	1,824.55		2,099.73
Provisions	11	1.36		1.10
		1,825.91	2,016.64	2,100.83
<b>Miscellaneous Expenditure</b>	12		104.88	116.76
[To the extent not written off or adjusted]				
			<b>8,349.98</b>	<b>4,925.23</b>
Notes on Accounts	17			

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 and on behalf of the Board of Directors

**Partha Mitra**  
Partner  
For and on behalf of  
Lovelock & Lewes  
Chartered Accountants

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**S. Swaminathan**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Date: 18 June 2007  
Place: Kolkata

Date: 18 June 2007  
Place: Kolkata

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

			Rs. Million	
	Schedule		March 31, 2007	March 31, 2006
<b>INCOME</b>				
Sales and Services	13		5,311.80	3,868.15
Other Income	14		67.48	6.45
			<b>5,379.28</b>	<b>3,874.60</b>
<b>EXPENDITURE</b>				
Materials	15		4,435.16	3,043.96
Expenses	16		503.40	581.10
Depreciation			97.67	49.57
			<b>5,036.23</b>	<b>3,674.63</b>
<b>Profit Before Taxation</b>			<b>343.05</b>	<b>199.97</b>
Provision for Taxation				
Current Tax		39.00		17.39
[Net of Provision for Income Tax written back for earlier years Rs. Nil (2006; Rs. 0.11 Million)]				
Fringe Benefit Tax [including Rs. 0.64 Million relating to earlier years (2006; Rs. Nil)]		5.00		3.00
Deferred Tax		93.84	137.84	54.81
<b>Profit after Taxation</b>			<b>205.21</b>	<b>124.77</b>
Balance brought forward from previous years			124.77	-
<b>Balance Carried forward to Balance Sheet</b>			<b>329.98</b>	<b>124.77</b>
Basic and Diluted Earning Per Share			1.87	1.62
<b>Notes on Accounts</b>	17			

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 and on behalf of the Board of Directors

**Partha Mitra**  
Partner  
For and on behalf of  
Lovelock & Lewes  
Chartered Accountants

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**S. Swaminathan**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Date: 18 June 2007  
Place: Kolkata

Date: 18 June 2007  
Place: Kolkata

## SCHEDULES TO THE ACCOUNTS

Rs. Million

	March 31, 2007	March 31, 2006
<b>1 Share Capital</b>		
<b>Authorised</b>		
160,000,000 Equity Shares of Rs. 10/- each	<u>1,600.00</u>	<u>1,600.00</u>
<b>Issued and Subscribed</b>		
110,000,000 Equity Shares of Rs. 10/- each fully paid up	<u>1,100.00</u>	<u>1,100.00</u>
Note:		
a) Of the above 56,212,167 Equity Shares of Rs. 10/- each are held by VISA Minmetal AG, the Holding Company		
b) Of the above 8,360,000 Equity Shares of Rs. 10/- each allotted for consideration other than cash pursuant to a scheme of amalgamation without payment being received in cash.		
<b>2 Reserves &amp; Surplus</b>		
Capital Reserve	0.07	0.07
Share Premium Account	1,645.00	1,645.00
General Reserve	91.16	91.16
Profit and Loss Account	329.98	124.77
	<u>2,066.21</u>	<u>1,861.00</u>
<b>3 Secured Loan</b>		
From Banks		
Cash Credit	329.19	305.93
[Refer Note 3(a) Schedule 17]		
Term Loan	4,622.97	1,521.71
[Refer Note 3(b) Schedule 17]		
Other Loan	33.69	32.51
[Refer Note 3(c) Schedule 17]		
	<u>4,985.85</u>	<u>1,860.15</u>

## SCHEDULES TO THE ACCOUNTS

Rs. Million

ASSETS	Gross Block (at cost)		Deletion/ Adjustments	As at March 31, 2007	As at April 1, 2006	Addition/ Adjustments	Depreciation For the Year	Deletion/ Adjustments	Net Block	
	As at April 1, 2006	As at March 31, 2007							As at March 31, 2007	As at March 31, 2006
<b>Tangible</b>										
Land- Freehold	7.56	0.95	-	8.51	-	-	-	-	8.51	7.56
Land- Leasehold	136.89	5.45	-	142.34	2.49	-	1.68	-	138.17	134.40
Factory Building	119.09	116.94	-	236.03	4.90	0.29	6.44	-	224.40	114.19
Buildings	82.30	3.17	51.57	33.90	1.39	-	0.54	0.29	32.26	80.91
Plant & Machinery	1,165.98	944.51	0.99	2,109.50	43.95	-	81.54	0.19	1,984.20	1,122.03
Furniture & Fixtures	8.06	13.94	0.03	21.97	2.50	-	4.28	-	15.19	5.56
Vehicles	65.93	37.71	6.70	96.94	11.28	-	8.01	1.35	79.00	54.65
<b>Intangible</b>										
Computer Software	0.60	13.33	-	13.93	0.20	-	2.40	-	11.33	0.40
<b>TOTAL</b>	<b>1,586.41</b>	<b>1,136.00</b>	<b>59.29</b>	<b>2,663.12</b>	<b>66.71</b>	<b>0.29</b>	<b>104.89</b>	<b>1.83</b>	<b>170.06</b>	<b>1,519.70</b>
<b>2006</b>	<b>883.23</b>	<b>704.13</b>	<b>0.94</b>	<b>1,586.41</b>	<b>17.64</b>	<b>-</b>	<b>49.65</b>	<b>0.58</b>	<b>66.71</b>	<b>1,519.70</b>

4 Fixed Assets

Notes:

1. Addition/Adjustment includes Rs. 44.40 Million [2006 - Rs. 11.92 Million], being borrowing cost capitalised on qualifying assets.
2. Depreciation for the year includes Rs. 7.22 Million [2006 - Rs.0.08 Million], being depreciation during pre-operative period which has been capitalised during the year.

## SCHEDULES TO THE ACCOUNTS

Rs. Million

	March 31, 2007	March 31, 2006
<b>5 Investments</b>		
<b>Long Term - Trade - Unquoted</b>		
Patrapara Coal Mining Company Private Limited	-	-
100 Equity Shares of Rs. 10/- each, fully paid up [Rs. 1,000 (2006; Rs. Nil)]		
Subsidiary Company		
Ghotaringa Minerals Limited	8.90	8.90
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)		
	<u>8.90</u>	<u>8.90</u>
<b>6 Inventories - At lower of Cost or Net Realisable Value</b>		
Stores & Spares*	58.59	75.62
Raw Materials**	890.58	527.81
Finished Goods	189.71	548.30
By-Products	41.49	12.05
Work-in-Progress	14.75	1.90
	<u>1,195.12</u>	<u>1,165.68</u>
*Including Capital items lying in stores	35.19	49.91
**Including materials in Transit	196.41	-
<b>7 Sundry Debtors - Unsecured</b>		
Debts Outstanding for a period exceeding six months		
Considered Good	10.38	83.09
Considered Doubtful	52.68	-
Other debts	403.35	351.46
	466.41	434.55
Less: Provision for Doubtful Debts	52.68	-
	<u>413.73</u>	<u>434.55</u>
<b>8 Cash and Bank Balances</b>		
Cash and Cheques in Hand	20.86	8.82
Balance with Scheduled Banks in:		
Current Account	82.22	56.81
Share Refund Order Account	0.38	11.66
Fixed Deposit Account	1,624.84	2,410.08
[Refer Note 3 (c)(ii) and 4(a) Schedule 17]		
	<u>1,728.30</u>	<u>2,487.37</u>

## SCHEDULES TO THE ACCOUNTS

Rs. Million

	March 31, 2007	March 31, 2006
<b>9 Loans and Advance - Unsecured, Considered Good</b>		
Advance to Subsidiary [2006; Rs. 1,500]	0.04	-
Advances Recoverable in Cash or in kind or for value to be received	370.30	213.49
Deposits with Customs, Port Trust etc.	6.56	6.61
Others	77.33	44.90
Advance Payment of Income Tax [Net of Provision Rs. 85.32 Million (2006; Rs 46.32 Million)]	10.56	7.42
	<u>464.79</u>	<u>272.42</u>
Due by Directors	-	0.45
Maximum Amount due at any time during the year	<u>1.40</u>	<u>1.11</u>
Due by an officer	-	0.18
Maximum Amount due at any time during the year	<u>0.07</u>	<u>0.25</u>
<b>10 Liabilities</b>		
Sundry Creditors*	1,762.54	1,977.09
Advance from Customers	33.09	55.76
Other Liabilities	28.54	55.22
Share Refund Order Account	0.38	11.66
	<u>1,824.55</u>	<u>2,099.73</u>
* There is no amount due to small scale industrial undertaking		
<b>11 Provisions</b>		
Fringe Benefit Tax	1.36	1.10
[Net of Advance payment of Tax Rs. 6.64 Million (2006; Rs. 1.90 Million)]		
	<u>1.36</u>	<u>1.10</u>
<b>12 Miscellaneous Expenditure</b>		
[To the extent not written off or adjusted]		
Preliminary Expenses	-	0.15
Preoperative Expenditure	-	0.05
Share Issue Expenses	104.88	116.56
	<u>104.88</u>	<u>116.76</u>

## SCHEDULES TO THE ACCOUNTS

Rs. Million

		March 31, 2007	March 31, 2006	
<b>13 Sales and Services</b>				
Sales	5,618.11		4,116.25	
Less: Excise Duty on sales	306.31		278.47	
		5,311.80	3,837.78	
Consultancy & Commission		-	30.37	
		<b>5,311.80</b>	<b>3,868.15</b>	
<b>14 Other Income</b>				
Insurance Claim received		17.89	0.17	
Liability no longer required, written back		2.04	5.88	
Bad Debt Recovery		7.87	-	
Gain on Exchange Fluctuation (net)		4.04	-	
Miscellaneous Income		35.64	0.40	
		<b>67.48</b>	<b>6.45</b>	
<b>15 Materials</b>				
<b>Raw Material Consumed</b>				
Opening Stock	527.81		302.63	
Add: Purchase	2,200.73		1,751.93	
Less: Closing stock	890.58	1,837.96	527.81	1,526.75
Purchase of Finished Goods		2,296.14	1,711.58	
<b>(Increase)/Decrease in Stock</b>				
Opening Stock				
Finished Goods	548.30		339.74	
By-Products	12.05		0.39	
Work-in-Progress	1.90		-	
	562.25		340.13	
Less: Closing Stock				
Finished Goods	189.71		548.30	
By-Products	41.49		12.05	
Work-in-Progress	14.75		1.90	
	245.95	316.30	562.25	(222.12)
Increase/(Decrease) in Excise Duty on Stock		(15.24)	27.75	
		<b>4,435.16</b>	<b>3,043.96</b>	

## SCHEDULES TO THE ACCOUNTS

Rs. Million

		March 31, 2007	March 31, 2006	
<b>16 Expenses</b>				
Salary, Wages & Bonus		46.48	37.28	
Contribution to Provident & Other Funds		2.62	5.08	
Power & Fuel		54.86	51.27	
Material Handling Expenses		22.52	12.47	
Consumption of Stores & Spare Parts		61.06	43.09	
Freight & Selling expenses		90.33	165.31	
Insurance		5.97	3.59	
Telephone		2.14	5.90	
Repairs & Maintenance				
- Building	0.40		3.45	
- Plant & Machinery	3.72		1.00	
- Others	1.85	5.97	3.61	8.06
Rent		8.25	22.81	
Rates & Taxes		1.69	0.83	
Travelling		5.98	14.90	
Interest & Finance Charges (net)		63.93	117.53	
[Refer Note no. 5 Schedule 17]				
Loss on Exchange Fluctuation (net)		-	14.17	
Provision for Bad and Doubtful Debts		52.68	-	
Miscellaneous Expenditure written off		26.98	1.50	
Miscellaneous Expenses		51.94	77.31	
		<b>503.40</b>	<b>581.10</b>	

## SCHEDULES TO THE ACCOUNTS

## 17 Notes on Accounts

## 1. Statement on Significant Accounting Policies

## a) Principal Accounting Policies

The Financial Statements have been prepared in accordance with applicable accounting standards in India. A summary of important accounting policies, which have been applied consistently are set out below. The financial statements have also been prepared in accordance with relevant presentational requirement of the Companies Act, 1956.

## 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 of the Institute of Chartered Accountants of India.
- ii) Depreciation on fixed assets, other than freehold 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.
- iii) Computer software has been capitalised as Intangible Assets and are being amortised in equal instalments over its useful lives 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, Consultancy &amp; Commission

Sales represent the invoiced value of goods and services supplied, net of value added tax (VAT)/sales tax but inclusive of excise duty. Income from Consultancy and Commission are accounted for based on business arrangement in existence.

## g) Transactions in Foreign Currencies

Transactions in Foreign Currency are recorded in Indian Currency by applying rate of exchange ruling at the time of transaction and exchange differences arising on settlement except for acquisition of fixed assets are dealt with in the Profit & Loss Account. Unsettled transactions are converted at the year-end rate and gain or loss arising on such transaction except for acquisition of fixed assets is recognised in the Profit & Loss Account. Exchange differences arising for acquisition of fixed assets are adjusted in the carrying cost of the respective fixed assets.

## h) Retirement Benefits

Provident Fund

Contributions to the recognised Provident Fund maintained by the Regional Provident Fund Commissioner are charged to the Profit & Loss Account.

## SCHEDULES TO THE ACCOUNTS

## Gratuity

The Company has taken a policy with Life Insurance Corporation of India (LIC) for gratuity scheme who determines the amount of contribution payable, which is provided in these financial statements.

## Leave Encashment

Leave Encashment liability on retirement is determined on accrual basis which is provided for in these financial statements.

## i) Deferred Tax

Deferred Tax is recognised using the liability method, at the current rate of taxation, on all timing differences to the extent that 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) Miscellaneous Expenditure - To the extent not written off or adjusted

- a) Preliminary expenses incurred in connection with the formation of the Company, are being written off in ten equal installments.
- b) Pre-operative expenses relating to Plant is being written off for a period of five years from the date of commencement of commercial production.
- c) Public issue expenses are being amortized over a period of five years.

Rs. million

	March 31, 2007	March 31, 2006
2. a) Contingent liability not provided for in respect of:		
i) Bank Guarantee	72.26	33.97
ii) Sales Tax demand on Appeal	1.70	-
b) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	1,928.76	210.43

## c) Claim against the Company not acknowledged as debt:

- i) Transfield Shipping Inc., Panama, owner of the vessel has filed a civil suit in the Hon'ble Calcutta High Court claiming that under a Charter Party Agreement dated August 27, 2004 with VISA Comtrade (Asia) Limited, the said Transfield Shipping Inc. had allowed the use of their vessel to VISA Comtrade (Asia) Limited for shipment of coal and has alleged that during the lighterage operation at the Cochin port, the vessel was damaged by the lightering vessel due to inadequate fendering on the lightering vessel and it was the duty of the company and VISA Comtrade (Asia) Limited to ensure that the lightering vessel was well equipped with necessary fendering equipment and the delay caused in the cargo discharge operations was due to the negligence and default of the company and VISA Comtrade (Asia) Limited and claimed the relief for a decree for US\$ 0.03 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, Interest pendente lite, Interest upon judgment, Receiver and Attachment before judgment, Injunction, Costs and further or other reliefs. The Company has not accepted the claim as the Company was not a party to the said agreement and hence cannot be made a party to this suit. The Hon'ble Calcutta High Court passed interim order dated May 11, 2005 and June 20, 2005, restraining the Company and VISA Comtrade (Asia) Limited from withdrawing any amount from a specified bank account number without leaving a balance for a sum of Rs. 12.50 million, which has been set aside by the bank from the cash credit limit of the company. The suit is currently pending before the Hon'ble Calcutta High Court.

## SCHEDULES TO THE ACCOUNTS

- 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.
- d) The Company has obtained licences from the Government of India under EPCG Scheme for import of machineries for its Blast Furnace and Coke Oven Plant at Orissa at a reduced Customs Duty and thereby saved an amount of Rs. 268.04 million towards duty upto March 31, 2007. As per the requirement under the said Scheme, the company is required to export amounting to Rs. 964.20 million within the specified periods, failing which, the company has to make payment to the Government of India equivalent to the duty benefit enjoyed along with interest. The Company is confident that the above export obligation will be met during the specified period.
3. a) The working capital facilities from banks are secured by way of first hypothecation charge ranking pari-passu with other banks on the whole of the current assets, namely, 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 favor 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 is secured by first mortgage charge on the land 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, Village - Jakhapura, Dist - Jajpur, Orissa and second charge on all the current assets of the Company ranking pari passu with other banks alongwith Corporate Guarantee of VISA International Limited and personal guarantee of Managing Director of the Company.
- c) i) Vehicle loan are secured by way of hypothecation of vehicles/machinery taken under the loan arrangement.  
ii) Short term loan are secured by way of pledge of fixed deposit amounting to Rs. 496.60 million (2006; Rs. Nil).
4. a) During the year ended March 31, 2006, the Company had issued 35,000,000 equity shares of Rs. 10/- each by way of public issue of shares at a price of Rs. 57/- per equity share amounting to Rs. 1,995.00 millions to finance a part of the capital expenditure for Brownfield expansion of existing manufacturing activities into an integrated 0.5 million TPA special and stainless steel plant by setting up the Ferro Chrome plant, Sponge Iron plant, Waste Heat Recovery Power plant, Special and Stainless Steel plant, associated infrastructure facilities in addition to the already commissioned Blast Furnace and under-implementation Coke Oven plant at Kalinganagar Industrial Complex, and to meet issue expenses. An amount of Rs. 795.41 millions have been utilised in new projects out of the entire issue proceeds and balance of Rs. 1,199.59 millions is kept in fixed deposits with banks, awaiting deployment in projects earmarked for the same as stated in Schedule 8.
- b) Expenditure related to issue of shares is being amortised over a period of five years from the date of issue, accordingly an amount of Rs. 26.98 millions has been charged to the Profit & Loss Account.

## SCHEDULES TO THE ACCOUNTS

	Rs. Million	
	March 31, 2007	March 31, 2006
<b>5 Interest and Finance Charges (net) comprises</b>		
Interest Charges on:		
Overdraft Facilities	26.32	31.08
Term Loan	89.17	60.72
Other Loan	7.29	-
Bank & Finance Charges	106.96	56.54
	<u>229.74</u>	<u>148.34</u>
Less: Interest Income [TDS Rs. 31.70 millions (2006: Rs. 4.10 millions)]	(165.81)	(30.81)
	<u><b>63.93</b></u>	<u><b>117.53</b></u>
<b>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:</b>		
<b>Deferred Tax Liabilities</b>		
Depreciation	208.39	98.78
Public Issue Expenses	8.44	7.48
Others	-	0.07
	<u>216.83</u>	<u>106.33</u>
<b>Deferred Tax Assets</b>		
Provision for Doubtful Debtors	(17.73)	-
Others	(1.18)	(2.25)
	<u><b>197.92</b></u>	<u><b>104.08</b></u>
<b>7 Earning Per Share</b>		
Profit After Tax (A)	205.21	124.77
Weighted average number of Rs. 10 equity share outstanding during the year (B)	110,000,000	77,013,699
Basic and Diluted Earning per Share (A/B)	<u><b>1.87</b></u>	<u><b>1.62</b></u>
Note:		
Nos. of Shares as on 1st April	110,000,000	75,000,000
<b>Fresh Issue</b>		
No. of Rs. 10 Shares	-	35,000,000
Date of Issue	-	March 11, 2006
Weighted Average no. of Rs. 10 Shares	<u>110,000,000</u>	<u>77,013,699</u>

## SCHEDULES TO THE ACCOUNTS

Rs. Million

	MT	March 31, 2007	MT	March 31, 2006
<b>8 QUANTITATIVE INFORMATION</b>				
a.) The company manufactures Pig Iron, Coke, Chrome Concentrate and Chrome Powder and trades in Coal, Coke and Iron Ore Fines. 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	300,000		100,000	
iii) Opening Stock				
Pig Iron	14,342	192.38	100	1.92
Chrome Concentrate	2,865	8.67	7,929	9.37
Chrome Powder	982	3.88	80	0.36
Coal & Coke	74,152	247.11	43,646	221.97
Iron Ore Fines	91,556	96.26	112,818	106.12
		<b>548.30</b>		<b>339.74</b>
iv) Actual Production				
Pig Iron (Note 1)	162,858		141,918	
Chrome Concentrate	12,688		9,773	
Chrome Powder	495		5,094	
Coke (Note 2)	50,755		450	
Note:				
1. Does not include By-products generated	18,228		9,729	
2. Includes used for own consumption	41,591		-	
Does not include By-products generated	8,888		-	
v.) Purchases				
Coal & Coke	497,961	2,054.18	575,682	1,559.28
Chrome Concentrate	6,580	47.81	16,552	91.33
Iron Ore Fines	58,012	194.15	110,560	60.97
		<b>2,296.14</b>		<b>1,711.58</b>
vi.) Closing Stock				
Pig Iron	5,613	67.26	14,342	192.38
Chrome Concentrate	7,927	22.46	2,865	8.67
Chrome Powder	474	1.84	982	3.88
Coal & Coke	1,244	3.06	74,152	247.11
Lam Coke	9,164	64.99	-	-
Iron Ore Fines	20,618	30.10	91,556	96.26
		<b>189.71</b>		<b>548.30</b>
vii.) Sales				
Pig Iron	171,587	2,734.73	127,676	1,830.55
Chrome Concentrate	14,206	113.50	31,389	151.82
Chrome Powder	1,003	6.17	4,192	21.72
Coal & Coke	570,869	2,327.55	545,176	1,733.57
Iron Ore Fines	128,950	230.67	131,822	268.67
By-products		205.49		109.92
		<b>5,618.11</b>		<b>4,116.25</b>

## SCHEDULES TO THE ACCOUNTS

Rs. Million

	MT	March 31, 2007	MT	March 31, 2006
b.) Details of Raw Material Consumed				
Chrome Ore	22,147	30.89	22,190	20.11
Iron Ore	287,706	554.90	268,521	430.32
Coke	237,114	1,202.28	117,802	1,027.86
Others		49.89		48.46
		<b>1,837.96</b>		<b>1,526.75</b>

Rs. Million

	%	March 31, 2007	%	March 31, 2006
c.) Consumption of Raw Material				
Indigenous	47	855.87	39	614.32
Imported	53	982.09	61	912.43
	<b>100</b>	<b>1,837.96</b>	<b>100</b>	<b>1,526.75</b>
d.) Stores & Spares Consumed				
Indigenous	100	61.06	100	43.09
e.) CIF Value of Imports				
Raw Material		2,285.88		981.80
Finished Goods		1,269.64		1,660.45
Capital Goods		65.32		243.05
f.) Expenditure in Foreign Currency				
Traveling		2.01		1.43
Interest		41.93		44.76
Others		9.40		-
g.) Earning in Foreign Currency				
Export Sales		1,082.40		423.05
Consultancy & Commission		-		19.18

**9 Directors Remuneration**

Salaries, Allowances & Bonus		8.42		6.15
Retirement benefits		2.54		1.56
Perquisites		1.90		0.10
Commission		6.09		1.00
		<b>18.95</b>		<b>8.81</b>
Profit for the year before taxation as per Profit & Loss Account		343.05		199.97
Add:				
Depreciation	97.67		49.57	
Provision for Doubtful Debts	52.68		-	
Loss on sale of Fixed Assets	-		0.25	
Directors' Remuneration	18.95	169.30	8.81	58.63
		<b>512.35</b>		<b>258.60</b>
Less:				
Depreciation u/s 350 of the Companies Act, 1956	97.67	97.67	49.57	49.57
		<b>414.68</b>		<b>209.03</b>
Commission to Executive Directors		4.59		-
Commission to Non Executive Directors*		1.50		1.00
		<b>6.09</b>		<b>1.00</b>
* Within the overall limit of 1% of Net Profit		<b>4.15</b>		<b>2.09</b>

## SCHEDULES TO THE ACCOUNTS

## 10 Investment in Joint Venture

Joint Venture	Patrapara Coal Mining Company Pvt. Ltd.
Country of Incorporation	India
Percentage of Ownership Interest as at March 31, 2007	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 transactions. 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:

Rs. Million

	March 31, 2007	March 31, 2006
<b>Amounts in respect of Joint Venture-Balance Sheet</b>		
<b>Assets</b>		
Capital Work in Progress	0.03	-
<b>Liabilities</b>		
Current Liabilities	0.03	-
<b>11 Miscellaneous Expenses include Auditors' Remuneration on account of:</b>		
Audit Fees	0.50	0.30
Tax Audit Fees	0.10	0.05
Other Services	0.40	0.05
Re-imbursment of expenses	0.24	0.01
	<b>1.24</b>	<b>0.41</b>
<b>12 Operating Leases</b>	<b>7.36</b>	<b>0.40</b>
Rent [Including minimum lease payment Rs. Nil (2006: Rs. Nil)]		
[Operating leases for office premises are entered into as on March 1, 2006, 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.]		

## 13 Related Party Disclosures

Related Party Disclosures have been made in accordance with the accounting standard on "Related Party Disclosure" (AS 18) issued by The Institute of Chartered Accountants of India.

Name of the Related Parties:

Holding Company	VISA Minmetal AG
Subsidiary Company	Ghotaringa Minerals Ltd.
Joint Venture Company	Patrapara Coal Mining Company Pvt. Ltd.
Enterprise having significant influence	VISA International Ltd.
Fellow Subsidiaries	VISA Comtrade AG VISA Power Limited VISA Plc. VISA Coal Pty Ltd. VISA Comtrade Limited VISA Comtrade (Asia) Ltd., Singapore VISA Comtrade (Asia) Ltd., Hong Kong

Key Managerial Personnel

Relatives of Key Managerial Personnel

Enterprise over which Relatives of Key Managerial Personnel having significant influence

Mr. Vishambhar Saran
Mr. Vishal Agarwal
Mrs. Saroj Agarwal
Mr. Vikas Agarwal
Mr. Vivek Agarwal
Mrs. Bhawna Agarwal
Mr. Ashok Agarwal
Khandadhar Minerals Ltd.

## SCHEDULES TO THE ACCOUNTS

Nature of Transaction	March 31, 2007						March 31, 2006						
	Holding Company	Subsidiary Company	Joint Venture Company	Fellow Subsidiaries	Enterprise having Significant influence	Key Managerial Personnel	Holding Company	Subsidiary 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
Consultancy Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	0.80	-	-	-	-	4.46	-	-	-
Purchase of Goods	-	-	-	3,331.96	-	-	-	-	458.12	-	-	-	-
Sale of Goods	-	-	-	1,024.50	-	-	-	-	420.48	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	1.55	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	5.35	0.82	-	-	-	-	-	-	-	-
Interest Paid	-	-	-	41.93	-	-	-	7.18	-	-	-	-	-
Behalf payment made to others	-	0.97	-	21.08	6.67	-	0.21	2.55	17.32	13.94	-	-	0.02
Refund of the above	-	0.92	-	16.25	6.67	-	0.21	2.55	13.13	0.35	-	-	0.01
Payments made by others	-	-	-	0.05	2.35	-	-	-	0.13	-	-	-	-
Refund of above	-	-	-	-	2.35	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance against Share Capital	-	-	0.76	-	-	-	-	-	-	-	-	-	-
Shares Application Received	-	-	-	-	-	-	285.00	-	-	-	-	-	-
Shares Issued	-	-	-	-	-	-	50.00	-	-	-	-	-	-
Share Premium	-	-	-	-	-	-	235.00	-	-	-	-	-	-
Remuneration	-	-	-	-	-	17.46	-	-	-	-	7.81	1.15	-
Sifting Fees	-	-	-	-	-	-	-	-	-	-	-	0.17	-
Outstanding at closing	-	-	-	-	-	-	-	-	-	-	-	-	-
Debit	-	0.04	0.76	-	0.56	-	-	0.31	9.60	0.25	0.19	0.50	-
Credit	-	-	-	1,141.28	-	-	-	219.40	-	-	0.11	-	-

Details of Transactions with Related Parties

Rs. Million

## SCHEDULES TO THE ACCOUNTS

## 14 Segment Information

Segment information as required by Accounting Standard on "Segment Reporting" (AS 17) issued by The Institute of Chartered Accountants of India is given below:

Rs. Million

Business Segment:	March 31, 2007			March 31, 2006		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
Segment Revenue	3,048.75	2,569.36	5,618.11	2,149.54	1,966.71	4,116.25
Segment Results	564.90	(70.88)	494.02	241.88	192.97	434.85
Less: unallocable expenses net off income			87.04			117.35
Less: Interest & Finance Charges (net)			63.93			117.53
Profit Before Tax			343.05			199.97
Provision for taxation			137.84			75.20
Profit after Taxation			<b>205.21</b>			<b>124.77</b>
Segment Assets	9,039.91	424.61	9,464.52	5,677.75	930.86	6,608.61
Add: Unallocated Corporate Assets			711.36			417.44
Total Assets			<b>10,175.88</b>			<b>7,026.05</b>
Segment Liabilities	1,452.73	350.40	1,803.13	930.90	902.02	1,832.92
Add: Unallocated Liabilities			5,206.55			2,232.15
Total Liabilities			<b>7,009.68</b>			<b>4,065.07</b>
Capital Expenditure	3,836.03	-	3,836.03	1,438.29	3.24	1,441.53
Depreciation	72.60	-	72.60	45.04	-	45.04
Non Cash Expenses other than Depreciation	-	-	79.66	-	-	1.50
<b>Geographical Segment:</b>	<b>Domestic</b>	<b>Export</b>	<b>Total</b>	<b>Domestic</b>	<b>Export</b>	<b>Total</b>
Segment Revenue	4,535.71	1,082.40	5,618.11	3,693.20	423.05	4,116.25
Segment Assets	9,464.52	-	9,464.52	6,466.46	142.15	6,608.61
Capital Expenditure	3,836.03	-	3,836.03	1,441.53	-	1,441.53

## Notes:

- Business Segment: The internal business segmentation and the activities encompassed therein are as follows;
    - Manufacturing: Manufacturing of Chrome Ore based products, Pig Iron and Coke.
    - Trading: Trading of mining products.
  - Geographical Segment: Segmentation is on the basis of the geographical location of the customers.
  - The segment wise revenue, results and assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments. Unallocable expenditure includes expenses incurred on common services at the corporate level and relate to the company as a whole
- 15 Necessary disclosures required under Micro, Small & Medium Enterprises Development Act, 2006, can only be considered once relevant information to identify the supplier who are covered under the said Act are received from such parties.
- 16 Previous year's figures have been rearranged/re-grouped wherever necessary.

For and on behalf of the Board of Directors

Vishambhar Saran  
Chairman

Vishal Agarwal  
Managing Director

S. Swaminathan  
Company Secretary

Manoj Kumar Digga  
Chief Financial Officer

Date: 18 June 2007  
Place: Kolkata

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

Rs. Million

Sl.No.	Particulars	March 31,2007	March 31,2006
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit before Tax and Extraordinary items	343.05	199.97
	Adjusted for:		
	Depreciation	97.67	49.57
	Interest Expense	206.25	91.80
	Interest Income	(165.81)	(30.81)
	(Profit)/Loss on Sale of Fixed Assets	-	0.25
	Miscellaneous Expenditure written off	26.98	1.50
	Provision for Bad and Doubtful Debts	52.68	-
	Liabilities no longer required written back (net)	(2.04)	(5.88)
	Unrealised Foreign exchange gain	(16.50)	(32.62)
	<b>Operating profit before working capital changes</b>	<b>542.28</b>	<b>273.78</b>
	<b>Adjustments for changes in working capital :</b>		
	- (Increase)/Decrease in Sundry Debtors	(33.31)	63.10
	- (Increase) in Loans and Advances	(189.23)	(60.37)
	- (Increase) in Inventories	(44.17)	(467.60)
	- Increase/(Decrease) in Trade and Other Payables	(418.84)	1,031.03
	<b>Cash generated from operations</b>	<b>(143.27)</b>	<b>839.94</b>
	- Taxes Paid	(15.17)	(17.82)
	<b>Net cash from operating activities</b>	<b>(158.44)</b>	<b>822.12</b>
<b>B.</b>	<b>Cash flow from Investing activities:</b>		
	Purchase of fixed assets	(800.91)	(629.30)
	Capital Work in Progress	(2,701.52)	(807.72)
	Proceeds from Sale of fixed assets	6.17	0.11
	Purchase of investments [Rs. 1,000]	-	(8.90)
	Sale of investments	-	0.10
	Interest Received	103.94	21.20
	<b>Net cash used in investing activities</b>	<b>(3,392.32)</b>	<b>(1,424.51)</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Proceeds from Issue of Equity Shares	-	350.00
	Share Premium	-	1,645.00
	Share Issue Expenses	(83.00)	(50.01)
	Proceeds from long term borrowings	3,214.70	972.45
	Repayment of long term borrowings	(112.26)	(32.75)
	Proceeds from short term borrowings	22.82	164.67
	Interest Paid	(250.57)	(120.60)
	<b>Net cash used in financing activities</b>	<b>2,791.69</b>	<b>2,928.76</b>
	<b>Net Increase in Cash &amp; Cash Equivalents(759.07)</b>	<b>2,326.37</b>	
	Cash and cash equivalents as at April 1, 2006	2,487.37	161.00
	<b>Cash and cash equivalents as at March 31, 2007</b>	<b>1,728.30</b>	<b>2,487.37</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

### Notes to Cash Flow Statement

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

Rs. Million

	March 31, 2007		March 31, 2006	
Cash and Cheques in hands		20.86		8.82
Balance with Schedule Bank in				
Current Account	82.22		56.81	
Share Refund Order Account	0.38		11.66	
Fixed Deposit Account				
[Refer Note 3 (c) (ii) and 4(a) Schedule 17]	1,624.84	1,707.44	2,410.08	2,478.55
<b>Cash &amp; cash equivalents</b>		<b>1,728.30</b>		<b>2,487.37</b>

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

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

**Partha Mitra**  
Partner  
For and on behalf of  
Lovelock & Lewes  
Chartered Accountants

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**S. Swaminathan**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Date: 18 June 2007  
Place: Kolkata

Date: 18 June 2007  
Place: Kolkata

## 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 0 7

### 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 1 7 5 8 9 0 Total Assets : 1 0 1 7 5 8 9 0

#### Sources of Funds

Paid-up Capital : 1 1 0 0 0 0 0 Reserves & Surplus : 2 0 6 6 2 1 0  
Secured Loans : 4 9 8 5 8 5 0 Unsecured Loans : N I L  
Deferred Taxation : 1 9 7 9 2 0

#### Application of Funds

Net Fixed Assets : 6 2 1 9 5 6 0 Investments : 8 9 0 0  
Net Current Assets : 2 0 1 6 6 4 0 Misc. Expenditure : 1 0 4 8 8 0  
Accumulated Losses : N I L

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

Turnover \* : 5 3 7 9 2 8 0 Total Expenditure : 5 0 3 6 2 3 0  
Profit Before Tax : 3 4 3 0 5 0 Profit After Tax : 2 0 5 2 1 0  
Earning per share in Rs. : 1 . 8 7 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 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 3 1 0 0 0 Product Description : By-products - Blast Furnace  
Item Code No. : 2 6 1 0 0 0 4 0 Product Description : Chrome Concentrate  
Item Code No. : 2 6 1 8 0 0 0 0 Product Description : Granulated Slag

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**Swaminathan**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Date: 18 June 2007S.  
Place: Kolkata

## Statement Pursuant to Section 212(3) of the Companies Act, 1956

Ghotaringa Minerals Ltd. (GML), a company incorporated under the Companies Act, 1956, became subsidiary of the Company with effect from 30 September 2005. As on 31 March 2007, 89% of the issued and subscribed equity share capital of GML was held by the Company alongwith its nominees.

The net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the Company:

a. Dealt with in the Company's accounts	
i) For the financial year of the subsidiary	Rs. 133,369
ii) For the previous financial years of the subsidiary since it became subsidiary of the Company	(Rs. 31,152)
b. Not dealt with in the Company's accounts	
i) For the financial year of the subsidiary	NIL
ii) For the previous financial years of the subsidiary since it became subsidiary of the Company	N.A.

For and on behalf of the Board

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**S. Swaminathan**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Date: 18 June 2007  
Place: Kolkata

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF VISA STEEL LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF VISA STEEL LIMITED AND ITS SUBSIDIARY

- We have audited the attached Consolidated Balance Sheet of VISA Steel Limited (the Company) and its subsidiary (the Group) as at March 31, 2007, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date, 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 consolidated financial statements based on our audit.
- We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements of the subsidiary and joint venture, whose financial statements reflect total assets of Rs. 16.16 Million as at March 31, 2007 and total revenues of Rs. 0.30 Million and total net cash outflow of Rs. 2.34 Million for the year then ended.  
  
The financial statements of the subsidiary have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors and in so far as it relates to the amounts included in respect of the joint venture, 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.
- We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary and unaudited financial statements of joint venture prepared by the Company included in the consolidated financial statements.
- On the basis of the information and explanation given to us and on the consideration of the separate audit report on individual audited financial statements of the Company and its aforesaid subsidiary and unaudited financial statements of joint venture prepared by the Company as stated in Paragraph 3 above, in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2007;
  - in the case of the Consolidated Profit and Loss Account, of the results of operations of the Group for the year ended on that date; and
  - in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Partha Mitra**

Partner

Membership Number 50553

For and on behalf of

Lovelock & Lewes

Chartered Accountants

Place: Kolkata

Date: 18 June 2007

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

Rs. Million

	Schedule		March 31, 2007	March 31, 2006
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Fund</b>				
Share Capital	1	1,100.00	1,100.00	
Reserves and Surplus	2	2,066.31	3,166.31	1,860.96
Minority Interest			1.08	1.07
<b>Loan Funds</b>				
Secured Loan	3		4,985.85	1,860.15
Deferred Taxation [Refer Note 6 Schedule 16]			197.92	104.08
			<b>8,351.16</b>	<b>4,926.26</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	4	2,663.36	1,586.65	
Less: Depreciation		170.06	66.71	
Net Block		2,493.30	1,519.94	
Capital Work in Progress including Advances		3,729.22	1,010.25	
Share of Joint Venture [Refer Note 10 Schedule 16]		0.03	6,222.55	2,530.19
<b>Current Assets, Loans and Advances</b>				
Inventories	5	1,195.12	1,165.68	
Sundry Debtors	6	413.73	434.55	
Cash and Bank Balances	7	1,733.71	2,495.12	
Interest Accrued on Deposits		40.80	10.48	
Loans and Advances	8	466.39	274.32	
		3,849.75	4,380.15	
<b>Less: Current Liabilities and Provisions</b>				
Liabilities	9	1,824.66	2,099.74	
Provisions <sup>10</sup>	1.36		1.10	
		1,826.02	2,023.73	2,100.84
<b>Miscellaneous Expenditure</b>	11		104.88	116.76
[To the extent not written off or adjusted]				
			<b>8,351.16</b>	<b>4,926.26</b>
Notes on Accounts	16			

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 and on behalf of the Board of Directors

**Partha Mitra**  
Partner  
For and on behalf of  
Lovell & Lewes  
Chartered Accountants

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**S. Swaminathan**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Date: 18 June 2007  
Place: Kolkata

Date: 18 June 2007  
Place: Kolkata

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

Rs. Million

	Schedule	March 31, 2007	March 31, 2006
<b>INCOME</b>			
Sales and Services	12	5,311.80	3,868.15
Other Income	13	67.48	6.45
		<b>5,379.28</b>	<b>3,874.60</b>
<b>EXPENDITURE</b>			
Materials	14	4,435.16	3,043.96
Expenses	15	503.25	581.14
Depreciation		97.67	49.57
		<b>5,036.08</b>	<b>3,674.67</b>
<b>Profit Before Taxation</b>		<b>343.20</b>	<b>199.93</b>
<b>Provision for Taxation</b>			
Current Tax		39.00	17.39
[Net of Provision for Income Tax written back for earlier years Rs. Nil (2006; Rs. 0.11 Million)]			
Fringe Benefit Tax [including Rs 0.64 Million relating to earlier years (2006; Rs. Nil)]		5.00	3.00
Deferred Tax		93.84	54.81
		<b>137.84</b>	<b>75.20</b>
<b>Profit after Taxation before share of Minority Interest</b>		<b>205.36</b>	<b>124.73</b>
Minority Interests [2006; Rs. 3,850]		(0.01)	-
<b>Net Profit</b>		<b>205.35</b>	<b>124.73</b>
Balance brought forward from previous years		124.73	-
<b>Balance Carried forward to Balance Sheet</b>		<b>330.08</b>	<b>124.73</b>
Basic and Diluted Earning Per Share		1.87	1.62
Notes on Accounts	16		

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 and on behalf of the Board of Directors

**Partha Mitra**  
Partner  
For and on behalf of  
Lovell & Lewes  
Chartered Accountants

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**S. Swaminathan**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Date: 18 June 2007  
Place: Kolkata

Date: 18 June 2007  
Place: Kolkata

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Rs. Million

	March 31, 2007	March 31, 2006
<b>1 Share Capital</b>		
<b>Authorised</b>		
160,000,000 Equity Shares of Rs. 10/- each	<u>1,600.00</u>	<u>1,600.00</u>
<b>Issued and Subscribed</b>		
110,000,000 Equity Shares of Rs. 10/- each fully paid up	<u>1,100.00</u>	<u>1,100.00</u>
<b>Note:</b>		
a) Of the above 56,212,167 Equity Shares of Rs. 10/- each are held by VISA Minmetal AG, the ultimate Holding Company		
b) Of the above 8,360,000 Equity Shares of Rs. 10/- each allotted for consideration other than cash pursuant to a scheme of amalgamation without payment being received in cash.		
<b>2 Reserves &amp; Surplus</b>		
Capital Reserve	0.07	0.07
Share Premium Account	1,645.00	1,645.00
General Reserve	91.16	91.16
Profit and Loss Account	330.08	124.73
	<u>2,066.31</u>	<u>1,860.96</u>
<b>3 Secured Loan</b>		
From Banks		
Cash Credit	329.19	305.93
[Refer Note 3(a) Schedule 16]		
Term Loan	4,622.97	1,521.71
[Refer Note 3(b) Schedule 16]		
Other Loan	33.69	32.51
[Refer Note 3(c) Schedule 16]		
	<u>4,985.85</u>	<u>1,860.15</u>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

ASSETS	Gross Block (at cost)		Deletion/ Adjustments	As at March 31, 2007	As at April 1, 2006	Addition/ Adjustments	Depreciation For the Year	Deletion/ Adjustments	Net Block	
	As at April 1, 2006	As at March 31, 2007							As at March 31, 2007	As at March 31, 2006
Goodwill on Consolidation	0.24	-	-	0.24	-	-	-	-	0.24	0.24
<b>Tangible</b>										
Land- Freehold	7.56	0.95	-	8.51	-	-	-	-	8.51	7.56
Land- Leasehold	136.89	5.45	-	142.34	2.49	-	1.68	-	138.17	134.40
Factory Building	119.09	116.94	-	236.03	4.90	0.29	6.44	-	224.40	114.19
Buildings	82.30	3.17	51.57	33.90	1.39	-	0.54	0.29	32.26	80.91
Plant & Machinery	1,165.98	944.51	0.99	2,109.50	43.95	-	81.54	0.19	1,984.20	1,122.03
Furniture & Fixtures	8.06	13.94	0.03	21.97	2.50	-	4.28	-	15.19	5.56
Vehicles	65.93	37.71	6.70	96.94	11.28	-	8.01	1.35	79.00	54.65
<b>Intangible</b>										
Computer Software	0.60	13.33	-	13.93	0.20	-	2.40	-	11.33	0.40
<b>TOTAL</b>	<b>1,586.65</b>	<b>1,136.00</b>	<b>59.29</b>	<b>2,663.36</b>	<b>66.71</b>	<b>0.29</b>	<b>104.89</b>	<b>1.83</b>	<b>170.06</b>	<b>1,519.94</b>
<b>2006</b>	<b>883.23</b>	<b>704.37</b>	<b>0.94</b>	<b>1,586.65</b>	<b>17.64</b>	<b>-</b>	<b>49.65</b>	<b>0.58</b>	<b>66.70</b>	<b>1,519.94</b>

## 4) Fixed Assets

Notes:

1. Addition/Adjustment includes Rs. 44.40 Million [2006 - Rs. 11.92 Million], being borrowing cost capitalised on qualifying assets.
2. Depreciation for the year includes Rs. 7.22 Million [2006 - Rs.0.08 Million], being depreciation during pre-operative period which has been capitalised during the year.



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Rs. Million

	March 31, 2007	March 31, 2006
<b>15 Expenses</b>		
Salary, Wages & Bonus	46.48	37.28
Contribution to Provident & Other Funds	2.62	5.08
Power & Fuel	54.86	51.27
Material Handling Expenses	22.52	12.47
Consumption of Stores & Spare Parts	61.06	43.09
Freight & Selling expenses	90.36	165.31
Insurance	5.97	3.59
Telephone	2.14	5.90
Repairs & Maintenance		
- Building	0.40	3.45
- Plant & Machinery	3.72	1.00
- Others	1.85	3.61
Rent	8.25	22.81
Rates & Taxes	1.69	0.83
Travelling	6.00	14.90
Interest & Finance Charges (net)	63.63	117.48
[Refer Note 5 Schedule 16]		
Loss on Exchange Fluctuation (net)	-	14.17
Provision for Bad and Doubtful Debts	52.68	-
Miscellaneous Expenditure written off	26.98	1.50
Miscellaneous Expenses	52.04	77.42
	<b>503.25</b>	<b>581.14</b>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

## 16 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 subsidiary 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:

- The financial statements of the Holding Company and its subsidiary company 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.
- The financial statements of the subsidiary and joint venture used in the consolidation are drawn up to the same reporting date as that of the Holding Company.
- The excess value of the consideration given over the net value of the identifiable assets acquired in the subsidiary company is recognised as "Goodwill" and is not being amortised.
- 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 and joint venture considered in the Consolidated financial statements are:

	Country of Incorporation	% of Voting power held as at 31.03.07
Subsidiary		
Ghotaringa Minerals Ltd.	India	89% (including Beneficial Interest of 4.45%)
Joint Venture		
Patrapara Coal Mining Company Pvt. Ltd.	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

- 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 of the Institute of Chartered Accountants of India.
- Depreciation on fixed assets, other than freehold 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.
- Computer software has been capitalised as Intangible Assets and are being amortised in equal instalments over its useful lives of three years.
- Profit or loss on disposal of fixed assets is recognised in Profit and Loss Account.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

**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, Consultancy & Commission**

Sales represent the invoiced value of goods and services supplied, net of Value Added Tax (VAT)/Sales Tax but inclusive of excise duty. Income from Consultancy and Commission are accounted for based on business arrangement in existence.

**h) Transactions in Foreign Currencies**

Transactions in Foreign Currency are recorded in Indian Currency by applying rate of exchange ruling at the time of transaction and exchange differences arising on settlement except for acquisition of fixed assets are dealt with in the Profit & Loss Account. Unsettled transactions are converted at the year-end rate and gain or loss arising on such transaction except for acquisition of fixed assets is recognised in the Profit & Loss Account. Exchange differences arising for acquisition of fixed assets are adjusted in the carrying cost of the respective fixed assets.

**i) Retirement Benefits**

Provident Fund

Contributions to the recognised Provident Fund maintained by the Regional Provident Fund Commissioner are charged to the Profit & Loss Account.

Gratuity

The Company has taken a policy with Life Insurance Corporation of India (LIC) for gratuity scheme who determines the amount of contribution payable, which is provided in these Consolidated financial statements.

Leave Encashment

Leave Encashment liability on retirement is determined on accrual basis which is provided for in these Consolidated financial statements.

**j) Deferred Tax**

Deferred Tax is recognised using the liability method, at the current rate of taxation, on all timing differences to the extent that 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.

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

- i) Preliminary expenses incurred in connection with the formation of the Company, are being written off in ten equal installments.
- ii) Pre-operative expenses relating to Plant is being written off for a period of five years from the date of commencement of commercial production.
- iii) Public issue expenses are being amortized over a period of five years

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

		Rs. Million	
		March 31, 2007	March 31, 2006
2. a)	Contingent liability not provided for in respect of:		
i)	Bank Guarantee	72.26	33.97
ii)	Sales Tax demand on Appeal	1.70	-
b)	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	1,928.76	210.43

**c) Claim against the Holding Company not acknowledged as debt:**

- i) Transfield Shipping Inc., Panama, owner of the vessel has filed a civil suit in Calcutta High Court claiming that under a Charter Party Agreement dated August 27, 2004 with VISA Comtrade (Asia) Limited, the said Transfield Shipping Inc. had allowed the use of their vessel to VISA Comtrade (Asia) Limited for shipment of coal and has alleged that during the lighterage operation at the Cochin port, the vessel was damaged by the lightering vessel due to inadequate fendering on the lightering vessel and it was the duty of the company and VISA Comtrade (Asia) Limited to ensure that the lightering vessel was well equipped with necessary fendering equipment and the delay caused in the cargo discharge operations was due to the negligence and default of the company and VISA Comtrade (Asia) Limited and claimed the 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, Interest pendente lite, Interest upon judgment, Receiver and Attachment before judgment, Injunction, Costs and further or other reliefs.

The Company has not accepted the claim as the Company was not a party to the said agreement and hence cannot be made a party to this suit. The Calcutta High Court passed interim order dated May 11, 2005 and June 20, 2005, restraining the Company and VISA Comtrade (Asia) Limited from withdrawing any amount from a specified bank account number without leaving a balance for a sum of Rs. 12.50 Million, which has been set aside by the bank from the cash credit limit of the company. The suit is currently pending before the Calcutta High Court.

- ii) Applications have been filed by the legal heirs of a deceased employee of the Company and his sister respectively, who died in a road accident while 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.
- d) The Company has obtained licences from the Government of India under EPCG Scheme for import of machineries for its Blast Furnace and Coke Oven Plant at Orissa at a reduced Customs Duty and thereby saved an amount of Rs. 268.04 Million towards duty upto March 31, 2007. As per the requirement under the said Scheme, the company is required to export amounting to Rs. 964.20 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 CONSOLIDATED ACCOUNTS

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 holding company.
- b) Term Loan from bank is secured by first mortgage charge on the land 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, Village - Jakhapura, Dist - Jajpur, Orissa and second charge on all the current assets of the Company ranking pari passu with other banks alongwith Corporate Guarantee of VISA International Limited and personal guarantee of Managing Director of the holding Company.
- c) i) Vehicle loan are secured by way of hypothecation of vehicles/machinery taken under the loan arrangement.  
ii) Short term loan are secured by way of pledge of fixed deposit amounting to Rs. 496.60 Million (2006; Rs. Nil)
4. a) During the year ended March 31, 2006, the holding company had issued 35,000,000 equity shares of Rs. 10/- each by way of public issue of shares at a price of Rs. 57/- per equity share amounting to Rs. 1,995.00 Million to finance a part of the capital expenditure for Brownfield expansion of existing manufacturing activities into an integrated 0.5 million TPA special and stainless steel plant by setting up the Ferro Chrome plant, Sponge Iron plant, Waste Heat Recovery Power plant, Special and Stainless Steel plant, associated infrastructure facilities in addition to the already commissioned Blast Furnace and under-implementation Coke Oven plant at Kalinganagar Industrial Complex, and to meet issue expenses. An amount of Rs. 795.41 Million have been utilised in new projects out of the entire issue proceeds and balance of Rs. 1,199.59 Million is kept in fixed deposits with banks, awaiting deployment in projects earmarked for the same as stated in Schedule 7.
- b) Expenditure related to issue of shares is being amortised over a period of five years from the date of issue, accordingly an amount of Rs. 26.98 Million has been charged to the Profit and Loss Account.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	Rs. million	
	March 31, 2007	March 31, 2006
5 Interest and Finance Charges (net) comprises		
Interest Charges on:		
Overdraft Facilities	26.32	31.08
Term Loan	89.17	60.72
Other Loan	7.29	-
Bank & Finance Charges	106.96	56.54
	229.74	148.34
Less: Interest Income [TDS Rs. 31.78 Million (2006: Rs. 4.10 Million)]	(166.11)	(30.86)
	<b>63.63</b>	<b>117.48</b>
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:		
<b>Deferred Tax Liabilities</b>		
Depreciation	208.39	98.78
Public Issue Expenses	8.44	7.48
Others	-	0.07
	216.83	106.33
<b>Deferred Tax Assets</b>		
Provision for Doubtful Debtors	(17.73)	-
Others	(1.18)	(2.25)
	<b>197.92</b>	<b>104.08</b>
In respect of the subsidiary, the carry forward loss under the Income Tax Act, 1961, has not been recognised as deferred tax asset in the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.		
7 Consolidated Earning per Share		
Consolidated Profit after Tax (A)	205.35	124.73
Weighted average number of Rs. 10 equity share outstanding during the year (B)	110,000,000	77,013,699
Basic and Diluted Earning per Share (A/B)	<b>1.87</b>	<b>1.62</b>
Note:		
Nos. of Shares as on 1st April	110,000,000	75,000,000
Fresh Issue		
No. of Rs. 10 Shares	-	35,000,000
Date of Issue	-	March 11, 2006
Weighted Average no. of Rs. 10 Shares	110,000,000	77,013,699
8 Directors Remuneration (in respect of Holding Company)		
Salaries, Allowances & Bonus	8.42	6.15
Retirement benefits	2.54	1.56
Perquisites	1.90	0.10
Commission	6.09	1.00
	<b>18.95</b>	<b>8.81</b>
9 Operating Leases [In respect of Holding Company]	7.36	0.40
Rent [Including minimum lease payment Rs. Nil (2006: Rs. Nil)]		
[Operating leases for office premises are entered into as on March 1, 2006, 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.]		

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

## 10 Investment in Joint Venture

Joint Venture	Patrapara Coal Mining Company Pvt. Ltd.
Country of Incorporation	India
Percentage of Ownership Interest as at March 31, 2007	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.

## 11 Related Party Disclosures

Related Party Disclosures have been made in accordance with the accounting standard on "Related Party Disclosure" (AS 18) issued by The Institute of Chartered Accountants of India.

Name of the Related Parties:

Ultimate Holding Company VISA Minmetal AG

Enterprise having significant influence VISA International Ltd.

Fellow Subsidiaries VISA Comtrade AG  
VISA Power Ltd.  
VISA Plc.  
VISA Coal Pty Ltd.  
VISA Comtrade Ltd.  
VISA Comtrade (Asia) Ltd. , Singapore  
VISA Comtrade (Asia) Ltd. , Hong Kong

Key Managerial Personnel Mr. Vishambhar Saran  
Mr. Vishal Agarwal

Relatives of Key Managerial Personnel Mrs. Saroj Agarwal  
Mr. Vikas Agarwal  
Mr. Vivek Agarwal  
Mrs. Bhawna Agarwal  
Mr. Ashok Agarwal

Enterprise over which Relatives of Key Managerial Personnel having significant influence Khandadhar Minerals Ltd.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Nature of Transaction	March 31, 2007						March 31, 2006					
	Ultimate Holding Company	Fellow Subsidiaries	Enterprise having Significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprise over which Relatives of Key Managerial Personnel having Significant influence	Ultimate Holding Company	Fellow Subsidiaries	Enterprise having Significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprise over which Relatives of Key Managerial Personnel having Significant influence
Consultancy Income	-	-	-	-	-	-	-	2.19	-	-	-	-
Rent	-	-	0.80	-	-	-	-	-	4.46	-	-	-
Purchase of Goods	-	3,331.96	-	-	-	-	-	458.12	-	-	-	-
Sale of Goods	-	1,024.50	-	-	-	-	-	420.48	-	-	-	-
Purchase of Fixed Assets	-	-	1.55	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	5.35	0.82	-	-	-	-	-	-	-	-	-
Interest Paid	-	41.93	-	-	-	-	-	7.18	-	-	-	-
Behalf payment made to others	-	21.08	6.67	-	-	0.01	0.21	17.32	13.94	-	-	0.02
Refund of the above	-	16.25	6.67	-	-	-	0.21	13.13	0.35	-	-	0.01
Payments made by others	-	0.05	2.35	-	-	-	-	0.13	-	-	-	-
Refund of above	-	-	2.35	-	-	-	-	-	-	-	-	-
Shares Application Received	-	-	-	-	-	-	285.00	-	-	-	-	-
Shares Issued	-	-	-	-	-	-	50.00	-	-	-	-	-
Share Premium	-	-	-	-	-	-	235.00	-	-	-	-	-
Remuneration	-	-	-	17.46	2.37	-	-	-	-	7.81	1.15	-
Sitting Fees	-	-	-	-	0.15	-	-	-	-	-	0.17	-
Outstanding as on 31.03.07	-	-	-	-	-	-	-	-	-	-	-	-
Debit	-	-	0.56	-	-	0.51	-	0.31	9.60	0.25	0.19	0.50
Credit	-	1,141.28	-	-	0.01	-	-	219.40	-	-	0.11	-

Details of Transactions with Related Parties

Rs. Million

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

**12 Segment Information**

Segment information as required by Accounting Standard on "Segment Reporting " (AS 17) issued by The Institute of Chartered Accountants of India is given below:

Rs. Million

Business Segment:	March 31, 2007			March 31, 2006		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
Segment Revenue	3,048.75	2,569.36	5,618.11	2,149.54	1,966.71	4,116.25
Segment Results	564.90	(70.88)	494.02	241.88	192.97	434.85
Less: unallocable expenses net off income			87.19			117.44
Less: Interest & Finance Charges (net)			63.63			117.48
Profit Before Tax			343.20			199.93
Provision for taxation			137.84			75.20
Profit after Taxation before Minority Interest			<b>205.36</b>			<b>124.73</b>
Segment Assets	9,039.91	424.61	9,464.52	5,677.75	930.86	6,608.61
Add: Unallocated Corporate Assets			712.66			418.49
Total Assets			<b>10,177.18</b>			<b>7,027.10</b>
Segment Liabilities	1,452.73	350.40	1,803.13	930.90	902.02	1,832.92
Add: Unallocated Liabilities			5,206.65			2,232.16
Total Liabilities			<b>7,009.78</b>			<b>4,065.08</b>
Capital Expenditure	3,836.03	-	3,836.03	1,441.53	-	1,441.53
Depreciation	72.60	-	72.60	45.04	-	45.04
Non Cash Expenses other than Depreciation	-	-	79.66	-	-	1.50
<b>Geographical Segment:</b>	<b>Domestic</b>	<b>Export</b>	<b>Total</b>	<b>Domestic</b>	<b>Export</b>	<b>Total</b>
Segment Revenue	4,535.71	1,082.40	5,618.11	3,693.20	423.05	4,116.25
Segment Assets	9,464.52	-	9,464.52	6,466.46	142.15	6,608.61
Capital Expenditure	3,836.03	-	3,836.03	1,441.53	-	1,441.53

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Notes:

- a) Business Segment: The internal business segmentation and the activities encompassed therein are as follows;
  - i) Manufacturing: Manufacturing of Chrome Ore based products, Pig Iron and Coke.
  - ii) Trading: Trading of mining products.
- b) Geographical Segment: Segmentation is on the basis of the geographical location of the customers.
- c) The segment wise revenue, results and assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments. Unallocable expenditure includes expenses incurred on common services at the corporate level and relate to the company as a whole

13 Necessary disclosures required under Micro, Small & Medium Enterprises Development Act, 2006, can only be considered once relevant information to identify the supplier who are covered under the said Act are received from such parties.

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

For and on behalf of the Board of Directors

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

Date: 18 June 2007  
Place: Kolkata

**S. Swaminathan**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

Rs. Million

Sl.No.	Particulars	March 31, 2007	March 31, 2006
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit before Tax and Extraordinary items	343.20	199.93
	Adjusted for:		
	Depreciation	97.67	49.57
	Interest Expense	206.24	91.80
	Interest Income	(166.11)	(30.85)
	(Profit)/Loss on Sale of Fixed Assets	-	0.25
	Miscellaneous Expenditure written off	26.98	1.50
	Provision for Bad and Doubtful Debts	52.68	-
	Liabilities no longer required written back (net)(2.04)	(5.88)	
	Unrealised Foreign exchange gain	(16.50)	(32.57)
	<b>Operating profit before working capital changes</b>	<b>542.12</b>	<b>273.75</b>
	<b>Adjustments for changes in working capital:</b>		
	- (Increase)/Decrease in Sundry Debtors	(33.31)	63.10
	- (Increase) in Loans and Advances	(188.85)	(61.17)
	- (Increase) in Inventories	(44.17)	(467.60)
	- Increase/(Decrease) in Trade and Other Payables	(418.73)	1,030.98
	<b>Cash generated from operations</b>	<b>(142.94)</b>	<b>839.06</b>
	- Taxes Paid	(15.17)	(17.83)
	<b>Net cash from operating activities</b>	<b>(158.11)</b>	<b>821.23</b>
<b>B</b>	<b>Cash flow from Investing activities:</b>		
	Purchase of fixed assets	(800.91)	(629.30)
	Capital Work in Progress	(2,704.26)	(807.72)
	Proceeds from Sale of fixed assets	6.17	0.11
	Purchase of investments (Rs. 1,000)	-	(8.90)
	Sale of investments	-	0.10
	Interest Received	104.01	21.20
	<b>Net cash used in investing activities</b>	<b>(3,394.99)</b>	<b>(1,424.51)</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Proceeds from Issue of Equity Shares	-	350.00
	Share Premium	-	1,645.00
	Share Issue Expenses	(83.00)	(50.01)
	Proceeds from long term borrowings	3,214.70	972.45
	Repayment of long term borrowings	(112.26)	(32.75)
	Proceeds from short term borrowings	22.82	164.67
	Interest Paid	(250.57)	(120.60)
	<b>Net cash used in financing activities</b>	<b>2,791.69</b>	<b>2,928.76</b>
	<b>Net Increase in Cash &amp; Cash Equivalents(761.41)</b>	<b>2,325.48</b>	
	Cash and cash equivalents as at April 1, 2006	2,495.12	161.00
	On acquisition of the subsidiary	-	8.64
	<b>Cash and cash equivalents as at March 31, 2007</b>	<b>1,733.71</b>	<b>2,495.12</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

### Notes to Consolidated Cash Flow Statement

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

Rs. Million

	March 31, 2007	March 31, 2006
Cash and Cheques in hands	20.86	8.82
Balance with Schedule Bank in		
Current Account	82.64	57.06
Share Refund Order Account	0.38	11.66
Fixed Deposit Account		
[Refer Note 3 (c) (ii) and 4(a) Schedule 16]	1,629.83	2,417.58
<b>Cash &amp; cash equivalents</b>	<b>1,733.71</b>	<b>2,495.12</b>

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

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

**Partha Mitra**  
Partner  
For and on behalf of  
Lovelock & Lewes  
Chartered Accountants

**Vishambhar Saran**  
Chairman

**Vishal Agarwal**  
Managing Director

**S. Swaminathan**  
Company Secretary

**Manoj Kumar Digga**  
Chief Financial Officer

Date: 18 June 2007  
Place: Kolkata

Date: 18 June 2007  
Place: Kolkata

## DIRECTORS' REPORT

To the members,

Your Directors take the pleasure in presenting the Fourth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2007.

#### Financial Results

	(in Rupees) Year ended 2006-07	(in Rupees) Year ended 2005-06
Gross Revenue	-	-
Interest income	2,99,165.00	48,865.00
Expenditure	1,49,312.05	3,09,035.00
Profit/(Loss) after Taxation	1,49,852.95	(2,60,170.00)
Profit/(Loss) brought forward from previous year	(3,08,672.12)	(48,502.12)
Balance carried forward to Balance Sheet	(158,819.17)	(3,08,672.12)

#### Operations

Your Company has not yet commenced operations of its business even then it has registered a net profit of Rs.1,49,852.95 during the period under review due to increase in the returns from the investments made by the Company.

Your Company has made necessary application for transfer of Prospecting Licence of the Ghotaringa Chrome Ore Lease, spread over an area of 721.207 hectares in village Ghotaringa, Kalada, Kerjodi, Ranjagada RF etc. in Dhenkhanal district, Orissa, from M/s. Orissa Industries Limited, which is at an advanced stage with the Dept. of Steel & Mines, Govt. of Orissa. Exploration and Prospecting operations for Ghotaringa Chrome Ore deposits have already been started to ascertain the quality and quantity of the deposit.

#### Dividend

As your Company is yet to commence its operations, the Directors do not recommend any dividend for the financial year ended 31st March, 2007.

#### Directors

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

#### Auditors

The Auditors of the Company M/s. Ray & Ray, Chartered Accountants, office at 6, Church Lane, Kolkata -700 001 retire at the forthcoming Annual General Meeting and have expressed their unwillingness to continue as Auditors.

#### Directors Responsibility Statement

In terms of the provision of Section 217(2AA) of the Companies Act, 1956, your Directors 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.

## DIRECTORS' REPORT

- 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 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, 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 of Directors

Place: Bhubaneswar  
Date: 22.05.2007

K.M. Lal  
Director

Manoj Kumar Digga  
Director

## AUDITORS' REPORT

To the members,

1. We have audited the attached Balance Sheet of GHOTARINGA MINERALS LIMITED as at 31 March 2007, the related Profit and Loss Account and the Cash Flow for the year ended on that date (hereinafter referred to as "financial statement"), all of which have been signed under the 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 the 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 appears 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 2007 and taken as record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) 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 give 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 2007;
    - b) In the case of Profit and Loss Account, of the Profit for the year ended as on that date; and
    - c) In the case of Cash Flow Statement, of the Cash Flows for the year ended as on that date

**For RAY & RAY**  
Chartered Accountants

**ABHIJIT NEOGI**  
Partner  
Membership No. 61380

Place: Kolkata  
Date: 22 May 2007

## ANNEXURE TO THE AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

1. 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, to companies, firms or other parties covered in the Register maintained under Section 301 of the 'Act'.
2. 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'.
3. The Company has not accepted any deposit from public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
4. The Company did not have any outstanding dues to any financial institution, bank or debenture holders during the year.
5. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
6. 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 institutions during the year.
7. The Company has not obtained any term loans.
8. The Company has not raised any funds on short-term basis.
9. 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'.
10. 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.
11. The other clauses (i), (ii), (iv), (vii) to (x), (xiii), (xiv), (xix), (xx) of paragraph 4 of the aforesaid Order are not presently applicable to the Company for the current year, since in our opinion there are no matter which arises to be reported in consequence to non-commencement of the Company's operations.

**For RAY & RAY**  
Chartered Accountants

**ABHIJIT NEOGI**  
Partner  
Membership No. 61380

Place: Kolkata  
Date: 22 May 2007

## BALANCE SHEET AS AT MARCH 31, 2007

	Schedule	Amount in Rs.	
		As At March 31, 2007	As At March 31, 2006
<b>I SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUND			
Share Capital	1	10,000,000.00	10,000,000.00
<b>TOTAL</b>		<b>10,000,000.00</b>	<b>10,000,000.00</b>
<b>II APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS:</b>			
<b>CWIP</b>		2,706,500.00	-
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash and Bank Balances	2	5,415,733.83	7,755,133.88
Other Current Assets	3	279,022.00	48,865.00
Loans and Advances	4	1,569,147.00	1,898,747.00
		7,263,902.83	9,702,745.88
LESS: CURRENT LIABILITIES AND PROVISIONS	5	129,222.00	11,418.00
<b>NET CURRENT ASSETS</b>		<b>7,134,680.83</b>	<b>9,691,327.88</b>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		-	
PROFIT AND LOSS ACCOUNT (Debit Balance)		158,819.17	308,672.12
<b>TOTAL</b>		<b>10,000,000.00</b>	<b>10,000,000.00</b>
<b>NOTES ON ACCOUNTS</b>			

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.

On behalf of the Board

**For Ray & Ray**  
Chartered Accountants

**Abhijit Neogi**  
Partner  
Membership No. 61380

Place: Kolkata  
Date: 22 May 2007

**K.M.Lal**  
Director

**Manoj Kumar Digga**  
Director

Place: Bhubaneswar  
Date: 22 May 2007

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

	Schedule	Amount in Rs.	
		For the year ended March 31, 2007	For the year ended March 31, 2006
<b>INCOME</b>			
Interest on Term Deposits (Gross)		299,165.00	48,865.00
<b>EXPENDITURE</b>			
Expenses	6	149,312.05	309,035.00
<b>PROFIT BEFORE TAXATION</b>		<b>149,852.95</b>	<b>(260,170.00)</b>
Taxation (Note 5 on Schedule 7)		-	-
<b>PROFIT AFTER TAXATION</b>		<b>149,852.95</b>	<b>(260,170.00)</b>
Balance brought forward from previous year		(308,672.12)	(48,502.12)
Balance carried over to Balance Sheet		<b>(158,819.17)</b>	<b>(308,672.12)</b>
Earnings per share: (Note 10 on Schedule 7)			
Basic & Diluted EPS		0.15	(0.50)
<b>NOTES ON ACCOUNTS</b>	7		

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

On behalf of the Board

**For Ray & Ray**  
Chartered Accountants

**Abhijit Neogi**  
Partner  
Membership No. 61380

Place: Kolkata  
Date: 22 May 2007

**K.M.Lal**  
Director

**Manoj Kumar Digga**  
Director

Place: Bhubaneswar  
Date: 22 May 2007

## SCHEDULES TO BALANCE SHEET

	Amount in Rs.	
	As At March 31, 2007	As At March 31, 2006
<b>SCHEDULE: 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
10,00,000 (2006 - 10,00,000) Equity Shares of Rs.10 each	10,000,000.00	10,000,000.00
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
10,00,000(2006 - 10,00,000 Equity Shares, of Rs.10 each (Notes below)	10,000,000.00	10,000,000.00
	<u>10,000,000.00</u>	<u>10,000,000.00</u>
<b>NOTES :</b>		
1) Of above 1,10,000 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) 8,90,000 Equity Shares of Rs 10 each are held by VISA Steel Limited (immediate holding company) and its nominees.		
<b>SCHEDULE : 2</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	-	-
Balances with Scheduled Bank:		
- in Current Account	415,733.83	255,133.88
- in Term deposits	5,000,000.00	7,500,000.00
	<u>5,415,733.83</u>	<u>7,755,133.88</u>
<b>SCHEDULE:3</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest on term deposits accrued from ICICI bank	200,922.00	48,865.00
TDS ASSETS	78,100.00	-
	<u>279,022.00</u>	<u>48,865.00</u>
<b>SCHEDULE :4</b>		
<b>LOANS AND ADVANCES</b>		
Advance recoverable in Cash or in kind for value to be received (Note 3 on Schedule 7)	1,569,147.00	1,898,747.00
	<u>1,569,147.00</u>	<u>1,898,747.00</u>
<b>SCHEDULE: 5</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors(Note 4 on Schedule 6)	129,222.00	11,418.00
<b>PROVISIONS</b>	-	-
	<u>129,222.00</u>	<u>11,418.00</u>
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary expenses	-	-

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Amount in Rs.	
	2006-07	2005-06
<b>SCHEDULE: 6</b>		
<b>EXPENSES</b>		
Legal Expenses	750.00	-
Filing Fees	1,560.00	5,500.00
Auditor's Remuneration ( Note 8 on Schedule 7)	13,468.00	23,142.00
Directors' Sitting Fees(Note 9 on Schedule7)	51,000.00	19,000.00
Other Expenses	5,185.05	51,893.00
Preliminary expenses written off	-	159,500.00
Business Promotion Expenses	30,000.00	Nil
Car Hire Charges	15,539.00	Nil
Printing Stationery	7,270.00	Nil
Travelling Expenses	24,540.00	Nil
(Note 2 on Schedule7)		
Debits Written Off	-	50,000.00
	<u>149,312.05</u>	<u>309,035.00</u>

## SCHEDULE: 7

## NOTES ON ACCOUNTS

## 1. Significant Accounting Policies- Basis of Accounting

The Financial Statements have been prepared under the Historical Cost Convention and comply in all material aspect with applicable Accounting Principles of India, the Accounting Standards issued by The Institute of Chartered Accountants of India and relevant provisions of The Companies Act, 1956 of India.

Items of income and expenditures are generally accounted for on accrual basis, unless otherwise stated.

## 2. Advances recoverable in cash or in kind or value to be received include:

i) Rs.15,69,147/- (2006 - Rs. 15,69,147/-) paid to a party against acquisition of Prospective lease and,

## 3. Rs.14,21,569/- paid to a party for geological investigation and exploration of Chrome Ore Deposit.

## 4. Sundry Creditors do not include any balance payable to Small Scale Industrial Undertaking.

## 5. In absence of any taxable income, no provision for taxation has been considered necessary in these accounts.

## 6. The Company has carried forward loss under the Income Tax Act, 1961. As the availability of future taxable income is not ascertainable by the company with virtual certainty, deferred tax asset in respect of such carried forward loss has not been recognized as per Accounting Standard (AS-22), 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.

## 7. The Company did not have any employee during the year and consequently, 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.

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Amount in Rs.	
	2006-07	2005-06
<b>8. Auditor's remuneration includes amounts paid/payable to Auditor</b>		
Audit fees	12,000.00	9,000.00
Certificates for Special Purpose Accounts	-	12,000.00
Out of pocket expenses (Service Tax)	1,468.00	2,142.00
	<u>13,468.00</u>	<u>23,142.00</u>
<b>9. Directors' Remuneration</b>		
Directors' sitting fees	51,000.00	19,000.00

**10. Related party disclosures (as identified by the Management from relevant documentation):**

a) Where control exist:		
Related Party		Relationship
VISA Steel Ltd.		Holding Company
b) Transaction with related Parties:		
Business Promotion Expenses	Rs. 30,000/-	
Traveling Expenses	Rs. 10,049/-	
Filing fees paid.	Rs. 1,560/-	
General Expenses	Rs. 516/-	
	<u>Rs 42,125/-</u>	

	2006-07	2005-06
<b>11. Earnings Per Share :</b>		
a) Number of equity shares Of Rs 10 each:		
- At the beginning of the year	1,000,000	50,000
- At the end of the year	1,000,000	1,000,000
b) Weighted average number of equity shares outstanding	1,000,000	525,000
c) Profit after tax available for equity shareholders - Rs.	149,852.95	260,170.00
d) Earning per share -Basic & Diluted EPS- Rs.	0.15	(0.50)

**12. Comparatives**

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

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

**13. Information pursuant to Part IV of Schedule VI to the Companies Act. 1956.  
Balance Sheet Abstract and Company's General Business Profile:**

<b>I) Registration Details</b>	
Registration Number	15-07348
State Code	15
Balance Sheet	31.3.2007
<b>II) Capital raised during the year</b>	(Amount in Rs. thousands)
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	
Against consideration other than cash ((Note 1 on Schedule 1)	Nil
<b>III) Position of mobilization and deployment of funds</b>	
Total Liabilities	10,129
Total Assets	10,129
<b>Sources of Funds</b>	
Paid-up capital	10,000
Reserves and Surplus	Nil
Secured Loans	Nil
Unsecured Loans	Nil
<b>Applications of funds</b>	
Net fixed assets	Nil
Investments	Nil
Net current assets / (liabilities)	7,135
Miscellaneous expenditure	Nil
Accumulated Losses	159
<b>IV) Performance of the Company</b>	
Turnover (including other income)	299
Total expenditure	149
Profit (+)/loss (-) before tax	149
Profit (+)/loss (-) after tax	149
Earning per share (in Rs.) annualized	0.15
Dividend rate (%)	Nil
<b>V) Generic names of the principal products and/ services of the company as per monetary terms:</b>	
Item code no. (ITC Code)	Not Applicable
Product description	Not Applicable

Signatures to Schedule 1 to 7

On behalf of the Board

Place: Bhubaneswar  
Date: 22 May 2007

**K.M.Lal**  
Director

**Manoj Kumar Digga**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 2007

Amount in Rs.

		Year Ended March 31, 2007	Year Ended March 31, 2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit/(loss) before Tax and extraordinary items		149,852.95	(260,170.00)
Adjustment for:			
Preliminary Expenses Written off		Nil	159,500.00
<b>Operating profit/(loss) before working capital changes</b>		<b>149,852.95</b>	<b>(100,670.00)</b>
Adjustments for changes in working capital:			
(Increase)/Decrease in Other Current Assets		(23,0157.00)	(48,865.00)
(Increase)/Decrease in Loans and Advances		329,600.00	(1,793,747.00)
Increase/(Decrease) in Current liabilities and Provisions (Excluding provision for taxation)		117,804.00	4,806.00
<b>Net Cash Flow from Operating Activities</b>	A	<b>367,099.95</b>	<b>(193,8476.00)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Expenditure on Capital Work-in- Progress		(2,706,500.00)	
<b>Net Cash Flow from Investing activities</b>	B	<b>(2,706,500.00)</b>	<b>0.00</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in share Capital		-	9,500,000.00
<b>Net Cash Flow from financing activities</b>	C	<b>Nil</b>	<b>9,500,000.00</b>
Net increase/decrease in cash and cash equivalents (A+B+C)		(2,339,400.05)	7,561,524.00
Opening Balance of cash and cash equivalents		7,755,133.88	193,609.88
Closing Balance of cash and cash equivalents		<b>5,415,733.83</b>	<b>7,755,133.88</b>

**Note:**

- 1 The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31 st March 2007 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", issued by the Institute of Chartered Accountants of India and reallocations required for this purpose are as made by the company.
- 3 Figures in Parenthesis represents outflows.
- 4 Previous years' 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.

On behalf of the Board

**For Ray & Ray**  
Chartered Accountants

**Abhijit Neogi**  
Partner  
Membership No. 61380

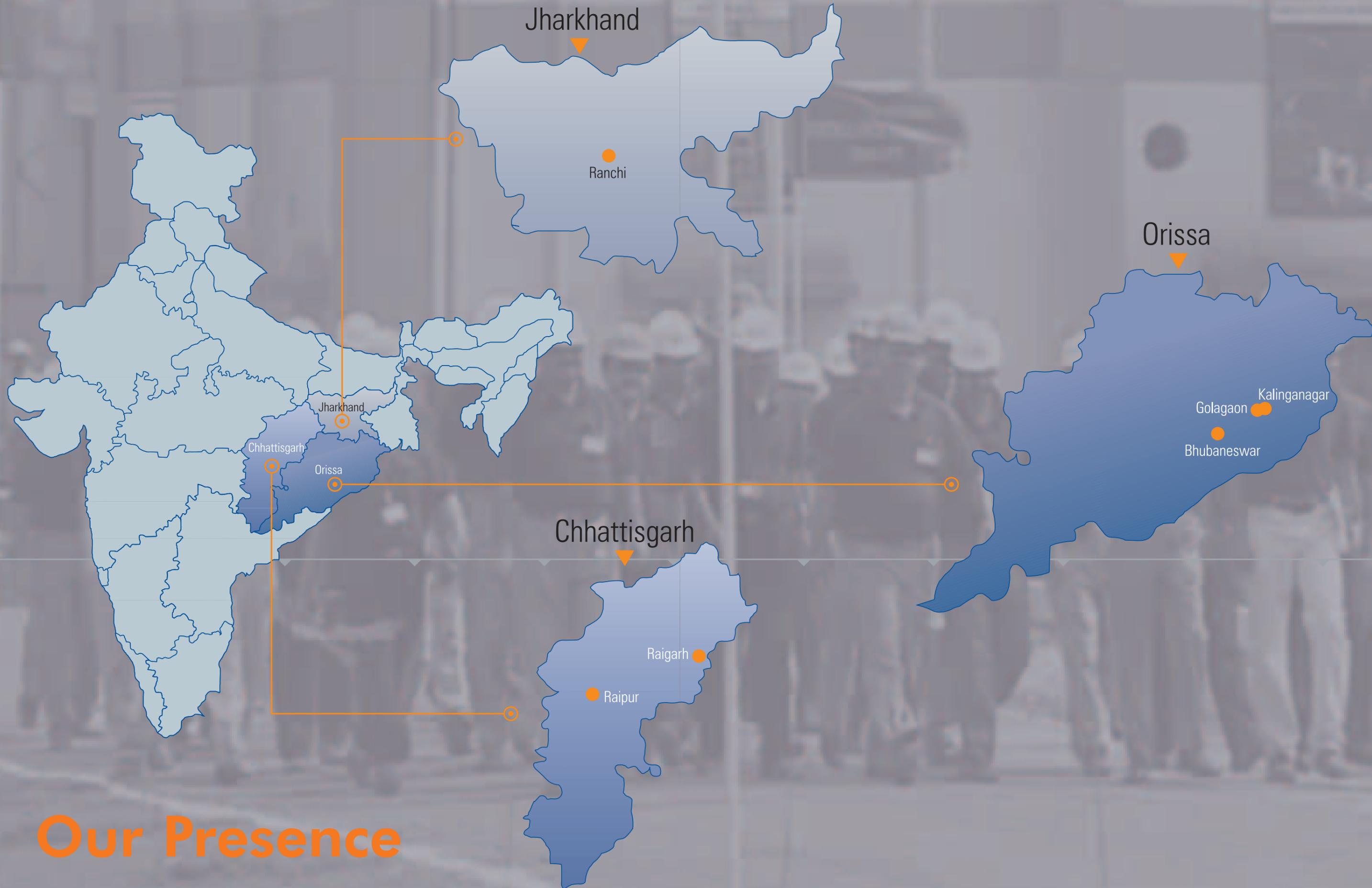
**K.M.Lal**  
Director

**Manoj Kumar Digga**  
Director

Place:Kolkata  
Date: 22 May 2007

Place: Bhubaneswar  
Date: 22 May 2007

# NOTES



# Our Presence

# CORPORATE INFORMATION

## **Board of Directors**

Mr. Vishambhar Saran, Executive Chairman

Mr. Maya Shanker Verma, Independent Director

Mr. Arvind Pande, 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

## **Chief Financial Officer**

Mr. Manoj Kumar Digga

## **Company Secretary**

Mr. S. Swaminathan