

Independent Auditor's Review Report on the Unaudited Quarterly and Year to Date Standalone Financial Results of VISA Steel Limited pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To,
The Board of Directors,
VISA Steel Limited
VISA HOUSE
8/10 Alipore Road
Kolkata – 700 027

1. We have reviewed the accompanying statement of unaudited standalone financial results of **M/s. VISA Steel Limited** ('the Company') for the quarter ended September 30, 2021 and year to date results for the period from April 1, 2021 to September 30, 2021 together with notes thereon (herein after referred to as 'the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulation) as amended.

Management's Responsibility for the standalone financial results

2. This Statement is the responsibility of the Company's Management and is approved by the Board of Directors in their meeting held on November 11, 2021. Our responsibility is to issue a report on the Statement based on our review.

Auditor's Responsibility

3. We conducted our review of the statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to enquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

4. We draw attention to Note 4 of the accompanying statement with regard to non-recognition of interest expense on the borrowings of the Company. The accumulated interest not provided as on September 30, 2021 is Rs.7,848.91 million (including Rs.1,459.69 million for FY 2016-17, Rs.1,552.29 million for FY 2017-18, Rs.1,465.46 million for FY 2018-19, Rs.1,443.39 million for FY 2019-20, Rs.1,286.83 million for FY 2020-21, Rs.322.78 million and Rs.641.25 million for the quarter ended September 30, 2021 and year to date period from April 1, 2021 to September 30, 2021 respectively) which is not in accordance with the requirement of Ind AS 23: 'Borrowing Cost' read with Ind AS 109: 'Financial Instruments'.



Had the aforesaid interest expense been recognized, finance cost for the quarter and half-year ended September 30, 2021 would have been Rs.382.40 million and Rs.756.42 million instead of the reported amount of Rs.59.62 million and Rs.115.17 million respectively. Total expenses for the quarter and half-year ended September 30, 2021 would have been Rs.2,637.93 million and Rs.4,173.95 million instead of the reported amount of Rs.2,315.15 million and Rs.3,532.70 million respectively. Net loss after tax for the quarter and half-year ended September 30, 2021 would have been Rs.449.98 million and Rs.965.47 million instead of the reported amount of Rs.127.20 million and Rs.324.22 million respectively. Total Comprehensive Income for the quarter and half-year ended September 30, 2021 would have been Rs.(453.20) million and Rs.(971.91) million instead of the reported amount of Rs.(130.42) million and Rs.(330.66) million, Other Equity would have been Rs.(11,900.38) million against reported Rs.(4,051.47), Other Current Financial Liability would have been Rs.9,964.81 million instead of reported amount of Rs.2,115.90 millions, Loss per share for the quarter and half-year ended September 30, 2021 would have been Rs.3.89 and Rs.8.34 instead of the reported amount of Rs.1.10 and Rs.2.80 respectively.

The above reported interest has been calculated using Simple Interest rate.

Qualified Conclusion

5. Based on our review conducted as above, except for the matter described in the Basis of Qualified Conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with the applicable Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued there under and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of the Regulation, as amended, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw your attention to the following matters:

a) Material Uncertainty Relating to Going Concern

We draw attention to Note - 3 and 6 to the standalone financial results regarding the preparation of the statement on a going concern basis, for the reason stated therein. The Company has accumulated losses and has also incurred losses during the quarter ended September 30, 2021 and year to date for the period from April 1, 2021 to September 30, 2021. As on date, the Company's current liabilities are substantially higher than its current assets and the Company's net worth has also been fully eroded.

State Bank of India (SBI), a financial creditor, had filed an application before National Company Law Tribunal (NCLT) for initiating Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), which was dismissed by NCLT. SBI preferred an appeal before National Company Law Appellate Tribunal (NCLAT) New Delhi which has directed the NCLT, to restore the application and proceed further in accordance with law. The order of NCLAT has been challenged by the Company in the Hon'ble Supreme Court by way of a Civil Appeal and the same has been admitted on 9 September 2021. Oriental Bank of Commerce, since merged with Punjab National Bank, has also filed an application before NCLT for initiating CIRP under IBC against the Company.



These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. All the assets including non-current assets and liabilities are still being carried at their book value except Capital Work in Progress which has been restated at its recoverable value in the previous year. The appropriateness of assumption of going concern, and evaluation of recoverable value of its non-current assets is critically dependent upon the debt resolution of the Company which is under process, the Company's ability to raise requisite finance, generate cash flows in future to meet its obligations and to earn profits in future. The ability of the Company to continue as a going concern is solely dependent on the successful outcome of these conditions, which are not wholly within the control of the Company.

The Management of the Company has prepared the statement on a going concern basis based on their assessment of the successful outcome of the debt resolution which will enhance the Company's viability.

- b) **Refer Note 5 to the Statement regarding accounting for transfer of Special Steel Undertaking**, pursuant to the Scheme of Arrangement ("the scheme") approved by the National Company Law Tribunal vide its order dated July 8, 2019, all the assets and liabilities of the Special Steel Undertaking of VISA Steel Limited ("transferor Company" or "the Company") has been transferred to and vested in VISA Special Steel Limited, (a wholly owned step down subsidiary) ("VSSL" or "transferee Company") on a going concern basis from April 1, 2013 being the appointed date. Effective date of the scheme is July 13, 2019 being the date on which certified copy of the order sanctioning the said scheme is filed with the Registrar of Companies, Cuttack. On January 17, 2020, Hon'ble Supreme Court of India vide its ex-parte order in Civil Appeal No. 56 of 2020 filed by State Bank of India, has ordered issuance of notice and in the meanwhile stayed the aforesaid NCLT Order. The NCLT Order had been given effect to and stood implemented by the Company prior to January 17, 2020.

To give the impact of the sanctioned scheme, the Standalone Financial Statement of the Company for the year ended March 31, 2019 were revised and the same were approved by the Board of Directors in their meeting held on October 18, 2019 and audited by us on which we have issued our audit report dated October 18, 2019 and same were approved by the members in their meeting held on December 23, 2019. In compliance to the sanctioned schemes, the Company has transferred various income, expenses, assets and liabilities related to Special Steel Undertaking to VSSL from 1st April 2013 resulting in accumulated receivable of Rs.3,890.23 million from VSSL as on September 30, 2021 (March 31, 2021: Rs.3,776.91 million). Since the matter is pending with Hon'ble Supreme Court, the impact of the sanctioned scheme considered as above on financial statements including aforesaid receivable from a subsidiary VSSL is dependent on the final judgment of the Hon'ble Supreme Court.

Our conclusion is not qualified in respect of the above matters.



For Singhi & Co.,
Chartered Accountants
Firm Registration No.302049E


(Rahul Bothra)
Partner

Membership No.067330
UDIN: 21067330AAAAABR9610

Place: Kolkata

Dated: November 11, 2021

VISA STEEL

VISA STEEL LIMITED

CIN: L51109OR1996PLC004601

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Statement of Standalone Unaudited Financial Results for the Quarter and Half Year Ended 30 September 2021

(Rs in Million Except EPS)

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 September	30 June	30 September	30 September	30 September	31 March
		2021	2021	2020	2021	2020	2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue From operations	2,061.70	887.16	1,551.69	2,948.86	2,207.14	5,583.09
II	Other Income	126.25	133.37	125.67	259.62	183.60	438.13
III	Total Income (I +II)	2,187.95	1,020.53	1,677.36	3,208.48	2,390.74	6,021.22
IV	Expenses						
	Cost of materials consumed	1,333.09	460.90	820.21	1,793.99	1,236.55	3,150.94
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	67.82	(34.57)	14.48	33.25	(106.65)	16.91
	Employee benefit expenses	74.49	74.27	67.83	148.76	123.46	267.49
	Finance costs	59.62	55.55	46.11	115.17	91.53	196.06
	Depreciation and amortization expenses	116.20	115.72	117.28	231.92	233.38	465.16
	Other expenses	663.93	545.67	830.51	1,209.60	1,281.90	2,675.96
	Total expenses (IV)	2,315.15	1,217.54	1,896.42	3,532.69	2,860.17	6,772.52
V	Profit/(Loss) before exceptional items and tax (III-IV)	(127.20)	(197.01)	(219.06)	(324.21)	(469.43)	(751.30)
VI	Exceptional items	-	-	-	-	-	2,151.17
VII	Profit/(Loss) before tax (V-VI)	(127.20)	(197.01)	(219.06)	(324.21)	(469.43)	(2,902.47)
VIII	Tax Expenses	-	-	-	-	-	-
IX	Profit/(Loss) for the period (VII-VIII)	(127.20)	(197.01)	(219.06)	(324.21)	(469.43)	(2,902.47)
X	Other comprehensive income						
	A (i) Items that will not be reclassified to profit or loss	(3.22)	(3.22)	(1.41)	(6.44)	(2.82)	(12.88)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
	B (i) Items that be reclassified to Profit and Loss	-	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
XI	Total Comprehensive Income for the period (IX+X)	(130.42)	(200.23)	(220.47)	(330.65)	(472.25)	(2,915.35)
XII	Paid up Equity Share Capital (face value of Rs.10/- each)	1,157.90	1,157.90	1,157.90	1,157.90	1,157.90	1,157.90
XIII	Other Equity						(3,720.82)
XIV	Earnings per equity share (of Rs.10/- each)						
	1) Basic	(1.10)	(1.70)	(1.89)	(2.80)	(4.05)	(25.07)
	2) Diluted	(1.10)	(1.70)	(1.89)	(2.80)	(4.05)	(25.07)



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Statement of Standalone Assets and Liabilities as on 30 September 2021

(Rs. In Million)

Particulars	As at	As at
	30 September	31 March
	2021	2021
	Unaudited	Audited
ASSETS		
1) Non-current Assets		
(a) Property, Plant and Equipment including ROU Assets	10,116.91	10,296.25
(b) Capital work-in-progress	387.50	387.50
(c) Intangible Assets	1.09	1.09
(d) Financial Assets		
(i) Investments	42.93	42.93
(ii) Other Financial Assets	15.86	16.29
(e) Deferred Tax Assets (Net)	-	-
Total Non-Current Assets	10,564.29	10,744.06
2) Current Assets		
(a) Inventories	166.57	193.89
(b) Financial Assets		
(i) Cash and cash equivalents	89.06	80.94
(ii) Bank balances [Other than (i) above]	20.26	20.70
(iii) Others Financial Assets	0.59	0.82
(c) Current Tax Assets (Net)	100.81	84.79
(d) Other current Assets	4,564.05	4,131.07
Total Current Assets	4,941.34	4,512.21
Total Assets	15,505.63	15,256.27
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	1,157.90	1,157.90
(b) Other Equity	(4,051.47)	(3,720.82)
	(2,893.57)	(2,562.92)
LIABILITIES		
1) Non-current Liabilities		
(a) Financial Liabilities		
(i) Lease Liabilities	470.25	461.32
(b) Provisions	55.49	46.29
Total Non Current Liabilities	525.74	507.61
2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	13,472.65	13,472.36
(ii) Lease Liabilities	24.28	23.05
(iii) Trade Payables due to		
-Micro and small enterprise	-	-
-Other than micro and small enterprise	355.46	473.91
(iv) Other financial liabilities	2,115.89	2,092.33
(b) Other current liabilities	1,895.42	1,241.42
(c) Provisions	9.76	8.51
Total Current Liabilities	17,873.46	17,311.58
Total Equity and Liabilities	15,505.63	15,256.27



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Unaudited Standalone Statement of cash flows for the Half Year Ended 30 September 2021

(Rs. In Million)

Particulars	Half Year Ended	Half Year Ended	Year Ended
	30 September	30 September	31 March
	2021	2020	2021
	Unaudited	Unaudited	Audited
A. Cash flow from operating activities			
Profit / (Loss) before tax for the period	(324.21)	(469.43)	(2,902.47)
Adjustments to reconcile profit before tax for the period to net cash flows:			
Depreciation, amortisation and impairment charges	231.92	233.38	465.16
Finance costs-net	43.10	91.18	88.40
Processing Fees	0.28	0.35	0.67
Income from Shared Services	(247.25)	(179.15)	(427.90)
Allowance for doubtful debts, advances etc. no longer required written back	(0.34)	-	5.24
Liabilities no longer required written back	(0.60)	(40.42)	(69.33)
Loss on Assets retirement/write off	-	362.51	362.52
Adjustment for exceptional items	-	-	2,151.17
Interest income classified as investing cash flows	(0.92)	(1.71)	(2.68)
Net loss or (profit) on disposal of property, plant and equipment	(1.32)	-	-
Allowance for Doubtful Advances	-	5.40	-
Other non-cash items	7.24	-	10.79
Operating Profit/(Loss) before changes in operating assets and liabilities	(292.10)	2.11	(318.43)
Working Capital adjustments:			
Increase/(Decrease) in trade payable and current liabilities	548.80	377.71	241.76
(Increase)/Decrease in Inventories	27.32	(296.10)	(21.34)
(Increase)/Decrease in other non current /current assets	(431.87)	(207.86)	(168.31)
Cash flow from operation	(147.85)	(124.14)	(266.32)
Income Taxes (paid)/ refund	(16.02)	10.29	(2.68)
Net cash flow from (used in) operating activities	(163.87)	(113.85)	(269.00)
B. Cash flows from investing activities			
Payment for acquisition of property, plant and equipment and intangible assets	(35.34)	-	(0.44)
Proceeds from sale of property, plant and equipment and intangible assets	5.40	-	-
Income from Shared Services	247.25	179.15	427.90
Release of Margin Money Account	-	(0.03)	-
Interest received	0.92	3.72	3.77
Net cash flow from (used in) investing activities	218.23	182.84	431.23
C. Cash flow from financing activities			
Payments of long-term borrowings	-	-	(18.29)
Payments of short-term borrowings	-	-	(0.39)
Lease Payment	(36.51)	(36.52)	(73.03)
Finance Costs paid	(9.73)	(18.42)	(53.10)
Net cash flow from (used in) financing activities	(46.24)	(54.94)	(144.81)
Net increase in Cash and cash equivalents (A+B+C)	8.12	14.05	17.42
D. Cash and cash equivalents			
Net Increase in Cash and Cash Equivalents	8.12	14.05	17.42
Cash and cash equivalents at the Beginning	80.94	63.52	63.52
Cash and cash equivalents at the end of the year	89.06	77.57	80.94

The above Standalone Cash Flow statement has been prepared under the "Indirect method" as set out in Indian Accounting Standard (Ind AS) 7-Statement of Cash Flows.

Particulars	As at	As at	As at
	30 September	30 September	31 March
	2021	2020	2021
Balances with Scheduled Banks-In Current Accounts	88.87	77.42	80.77
Cash in hand	0.19	0.15	0.17
Closing Cash & Cash Equivalent	89.06	77.57	80.94



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Notes :

- 1 The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 11 November 2021. The Statutory auditors have conducted the limited review of the above standalone unaudited financial results.
- 2 The Company is in the business of Ferro Alloys and hence has only one reportable operating segment as per Ind AS 108 "Operating Segments".
- 3 The Company has incurred net loss during the quarter ended 30 September 2021 which has adversely affected the net worth of the Company. The Company's financial performance has been adversely affected due to non-availability of working capital for operations, and other external factors beyond the Company's control. It is expected that the overall financial health of the Company would improve after debt resolution and improvement in availability of working capital. Accordingly, the Company has prepared the financial results on the basis of going concern assumption. The statutory auditors have also drawn attention to the above matter without qualifying their opinion in their Review Report.
- 4 The secured debt of the Company has been categorised as Non-Performing Assets (NPA) by the lenders effective 11 July 2012 and accordingly the Company has stopped providing further interest in its books effective 1 April 2016. The amount of interest expenses not provided for is estimated at Rs. 322.78 Million for the quarter ended 30 September 2021 and the accumulated interest not provided as on 30 September 2021 is estimated at Rs. 7,848.91 Million. The statutory auditors have qualified their Review Report in respect of this matter.
- 5 Pursuant to sanction of the Scheme of Arrangement by National Company Law Tribunal (NCLT), Cuttack Bench vide its Order dated 8 July 2019 (NCLT Order) and filing of the certified copy thereof with the Registrar of Companies, Cuttack on 13 July 2019, the Scheme of Arrangement became effective on and from 13 July 2019 and the Company's Special Steel Undertaking stood transferred to and vested in VISA Special Steel Limited on and from the Appointed Date of the Scheme being 1 April 2013. The Hon'ble Supreme Court vide its ex-parte Order dated 17 January 2020 in Civil Appeal (Civil) No 56 of 2020 (State Bank of India vs VISA Steel Ltd & Anr) has directed issuance of notice and in the meantime stayed the aforesaid NCLT Order. Since the NCLT Order had been given effect to and stood implemented by the Company prior to 17 January 2020, the Company is dealing with the aforesaid Civil Appeal before the Hon'ble Supreme Court in consultation with its Advocates. If the NCLT Order had not been given effect to, the unaudited financial results of the Company would have been as under:

(Rs in Million)

Sl. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 September 2021	30 June 2021	30 September 2020	30 September 2021	30 September 2020	31 March 2021
I	Total Income	2,625.51	2,474.57	2,523.54	5,100.08	3,529.57	9,794.45
II	Profit Before Tax	(279.91)	(322.10)	(396.03)	(602.01)	(859.83)	(11,972.73)
III	Profit After Tax	(279.91)	(322.10)	(396.03)	(602.01)	(859.83)	(11,972.73)
IV	Other Comprehensive Income	(3.10)	(3.19)	(1.61)	(6.29)	(3.22)	(12.57)
V	Total Comprehensive Income	(283.01)	(325.29)	(397.64)	(608.30)	(863.05)	(11,985.30)
VI	Earnings/(Loss) per Equity Share	(2.42)	(2.78)	(3.42)	(5.20)	(7.43)	(103.40)



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Assets and Liabilities of the Company would have been as under:

(Rs in Million)

Particulars	As at 30 September 2021	As at 31 March 2021
I Non Current Assets	17,133.77	17,484.63
II Current Assets, Loan and Advances	1,265.76	1,042.35
Total Assets	18,399.53	18,526.98
III Equity	(24,070.27)	(23,461.98)
IV Non Current Liabilities	215.99	217.03
V Current Liabilities and Provision	42,253.81	41,771.93
Equity and Total Liabilities	18,399.53	18,526.98

- 6 SBI had filed an application before Hon'ble National Company Law Tribunal (NCLT) for initiating Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), which was dismissed by NCLT, Cuttack Bench. SBI preferred an appeal before National Company Law Appellate Tribunal (NCLAT) New Delhi which has directed NCLT to restore the application and proceed further in accordance with law. The order of NCLAT has been challenged by the Company in the Hon'ble Supreme Court by way of a Civil Appeal and the same has been admitted on 9 September 2021. Oriental Bank of Commerce, since merged with Punjab National Bank, has filed an application before NCLT for initiating CIRP under IBC against the Company.
- 7 The Company has assessed the impact of COVID-19 pandemic and no material adjustments are required in this financial results.
- 8 Previous year/period figures have been re-grouped / re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1 April 2021.



By Order of the Board
For VISA Steel Limited

Vishal Agarwal

Vice Chairman & Managing Director
DIN 00121539

Date: 11 November 2021
Place: Kolkata