

27 November 2020

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| BSE Limited 25 th Floor, P J Tower Dalal Street Mumbai 400001 BSE SCRIP CODE - 532721 | National Stock Exchange of India Limited Exchange Plaza, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai 400051 NSE SYMBOL – VISASTEEL |
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Sub: **Annual Report 2019-20 and Notice of the 24th Annual General Meeting**

Ref: **Intimation under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/ Madam,

Pursuant to the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report 2019-20 and Notice convening the 24th Annual General Meeting of the members of VISA Steel Limited (“Company”), to be held on Tuesday, 22nd December, 2020 at 1200 Hours through Video Conference (VC) / Other Audio Visual Means (“OAVM”) in conformity with the regulatory provisions and Circulars issued by the Ministry of Corporate Affairs, Government of India and Securities and Exchange Board of India Circular.

This Annual Report and Notice are also available on the website of the Company www.visasteel.com

This is for your information and records.

Yours truly,

For **VISA Steel Limited**



Sudhir Kumar Banthiya
Company Secretary &
Compliance Officer

The logo for VISA STEEL, with 'VISA' in blue and 'STEEL' in orange. The background features a large, stylized 'V' shape composed of many parallel lines in a gradient from blue to orange to yellow.

VISA STEEL

Annual Report
2019-20



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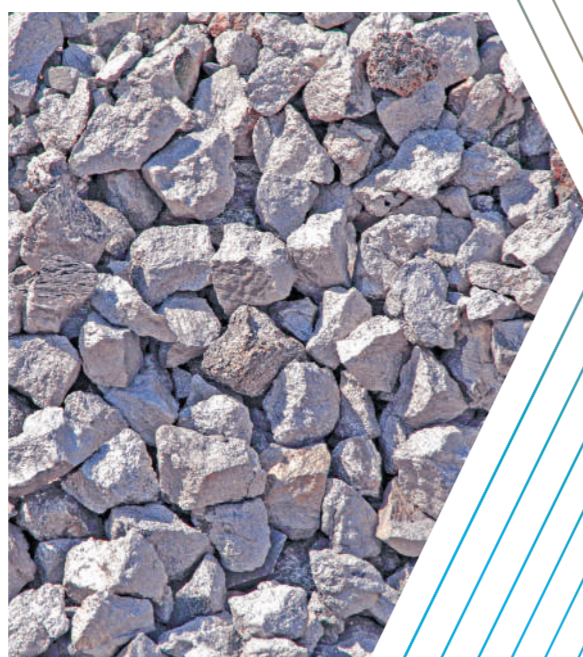
- 48 Standalone
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LISTING

Your Company has been listed on National Stock Exchange of India Limited and BSE Limited.

FORWARD-LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This Report and other statements, both written and oral, that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



VISION & VALUES

Vision

Create long term stakeholder value through value addition of natural resources

Core Values



Transparency

We are transparent and honest in our profession to all our stakeholders



Team Work

We work together as a team to benefit from our complementary strengths



Passion

We are passionately committed to delivering excellence in performance



Attitude

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



Governance

We are committed to best standards of safety, corporate social responsibility and corporate governance

CHAIRMAN'S INSIGHT



Mr. Vishambhar Saran
Chairman

Dear Shareholders,

For the year ended 31 March 2020, your Company's standalone revenues from operation decreased from ₹ 8,053.11 Million in 2018-19 to ₹ 3,478.79 Million in FY 2019-20 due to lower Ferro Alloy production, and EBITDA was at ₹ (197.25) Million in FY 2019-20 mainly due to high raw material costs.

The operational performance and margins of your Company has been adversely affected due to non-availability of working capital for operations and other external factors including challenges arising out of high prices of Chrome Ore being fixed by OMC through e-auction, shortage in availability of Chrome Ore due to low production at OMC's mines, high energy costs, high electricity duty and coal cess, high road transport rates etc.

These factors have resulted in the production facilities being operated at sub-optimum level. Your Company has been dependent upon OMC for supply of Chrome Ore, a vital raw material and has been facing challenges due to high prices of Chrome Ore.

THE INDUSTRY

Ferro Chrome is used in varying proportions to produce different grades of Stainless Steel. The global Stainless Steel production was approx. 52.22 million tonnes in 2019, out of which India's production stood at approx. 3.92 million tonnes. The global High Carbon Ferro Chrome production was at approx. 14.73 million tonnes in 2019, out of which India's Ferro Chrome production

stood at approx. 1.28 million tonnes. India exports approx. 50% of its Ferro Chrome production, primarily to China, South Korea, Japan and Taiwan. China accounts for approx. 60% of global Ferro Chrome consumption.

India's Chrome Ore production dropped to approx. 4.06 million tonnes in 2019 out of which approx. 1 million tonne is produced by OMC. The Chrome Ore price fixing mechanism by OMC through auction has resulted in high prices of Chrome Ore. Meanwhile, the Government of Odisha auctioned three Chrome Ore mining blocks. All of these three blocks have been won by Tata Steel Mining. The availability and price scenario of Chrome Ore going forward remains uncertain.

The spread of COVID-19 pandemic since mid-March 2020 has resulted in an unprecedented crisis and global recession, creating huge uncertainty for business, financial markets and economy.

VISION & STRATEGY

Your Company is committed to its vision to create long term stakeholder value through value addition of natural resources. The Company is focused on implementing Debt Resolution as per Reserve Bank of India (RBI) guidelines and plans to raise funds for working capital by inducting Investor, ensuring fair price of Chrome Ore, reducing cost and improving operational efficiency.



The global High Carbon Ferro Chrome production was at approx. 14.73 million tonnes in 2019, out of which India's Ferro Chrome production stood at approx. 1.28 million tonnes. India exports approx. 50% of its Ferro Chrome production, primarily to China, South Korea, Japan and Taiwan.

OUTLOOK

The Government's focus on implementing reforms to attract investment and encourage manufacturing in India is expected to increase consumption of Steel, Stainless Steel and Ferro Alloys going forward. However, the outcome of mine auctions with extremely high bid premium is likely to impact the availability and price of Chrome Ore. The high energy, logistics & finance costs and unprecedented crisis and global recession due to spread of COVID-19 pandemic are areas of concern and will remain a challenge going forward.

I would like to place on record my sincere appreciation and gratitude to the entire team of VISA Steel for their relentless commitment inspite of the challenging business environment. I am grateful to the members

of the Board of the Company for their invaluable guidance and contribution and acknowledge the support of all shareholders. I would also like to convey my sincere thanks to all the stakeholders including lenders, suppliers, customers, employees, Government officials etc. for their valued support as we navigate through these challenging times and I hope to continue to receive your support in the future.

Warm regards & best wishes,

Vishambhar Saran
Chairman

VICE CHAIRMAN & MD'S MESSAGE



Mr. Vishal Agarwal
Vice Chairman & MD



The performance of your Company has been adversely affected due to non-availability of working capital for operations, and other external factors including challenges arising out of high prices of Chrome Ore being fixed by OMC through e-auction, shortage in availability of Chrome Ore due to low production at OMC's mines, high energy costs, high electricity duty and coal cess, high road transport rates etc.

Dear Shareholders,

Your Company has set up manufacturing facilities in Odisha for production of Ferro Alloys. The performance of your Company has been adversely affected due to non-availability of working capital for operations, and other external factors including challenges arising out of high prices of Chrome Ore being fixed by OMC through e-auction, shortage in availability of Chrome Ore due to low production at OMC's mines, high energy costs, high electricity duty and coal cess, high road transport rates etc.

OPERATIONS

Your Company achieved Ferro Chrome sales quantity of 54,278 MT in FY 2019-20 compared to 107,501 MT in FY 2018-19.

The production volume and price fixing mechanism of OMC for supply of Chrome Ore to end user industries in Odisha continues to remain a key challenge to ensure Chrome Ore availability at viable prices. Meanwhile, the Government of Odisha auctioned three Chrome Ore mining blocks. All of these three blocks have been won by Tata Steel Mining. The supply and price scenario of Chrome Ore going forward remains uncertain.

The spread of COVID-19 pandemic since mid-March 2020 has resulted in an unprecedented crisis and global recession, creating huge uncertainty for business, financial markets and the economy. In view of the COVID-19 pandemic and the production drop in Chrome Ore, the outlook remains uncertain.

FINANCE

Your Company has been under financial stress since 2011-12 due to various external factors beyond the control of your Company and its management. Despite the debt restructuring dated 27 September 2012 and 31 December 2014, the Lenders have not disbursed sanctioned facilities for operations, and adjusted the same with interest resulting in complete depletion of working capital and it now appears that the whole exercise of purported restructuring was mere evergreening of debt without even considering its adverse effect on the Company's operations.

State Bank of India (SBI) had filed an application before National Company Law Tribunal for initiating Corporate Insolvency Resolution Process under

Insolvency and Bankruptcy Code, which stands dismissed and the matter is sub judice before National Company Law Appellate Tribunal. It is expected that the overall financial health of the Company would improve after debt resolution and improvement in availability of working capital, for which the Company plans to raise funds by inducting Investor.

Meanwhile, Banks including Vijaya Bank (since merged with Bank of Baroda), SIDBI, Bank of Baroda, Dena Bank (since merged with Bank of Baroda), Indian Overseas Bank, Central Bank of India, UCO Bank and State Bank of Travancore (since merged with State Bank of India) have already implemented Resolution through sale of debt to ARCs. Other Banks are also in various stages of implementing Resolution through sale of debt to ARCs.

HUMAN RESOURCE

Your Company recognizes Human Resource as its most important assets and is constantly engaged in enriching the value and developing competencies of Human Resources through various development & training programmes. We improve our team building and encourage family bonding through various employee engagement social activities.

CORPORATE SOCIAL RESPONSIBILITY

We acknowledge our role and responsibility as a corporate citizen. In line with our core business philosophy, concern for Health, Safety and Environment continue to be one of our key priorities. As a responsible corporate, the Company is focused on the happiness of people living in its larger neighbouring communities. Your Company's CSR team has directed its community development work in the areas of education, healthcare, rural development, sports & culture and your Company wishes to continue its support and focus on these issues

I would like to convey my sincere thanks to all the stakeholders including shareholders, lenders, suppliers, customers, Government officials and employees for their valued support.

With warm regards & best wishes,

Vishal Agarwal
Vice Chairman & MD

BOARD OF DIRECTORS



Mr. Vishambhar Saran
Chairman

Born on 4 December 1947 at Faizabad, U.P., Mr. Saran secured a Bachelor's Degree in Mining Engineering from Indian Institute of Technology, Banaras Hindu University in 1969. He served Tata Steel for 25 years, starting from their various mines, Paradip Port and Kolkata & Jamshedpur Offices. He rose to the position of Director – Raw Materials, Tata Steel in 1988 & Director of Budgets in 1993. He availed voluntary retirement from 31 March 1994. Mr. Saran founded the VISA Group in April 1994 and has built it up from scratch to a significant minerals and metals conglomerate. Philanthropically, creating and improving educational and medical facilities for the poor in backward districts of Odisha, UP and West Bengal through "VISA Trust", founded by him and his wife.

Mr. Saran is Honorary Consul of the Republic of Bulgaria for Eastern India; Trustee on the Board of Kalyan Bharti Trust and VISA Trust; Chairman of the Board of Governors, Heritage Law College, Kolkata; Member of National Executive Committee of Federation of Indian Chamber of Commerce Industry (FICCI).

Formerly, Mr. Saran was the President of Indian Chamber of Commerce, Kolkata; President of Coal Consumers Association; Trustee on the Board of Chennai Port Trust; Member of Governing Council of the International Chromium Development Association, Paris; Raw Material Committee of the International Iron & Steel Institute, Brussels; CII Eastern Regional Committee; Board of Tata Sponge Iron Limited and Standard Chrome Limited.

He is a keen golfer and an avid art collector.



Mr. Vishal Agarwal
Vice Chairman & Managing Director, Chairman, Corporate Social Responsibility Committee

Mr. Agarwal holds a Bachelor's Degree from London School of Economics and a Master's Degree from Oxford University. He was born in Faizabad, Uttar Pradesh and completed his schooling from Mayo College, Ajmer and Cheltenham College, UK. He has over 22 years of rich experience in the Iron & Steel industry with hands-on experience of setting up greenfield projects and international trading business. During 1997 to 2004, Mr. Agarwal developed the international trading business for the VISA Group in minerals and metals including Chrome Ore, Iron Ore, Manganese Ore, Alumina, Ferro Alloys etc. Since 2004, he has built the Special Steel, Ferro Chrome and Coke manufacturing business from scratch.

He is a Committee Member of Indian Chamber of Commerce (ICC). His Sporting activities include Golf, Tennis & Swimming. Mr. Agarwal is also actively involved in promoting CSR activities in the areas of education and healthcare in Odisha through the VISA Trust.



Mr. Pratip Chaudhuri
Independent Director
Chairman, Stakeholders Relationship Committee, Nomination & Remuneration Committee & Finance and Banking Committee

Mr. Pratip Chaudhuri is the former Chairman of State Bank of India (SBI) and has 41 years of rich experience in the banking sector. He holds a Master's Degree in Science and Statistics from University of Rajasthan and is an alumnus of University Business School, Chandigarh. He has also served as the Chairman of SBI Global Factors Ltd, State Bank of Mysore, State Bank of Bikaner & Jaipur, State Bank of Travancore and State Bank of Hyderabad. He was also a Director at Export-Import Bank of India and State Bank of Patiala.



Ms. Rupanjana De
Independent Director, Chairperson, Audit Committee

Ms. Rupanjana De is a Fellow Member of the Institute of Company Secretaries of India (ICSI) and a former Council Member of EIRC of ICSI. She is a triple Master's Degree holder. Ms. De has a hands-on expertise in Company Law and Management, Corporate Governance, Legal Compliance, Corporate Sustainability, Corporate Social Responsibility and Quality Control.

She has also been faculty and speaker at various forums viz. ICSI, The Indian Chamber of Commerce, Institution of Engineers (India). She has authored a number of articles on Corporate Governance, Insurance Markets and Products and Renewable Energy Technology in both Indian publications and International journals.



Mr. Manoj Kumar
Wholtime Director designated as Director (Kalinganagar)

Mr. Manoj Kumar is a Mechanical Engineer from BIT Mesra, Ranchi. Mr. Kumar has over 28 years of experience of working in various positions in the Iron & Steel industry. He had been accredited with bringing the concept of ABP based procurement into the company and was also responsible for streamlining the operational procurement by entering into Annual Rate Contracts & Vendor Stockings. He had played a key role in the Company's projects & operations.



Mr. Sheo Raj Rai
Independent Director

Born on 10 September 1955, Mr. S.R. Rai secured a Bachelor's Degree in Mechanical Engineering Technology and Executive MBA (Marketing) from Banaras Hindu University, Varanasi. He joined Steel Authority of India Limited (SAIL) in 1977 as Executive. He served SAIL for 38 years in various positions and offices. He rose to the position of Executive Director (Material Management & Marketing), Bhilai in the year 2011 and retired in the year 2015 as Executive Director (Marketing-Long Product), SAIL, Headquarter, Kolkata.



Mr. Dhanesh Ranjan
Independent Director

Born on 30 September 1953, Mr. Dhanesh Ranjan secured a Master's Degree in Economics from Ranchi University and Diploma in Maritime Law from Lloyd's Maritime Academy, London. He joined Steel Authority of India Limited (SAIL) as Management Trainee and retired as Executive Director (Coal Import Group). He served SAIL for 36 years in various positions and offices. He has travelled overseas to several countries in the course of his appointment for facilitating business of the Company. Throughout his career, he has been at the cutting edge of policy making and strategising in different areas and divisions of SAIL.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is focused on ensuring the overall wellbeing and improving the quality of life in its surrounding communities. Our CSR team facilitates focused interventions in the areas of education, healthcare, rural development, sports, culture, safety and environment to bring about impactful and sustainable changes.



EDUCATION

Your Company ensures access to quality education and learning opportunities for all, with special emphasis on improving educational infrastructure.

- Established The Heritage School and The Heritage Institute of Technology through Kalyan Bharti Trust in Kolkata
- Provides scholarships to students at Smt. Sarala Devi Saraswati Balika Inter College in Tilhar, Uttar Pradesh
- Sets up science and computer labs at schools in Odisha; provides teachers training, transport facilities, infrastructure support, among others
- Provides vocational trainings to women in Jajpur, Odisha; encourages entrepreneurship



HEALTHCARE

Your Company is making continuous efforts to provide access to quality healthcare solutions.

- Organises medical camps with free medicine distribution in backward areas of Odisha
- Raises awareness on the treatment of common diseases
- Organises blood donation camps; contributed to the construction of a blood bank in Jajpur, Odisha

- Conducts health check-up and awareness sessions, along with fitness training for students in government schools
- Undertakes initiatives to contain malaria and dengue
- Creates awareness on cleanliness and sanitation, aligned with 'Swachh Bharat' initiative



RURAL DEVELOPMENT

Your Company focuses on sustainable rural livelihood improvement initiatives and enhancing access to better amenities.

- Works towards providing drinking water in the backward areas of Odisha
- Contributed towards renovation of temples and heritage sites, and road development
- Undertakes landscaping initiatives in Kalinganagar, Odisha
- Undertook renovation of primary health centre, Jakhapura, Odisha
- Supports celebration of local festivals organised by government and non-government organisations (NGOs) in Odisha and West Bengal



SPORTS AND CULTURE

Your Company aims to promote sports and art among the youth by way of creating a platform to facilitate their skills.

- Sponsored and organised Annual Ladies Golf Tournament at Tollygunge Club, Kolkata
- Works toward preserving contemporary Indian arts, culture and heritage for the future generation, with the aim to support and promote talented artists and craftsmen
- Celebrate festivals with underprivileged community



SAFETY AND ENVIRONMENT

Your Company is also committed to increasing green cover and maintaining ecological balance.

- Conducts regular safety training sessions for employees and contract labourers
- Launched water recycling initiatives to preserve ground water levels
- Undertakes mass plantation drives in the industrial region of Odisha and in nearby government schools, hospital and public places
- Distributes saplings among villagers to encourage plantation



RESPONDING TO COVID-19 AND NATURAL CALAMITIES

Your Company is working tirelessly on a multi-pronged response to the pandemic. We have mobilised our resources to ensure the safety and wellbeing of our employees and communities. We have also extended support to government organisations, NGOs and local communities in the fight against the pandemic and other natural calamities.



REPORT OF THE DIRECTORS

Dear Shareholders,

Your Directors are pleased to present this 24th Annual Report and the Audited Standalone and Consolidated Financial Statements of Accounts of the Company for the financial year ended 31 March 2020.

FINANCIAL RESULTS

(₹ in Million)

| Particulars | Standalone | | Consolidated | |
|---|------------|----------|--------------|------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Revenue from Operations | 3,478.79 | 8,053.11 | 6,833.44 | 14,142.68 |
| Other Income | 397.22 | 153.19 | 116.14 | 159.76 |
| Total Income | 3,876.01 | 8,206.30 | 6,949.58 | 14,302.44 |
| Profit before interest, depreciation, tax & exceptional item | (197.25) | (74.99) | (383.05) | (95.74) |
| Finance Cost | 168.06 | 131.23 | 195.42 | 186.64 |
| Depreciation | 483.15 | 455.40 | 1,340.55 | 1,333.96 |
| Profit / (Loss) before Exceptional & Extraordinary Items and Taxation | (848.46) | (661.62) | (1,919.02) | (1,616.34) |
| Exceptional & Extraordinary Items | - | - | - | - |
| Profit / (Loss) before Tax | (848.46) | (661.62) | (1,919.02) | (1,616.34) |
| Tax Expenses | - | - | - | - |
| Profit / (Loss) after Tax | (848.46) | (661.62) | (1,919.02) | (1,616.34) |
| Other Comprehensive Income | (5.65) | (1.18) | (6.45) | (1.18) |
| Total Comprehensive Income for the period | (854.11) | (662.80) | (1,925.47) | (1,617.52) |

OPERATIONS

The standalone Revenue from operations of the Company reduced to ₹ 3,478.79 Million and profit before interest, depreciation, tax and exceptional item was at ₹ (197.25) Million for the FY 2019-20. The consolidated Revenue from operations of the Company reduced to ₹ 6,833.44 Million and profit before interest, depreciation, tax and exceptional item was at ₹ (383.05) Million during the FY 2019-20.

The standalone operations with Ferro Alloy Plant achieved sales quantity of 54,278 MT as compared to 107,501 MT in the previous year. The consolidated operations achieved sales quantity of 167,048 MT Sponge Iron as compared to 262,012 MT in the previous year whereas the Steel operations have been closed since 2017.

During the year under review, operational performance of your Company has been adversely affected due to non-availability of working capital for operations and due to high prices of vital raw material which have not moved correspondingly in tandem with the drop in product prices. Your Company has been dependent upon OMC for supply of Chrome Ore and Iron Ore for which prices being fixed through auction have been very high. The Company has been taking support of operational creditors including related parties to continue Plant operations, without which such operation, as a going concern would become impossible and there is a risk of Plant closure and agitation and other law and order problems from workers.

The Chrome Ore and Iron price fixing mechanism by OMC is creating challenges on raw material availability at viable prices. Meanwhile, the Government of Odisha has auctioned several Chrome Ore and Iron Ore mining blocks and the outcome of the auction with

extremely high bid premiums are likely to impact the availability and price of raw material and consequently the earning capability going forward in view of the changed circumstances.

The spread of COVID-19 Pandemic since mid-March 2020 has resulted in an unprecedented crisis and global recession, creating huge uncertainty for business, financial markets and economy. Such uncertainty combined with the liquidity crisis and the disruptive technologies have adversely impacted the automobile and real estate sector thereby affecting demand for Iron & Steel products.

Scheme of Arrangement for Transfer of Special Steel Business Undertaking

The Scheme of Arrangement between your Company and VISA Special Steel Limited (VSSL) and their respective shareholders and creditors has been sanctioned by the Hon'ble National Company Law Tribunal, Cuttack Bench vide an Order dated 8 July 2019 and the Certified Copy of the order has been filed with Registrar of Companies on 13 July 2019. Consequently, the Special Steel Business Undertaking (including Blast Furnace, Sponge Iron Plant, Steel Melting Shop and Rolling Mill) including all its assets and liabilities stand transferred to and vested in VSSL effective from the appointed date of 1 April 2013.

However, 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.

Debt Resolution

Your Company has been under financial stress since 2011-12 due to various external factors beyond the control of the Company and its management. Despite the Debt Restructuring as per CDR LoA dated 27 September 2012 and 31 December 2014, the lenders have not disbursed sanctioned facilities for operations including for setting up of Sinter Plant, and have adjusted the same towards interest, resulting in complete depletion of working capital and it now appears that the whole exercise of purported restructuring was mere ever greening of debt without even considering its adverse effect on Plant operations and financial performance of your Company.

State Bank of India (SBI) had filed an application before National Company Law Tribunal for initiating Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, which stands dismissed and the matter is sub judice before National Company Law Appellate Tribunal. It is expected that the overall financial health of the Company would improve after debt resolution and improvement in availability of working capital for which the Company plan to raise funds by inducting Investor.

Your Company has been requesting lenders to implement a Resolution as per RBI Guidelines. Several Banks including Vijaya Bank (since merged with Bank of Baroda), SIDBI, Bank of Baroda, Dena Bank (since merged with Bank of Baroda), Indian Overseas Bank, Central Bank of India, UCO Bank and State Bank of Travancore (since merged with State Bank of India) have already implemented Resolution through sale of debt to ARCs. Other Banks are also in various stages of implementing Resolution through sale of debt to ARCs.

Future Outlook

Ferro Chrome is used to produce Stainless Steel and in view of some of the Government initiatives including Atma Nirbhar Bharat Abhiyan with focus on reforms to revive the economy, the Indian Stainless Steel Sector is expected to grow in future and the demand for Ferro Chrome is expected to continue to grow consistently.

Your Company is committed to its vision to create long term stakeholder value through value addition of natural resources. The Company is focused on implementing Debt Resolution as per RBI guidelines and is making efforts for raising funds for working capital, ensuring fair price of vital raw materials, reducing cost and improving operational efficiency.

DIVIDEND

In view of the losses incurred by the Company, your Directors have not recommended any dividend for the FY ended 31 March 2020.

TRANSFER TO RESERVES

No amount has been transferred to the General Reserve for the FY ended 31 March 2020.

CHANGE IN NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business of the Company.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Dividend

During the year under review, no amount was due to be transferred in the Unpaid/ Unclaimed Dividend Account FY 2011-12 to the Investor Education and Protection Fund.

Mr. Sudhir Kumar Banthiya, Company Secretary of the Company continues to be the Nodal Officer (IEPF) of the Company.

SHARE CAPITAL

Your Company's paid up Equity Share Capital is ₹ 1,157,895,000 (Rupees One Hundred Fifteen Crore Seventy Eight Lac Ninety Five Thousand only) comprising of 115,789,500 Equity Shares of ₹ 10/- each. There has been no change in the Capital Structure of the Company, during the financial year under review.

SUBSIDIARIES

As on 31 March 2020, the Company has four subsidiaries (including two step down subsidiaries) namely, Kalinganagar Special Steel Private Limited, Kalinganagar Chrome Private Limited, VISA Ferro Chrome Limited and VISA Special Steel Limited:

- (i) Kalinganagar Special Steel Private Limited (KSSPL), a wholly owned subsidiary, was incorporated on 27 May 2013.
- (ii) Kalinganagar Chrome Private Limited (KCPL), a wholly owned subsidiary, was incorporated on 1 July 2013.
- (iii) VISA Ferro Chrome Limited (VFCL), a step down subsidiary was incorporated on 26 July 2013. VFCL is a wholly owned subsidiary of KSSPL.
- (iv) VISA Special Steel Limited (VSSL), a step down subsidiary incorporated on 27 July 2012 and is a wholly owned subsidiary of VFCL.

Your Company has received approval to transfer the investment held in Kalinganagar Chrome Private Limited (a subsidiary of your Company) to Kalinganagar Special Steel Private Limited (another subsidiary of your Company). Your Company has also received approval to issue new Equity Shares in Kalinganagar Special Steel Private Limited to induct an investor.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statement presented by your Company includes financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. A statement containing the salient features of the financial statement of your Company's subsidiaries in the prescribed form AOC-1 pursuant to first proviso to Section 129(3) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is annexed separately to the financial statements.

The Annual Accounts of the Subsidiary Companies will be made available to the shareholders of the aforesaid subsidiaries and your Company as and when they demand and will also be kept for inspection by any investor at the registered office of your Company and these subsidiaries. The financial statements of your Company and its subsidiaries are also available on the website of your Company.

In terms of SEBI (Listing Obligation and Disclosure Requirements), 2015, Consolidated Financial Statement, confirming to Indian Accounting Standard 110 issued by the Institute of Chartered Accountants of India, is attached as part of the Annual Report.

The highlights of performance of subsidiaries as on 31 March 2020 and their contribution to the overall performance of your Company during the period under review are tabulated below:

| Name of the Subsidiary | Total Income | Total Comprehensive Income | Profit / Loss considered in Consolidation | (₹ in Million) |
|--|--------------|----------------------------|---|------------------------|
| | | | | Net worth Attributable |
| Kalinganagar Special Steel Private Limited | 3,517.52 | (1,071.40) | (1,071.40) | (11,829.83) |
| Kalinganagar Chrome Private Limited | - | (0.03) | (0.03) | 0.48 |

EXTENSION OF DATE FOR HOLDING ANNUAL GENERAL MEETING OF THE COMPANY

In accordance with provisions of Section 96 read with Section 129 of the Companies Act, 2013, the Annual General Meeting (AGM) of the Company for the FY ended 31 March 2020, was due to be held on or before 30 September 2020. The Company approached the Registrar of Companies, Cuttack to extend time by three months for holding the Annual General Meeting due to the impact of Covid-19 pandemic world over as holding the Annual General Meeting within due date would be very difficult. Necessary approval to hold the Annual General Meeting for the FY 2019-20 up to 31 December 2020 was granted by the Registrar of Companies, Cuttack.

BOARD MEETINGS

The Board met 5 times during the year, the details of which are given in the Corporate Governance Report that forms part of the Annual Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time.

Further, the Independent Directors at their separate meeting, reviewed the performance of the Board, Chairman of the Board and of Non-Independent Directors, as required under the Act and the Listing Agreement.

The Independent Directors at their separate meeting also assessed the quality, quantity and timelines of flow of information between your Company Management and the Board of Directors of your Company.

COMMITTEES OF THE BOARD

As a matter of good corporate governance and to ensure better accountability and to deal with specific areas/concerns that need a closer view, various board level Committees have been constituted in terms of the provisions of the Act and the Listing Regulations under formal approval of the Board. There exists an Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Finance & Banking Committee of Directors of the Board.

The details of the composition, brief terms of reference, meetings held during the financial year 2019-20, attendance of the Board of Directors/ Members etc., of the said Board Meeting/ Committees are given in the Report on Corporate Governance annexed hereto are forming part of this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

The Board comprises of an optimum mix of Executive and Non-Executive Directors including Independent Directors.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms with the Articles of Association of your Company, Mr. Vishal Agarwal, Vice Chairman & Managing Director (DIN: 00121539), retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his reappointment, to the members for their approval.

Mr. Pratip Chaudhuri (DIN 00915201), Mr. Dhanesh Ranjan (DIN 03047512), Ms. Rupanjana De (DIN 01560140) and Mr. Sheo Raj Rai (DIN 07902184) have given declarations confirming that they meet the criteria of independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013 and under Regulation 17 of the Listing Regulations.

Subsequent to the end of the year under review, Mr. Sheo Raj Rai, (DIN 07902184) Independent Director whose first term as an Independent Director expired on 7 August 2020 was reappointed as an Independent Director on the Board of the company for a second term of 3 (three) years with effect from 8 August 2020 to 7 August 2023.

Ms. Rupanjana De (DIN 01560140), Independent Director whose first term as an Independent Director expired on 25 August 2020 was reappointed as an Independent Director on the Board of the company for a second term of 3 (three) years with effect from 26 August 2020 to 25 August 2023.

Key Managerial Personnel

Mr. Vishambhar Saran is responsible for Chief Executive functions of your Company in addition to being the Whole time Director designated as the Chairman, Mr. Vishal Agarwal acts as Deputy Chief Executive Officer in addition to being the Vice Chairman & Managing Director and Mr. Manoj Kumar, acts as Chief Operating Officer in addition to being the Whole time Director designated as Director (Kalinganagar).

Mr. Ranjan Kumar Jindal ceased to be the Chief Financial Officer of your Company w.e.f 31 December 2019 and Mr. Surinder Kumar Singhal was appointed as the Chief Financial Officer of your Company w.e.f 30 June 2020.

Mr. Sudhir Kumar Banthiya continues to be the Company Secretary and Compliance Officer of your Company.

BOARD EVALUATION

The Board carried out an annual performance evaluation of its own performance, the individual Directors as well as the Board Committees, in due compliance with the provisions of the Companies Act, 2013 and the Listing Regulations. The performance evaluation of the Independent Directors was carried out by the entire Board and performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

The Board evaluation was carried out in accordance with the criteria laid down in the Nomination and Remuneration policy of the Company.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards have been duly followed by the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of Section 134(5) of the Companies Act, 2013, your Directors to the best of their knowledge and ability confirm:

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March 2020 and of the loss of the Company for that period;
- (c) that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts had been prepared on a going concern basis;
- (e) that the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) that proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee comprises of 3 (three) Non-Executive Independent Directors. As on date, Ms. Rupanjana De, Independent Director is the Chairperson of the Audit Committee. The members of the Committee possess adequate knowledge of Accounts, Audit and Finance, among others. The composition of the Audit Committee meet the requirements as per Section 177 of the Companies Act, 2013 and as is detailed in the Corporate Governance Report forming part of this Annual Report.

All recommendations made by the Audit Committee during the FY 2019-20 were accepted by the Board of Directors of the Company.

CEO / CFO CERTIFICATION

As required under SEBI (Listing Obligation and Disclosure Requirements), 2015, Mr. Vishal Agarwal, Vice Chairman & Managing Director and Mr. Surinder Kumar Singhal, Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31 March 2020, which is annexed to this Report.

AUDITORS

Statutory Auditors and Auditors Report

The members of the Company had, at the 21st Annual General Meeting of the members of the Company held on 14 December 2017, approved the appointment of M/s. Singhi & Co., Chartered Accountants (FRN 302049E) as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting till the conclusion of 26th Annual General Meeting.

The para-wise management response to the qualifications / observations made in the Independent Auditors Report is stated as under:

1. Attention is drawn to Para 2 of the Independent Auditors Report regarding Basis of Qualified Opinion. The clarification of the same is provided in Note No. 16D of the Accounts of the Standalone Accounts.
2. Attention is drawn to Para 5 of the Independent Auditors Report regarding Emphasis of Matter related to Scheme of Arrangement. The clarification of the same is provided in Note No. 36 of the Accounts of the Standalone Accounts.
3. Attention is drawn to Para 4 of the Independent Auditors Report regarding Matter related to material uncertainty relating to Going Concern. The clarification of the same is provided in Note No. 37 of the Accounts of the Standalone Accounts.
4. Attention is drawn to Para viii of Annexure A to the Independent Auditors Report. The clarification of the same is provided in Note No. 16D of the Accounts of the Standalone Accounts.
5. The Auditors observation in para 8 of the Annexure B to the Auditors report regarding material weakness has been addressed in Note No. 16D of the Standalone Accounts.

Internal Auditors

In terms of the provisions of Section 138 of the Act, M/s. L B Jha & Co., an Independent Chartered Accountants were appointed as Internal Auditors of the Company for FY 2020-21. The Audit Committee in consultation with the Internal Auditors formulates the scope, functioning, periodicity and methodology for conducting the Internal Audit. The Audit Committee, inter alia, reviews the Internal Audit Report.

Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. MKB & Associates, Company Secretaries, as its

Secretarial Auditor to undertake the Secretarial Audit for FY 2019-20. The report of the Secretarial Auditor in specified form MR-3 is annexed herewith as Annexure I and forms part of this report. The report does not contain/contains any observation or qualification or adverse remarks.

The Board has re-appointed M/s. MKB & Associates, Company Secretaries, as Secretarial Auditor of the Company for the financial year 2020-21.

Cost Auditors

As per Section 148 of the Companies Act, 2013, the Board of Directors has appointed, M/s. DGM & Associates, (Registration No.00038), Cost Accountants, Kolkata as Cost Auditors of the Company, to carry out the cost audit of the products manufactured by the Company for the FY ending 31 March 2021. The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained. The filings as prescribed under the provisions of Companies Act, 2013 were done within the due time.

Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate resolutions seeking ratification to the remuneration of the said Cost Auditors are appearing in the Notice convening the 24th Annual General Meeting of the Company.

No frauds have been reported during the financial year under review by the Auditors of the Company.

RISK MANAGEMENT

The speed and degree of changes in the global economy and the increasingly complex interplay of factors influencing the business makes Risk Management an inevitable exercise and to cater to the same, your Company has identified major focus areas for risk management to ensure organisational objectives are achieved and has a robust policy along with well-defined and dynamic structure and proactive approach to assess, monitor and mitigate risks associated with the business.

The Company has formulated and implemented a risk management policy in accordance with Listing Regulations, to identify and monitor business risk and assist in measures to control and mitigate such risks. In accordance with the policy, the risk associated with the Company's business is always reviewed by the management team and placed before the Audit Committee. The Audit Committee reviews these risks on periodical basis and ensures that mitigation plans are in place. The Board is briefed about the identified risks and mitigation plans undertaken.

The risks faced by the Company are detailed in Management Discussion and Analysis Report forming part of this Annual Report. In the opinion of the Board, as on date there are no material risks which may threaten the existence of the Company, except as stated in Management Discussion and Analysis Report forming part of this Annual Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS:

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of your Company and its future operations.

INTERNAL CONTROL SYSTEM

Your Company has adequate system of internal control procedures commensurate with its size and the nature of business. The internal control systems of the Company are monitored and evaluated by the Internal Auditors and their audit reports are periodically reviewed by the Audit Committee of the Board of Directors of the Company.

Your Company manages and monitors the various risks and uncertainties that can have adverse impact on the Company's business. Your Company is giving major thrust in developing and strengthening its internal audit so that risk threat can be mitigated.

Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee for their inputs and suggestions. The Audit Committee through Internal Auditor regularly reviews the system for cost control, financial controls, accounting controls, etc. to assess the adequacy and effectiveness of the internal control systems. Such controls have been tested during the year and no reportable material weakness in the design or operation was observed. Necessary certification by the Statutory Auditors in relation to Internal Financial Control u/s 143(3) (i) of the Companies Act, 2013 forms part of the Audit Report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

There have been no material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report, except as disclosed.

RELATED PARTY TRANSACTIONS

All Related Party Transactions entered into during FY 2019-20 were on arm's length basis and also in the ordinary course of business. No Related Party Transactions were made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons during FY 2019-20 except those reported.

All Related Party Transactions were placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee was obtained on a yearly basis for the transactions which were of foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted were audited by M/s Price Waterhouse and Co LLP, Chartered Accountants (PWC) and a statement giving details of all Related Party Transactions was placed before the Audit Committee for its approval on a quarterly basis. PWC concluded that all Related Party Transactions entered into during FY 2019-20 by your Company were

on Arm's Length Basis and also in the ordinary course of business, to the Audit Committee of the Board of Directors of your Company.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at www.visasteel.com.

Information on transactions with Related Parties is given in Form AOC-2, Annexure II and the same forms part of this report.

None of the Director (s) or KMP (s) has any pecuniary relationships or transactions vis-à-vis the Company during FY 2019-20 except as disclosed in Notes to Financial Statement forming part of this Annual Report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 in respect of Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo is given in Annexure III forming part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statement.

HUMAN RESOURCES

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

PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION

The information required under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) & 5(3) of the Companies (Particulars of Employees) Rules, 1975, as amended, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (the Rules) are set out in Annexure IV to this Report. However, as per the provisions of Section 136 of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining a copy of the statement may write to the Company.

The disclosure pertaining to remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Act read with Rule 5(1) of the Rules are provided in Annexure IVB to this report.

DEPOSITS

The Company has not accepted or renewed any deposits during the year under review.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION & ANALYSIS

A detailed analysis of the Industry and Company Outlook, Company's operations, project review, risk management, strategic initiatives and financial review & analysis, as stipulated under SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 is presented under a separate section titled "Management Discussion and Analysis" forming part of the Annual Report.

ANNUAL RETURN

The Extract of Annual Return in Form MGT 9 is attached as Annexure V and shall be available on the website of the Company, i.e. www.visasteel.com.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The policy provides for adequate safeguards against victimisation of employees and / or Directors and also provides for direct access to the Chairman of the Audit Committee. The Policy is uploaded on the website of the Company at www.visasteel.com.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) Committee comprises of 3 (three) Directors. As on date, Mr. Vishal Agarwal is the Chairman of the CSR Committee.

The Corporate Social Responsibility (CSR) policy recommended by the CSR Committee had been approved by the Board of Directors.

During the year, the CSR initiatives undertaken by the Company, although not mandatory under Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules 2014, are detailed in the Annual Report.

The CSR Policy is available on the website of the Company (www.visasteel.com).

Detailed Annexure as per Companies (CSR Policy) Rules, 2014 (as amended from time to time) is attached as Annexure VI.

NOMINATION AND REMUNERATION POLICY

In terms of the requirement of Section 178 of the Companies Act, 2013, on the recommendation of the Nomination and Remuneration Committee, the Board has approved the Nomination and Remuneration Policy (hereinafter referred as "Policy") of the Company. The policy is available on the website of the Company (www.visasteel.com).

The salient features of the policy are as below:

- to lay down criteria for identifying persons who are qualified to become Directors and who may be appointed in Senior Management or as KMP of the Company.
- to lay down the terms and conditions in relation to the appointment of Directors, Senior Management Personnel or KMP and recommend to the Board, the appointment and removal of Directors, Senior Management Personnel or KMP;
- to lay down criteria to carry out evaluation of every Director's performance;
- to formulate criteria for determining qualifications, positive attributes and Independence of a Director;
- to determine the composition and level of remuneration, including reward linked with the performance, which is reasonable and sufficient to attract, retain and motivate Directors, KMP (s), Senior Management Personnel and other Employees to work towards the long term growth and success of the Company;
- to devise a policy on the diversity of the Board;
- to assist the Board with developing a succession plan for the Board.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Company has not received any complaint of sexual harassment during the FY 2019-20.

The Company has complied with provisions relating to the constitution of Internal Compliant Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors record their sincere appreciation for the assistance, support and guidance provided by all stakeholders including employees, banks, customers, suppliers, regulatory & government authorities, business associates. The Directors commend the continuing commitment and dedication of all employees at all levels and look forward to their continued support in future.

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

For and on behalf of the Board

Vishal Agarwal

Vice Chairman & Managing Director
(DIN 00121539)

Manoj Kumar

Wholetime Director designated as
Director (Kalinganagar)
(DIN 06823891)

Kolkata
10 November 2020

Annexure I to the Directors' Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,

VISA STEEL LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VISA STEEL LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (as amended) (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;

v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- e) The Securities and Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies, the following laws/acts are also, inter alia, applicable to the Company:

- a) The Legal Metrology Act, 2009 and Rules made there under;
- b) The Orissa Electricity (Duty) Act, 1961 and rules made there under;
- c) The Static and Mobile Pressure Vessels (Unfired) Rules, 1981;
- d) The Gas Cylinder Rules, 2004
- e) The Petroleum Act, 1934 and Rules made there under
- f) The Environment (Protection) Act, 1986
- g) The Air (Prevention and Control of Pollution) Act, 1981
- h) Orissa Air(Prevention and Control of Pollution) Rules, 1983

We have also examined compliance with the applicable clauses of the following:

- a) The Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) Provision of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had passed the following special resolution which needs mention:

- a) Approval for shifting of registered office of the Company from the State of Orissa to State of West Bengal.
- b) Approval pursuant to Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for sale of shares held in Kalinganagar Chrome Private Limited, wholly owned subsidiary of the Company to Kalinganagar Special Steel Private Limited, another wholly owned subsidiary of the Company.
- c) Approval pursuant to Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for issuance of new equity shares in Kalinganagar Special Steel Private Limited, wholly owned subsidiary of the Company to an investor.
- d) Approval of related party transactions under Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder.

We further report that

- (a) the Company Petition being CP No. 110 of 2014, which inter alia envisages amalgamation of Kalinganagar Special Steel Private Limited with the Company was pending adjudication before the National Company Law Tribunal, Cuttack Bench. However the Board of Directors at its meeting held on 30th July, 2020 have decided to withdraw the petition;

- (b) the National Company Law Tribunal, Cuttack Bench vide its order dated 8th July, 2019 has approved the demerger of special steel undertaking of the Company with all the assets and liabilities into VISA Special Steel Limited. The Supreme Court of India vide its order dated 17th January, 2020 has stayed the aforesaid order of the National Company Law Tribunal, Cuttack Bench.

This report is to be read with our letter of even date which is annexed as **Annexure – I** which forms an integral part of this report.

For MKB & Associates
Company Secretaries

Raj Kumar Banthia
(Partner)

Date: 02.11.2020

Place: Kolkata

UDIN: A017190B001133239

ACS no. 17190

COP no. 18428

FRN: P2010WB042700

Annexure I

To

The Members,

VISA STEEL LIMITED

Our report of even date is to be read along with this letter.

1. It is management's responsibility to identify the Laws, Rules, Regulations, Guidelines and Directions which are applicable to the Company depending upon the industry in which it operates and to comply and maintain those records with same in letter and in spirit. Our responsibility is to express an opinion on those records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening events, etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Note: Due to continuing COVID-19 pandemic, for carrying on and completion of the Audit, documents/details have been provided by the Company through electronic mode and the same have been verified by us.

For MKB & Associates
Company Secretaries

Raj Kumar Banthia
(Partner)

ACS no. 17190

COP no. 18428

FRN: P2010WB042700

Date: 02.11.2020

Place: Kolkata

UDIN: A017190B001133239

Annexure II to the Directors' Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

| 1 Details of contracts or arrangements or transactions not at arm's length basis | |
|---|--|
| (a) Name(s) of the related party and nature of relationship | : |
| (b) Nature of contracts/arrangements/ transactions | : |
| (c) Duration of the contracts/arrangements/ transactions | : |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any. | : |
| (e) Justification for entering into such contracts or arrangements or transactions | : Not Applicable |
| (f) Date(s) of approval by the Board | : |
| (g) Amount paid as advances, if any | : |
| (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | : |
| 2 Details of material contracts or arrangements or transactions at arm's length | |
| (a) Name(s) of the related party and nature of relationship | : VISA Coke Limited (Enterprises over which KMP or relative of KMP exercise significant influence); VISA Minmetal Limited (Enterprises over which KMP or relative of KMP exercise significant influence) |
| (b) Nature of contracts/arrangements/ transactions | : Sale and purchase of manufactured goods, trading of raw materials & finished goods, scraps and capital goods, hire or lease of property / Plant & machinery, rent charges, freight, Commissions, Finance charges/ Interests, Shared services charges, reimbursements or any other transactions |
| (c) Duration of the contracts/arrangements/ transactions | : As mutually agreed |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any. | : In the Ordinary course of business and on arm's length basis* |
| (e) Date(s) of approval by the Board | : In the quarterly meetings of the Board@ |
| (f) Amount paid as advances, if any | : Nil |

Note: *Details mentioned in the Notice of the 24th Annual General Meeting.@ Date of the quarterly meetings of the Board of Directors of the Company are mentioned in the Corporate Governance Report for the year ended 31 March 2020.

Annexure III to the Directors' Report

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required pursuant to provisions of Section 134 of the Companies Act, 2013 read with the Company (Accounts) Rules, 2014.

A. CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy;

1. Usage of coke fines (-6mm) in the form of composite briquette in ferrochrome along with nut coke.
2. In CPP we have Reverse Osmosis plant (RO) for utilisation of approx. 1000 cum/day water discharge from cooling tower and replaced 100% water requirement i.e 170 cum/day water of DM plant.
3. In CFBC boiler, two VFD drives are installed (Nov-2019) for Stripper Cooler RAVs (each of 1.1 KW) which resulted in around 17% energy saving.
4. Char and De-dust input as fuel in CFBC Boiler resulted in reduction of primary coal consumption as well as utilisation of Char & De-dust produced from DRI Kilns.
5. Insulation of 500 sq. meter area of steam line/boiler in CPP for preventing loss of steam enthalpy
6. Overall descaling of condenser due to which specific steam consumption of steam and heat rate of turbine has been improved also 50 % old heavily corroded tubes of one of condenser was replaced by new ones to improve vacuum of one of Turbines.
7. During rainy to winter season cooling tower fan's blade angle reduced from 17.5 deg. to 16.2 deg resulting saving of 0.85 MW per day in auxiliary power consumption in captive power plant.
8. In the FY 2019-20, HPSV lights consuming around 540 KW was replaced by 305 KW LED Lights.
9. 219.20 KL LDO was used in place of HSD to reduce the specific energy consumption in all units.

(ii) the steps taken by the company for utilising alternate sources of energy

1. In CFBC boiler two VFD drives are installed for stripper cooler RAVs (each of 1.1 KW) which resulted in smooth and controlled operation along with 25% saving in power consumption.

(iii) the capital investment on energy conservation equipment - NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R&D)

(i) the efforts made towards technology absorption;

1. Water cooling jacket arrangement done in between tap hole to tap hole of ferrochrome furnace-1 to enhance the refractory life.
2. Up-gradation of PLC system in SAF- 3 & 4 along with Briquette plant complex-1.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

1. Effective cooling of Furnace shell & Improve the life of shell lining.
2. To enhance operational parameter control and ensure storing of the critical sequence of event for longer duration.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

(a) Details of Imported technology

| | 2017-18 | 2018-19 | 2019-20 |
|--|---------|---------|---------|
| | NIL | NIL | NIL |

(b) Year of Import : Not Applicable

(c) Has technology been fully absorbed: Not Applicable

(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action : Not Applicable

(iv) the expenditure incurred on Research and Development - NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO DURING THE YEAR

| Particular | ₹ in Million | |
|-------------------------|--------------|---------|
| | 2019-20 | 2018-19 |
| Foreign Exchange Earned | - | - |
| Foreign Exchange Outgo | 0.91 | 6.08 |

Annexure IV B to the Directors' Report

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- 1) Ratio of the remuneration of each Director to the median remuneration of all the employees of the Company for the financial year 2019-20:

| Sl. No. | Name of the Director | Ratio |
|------------------------------|----------------------|-------|
| Executive Directors | | |
| 1 | Mr. Vishambhar Saran | 45.39 |
| 2 | Mr. Vishal Agarwal | 47.83 |
| 3 | Mr. Manoj Kumar | 19.93 |
| Independent Directors | | |
| 1 | Mr. Pratip Chaudhuri | 0.99 |
| 2 | Ms. Rupanjana De | 1.15 |
| 3 | Mr. Sheo Raj Rai | 0.94 |
| 4 | Mr. Dhanesh Ranjan | 0.36 |

Note:

- Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, in the financial year 2019-20: Nil
- The percentage increase in the median remuneration of employees in the financial year 2019-20: 0.77%
- The number of permanent employees on the rolls of the Company as on 31 March 2020: 384
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Nil
- Average percentile increase in salary of the Company's employees for the financial year 2019-20 was Nil.
- Remuneration is as per the Nomination and Remuneration Policy of the Company.

Annexure V to the Directors' Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2020 of **VISA STEEL LIMITED**

[Pursuant to Section 92(3) of the Companies Act, 2013 And Rule 12(1) of the Companies (Mgt. and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | |
|--|---|
| i) CIN: | L51109OR1996PLC004601 |
| ii) Registration Date | 10 September 1996 |
| iii) Name of the Company | VISA Steel Limited |
| iv) Category/Sub Category of the Company | Public Company Limited by Shares |
| v) Address of the Registered Office and contact details: | 11 Ekamra Kanan, Nayapalli, Bhubaneswar – 751 015 Tel: + 91 674 2552 479-84 Fax: + 91 674 2554 661-62 Email: cs@visasteel.com |
| vi) Whether listed Company Yes / No | Yes |
| viii) Name, Address and Contact details of Registrar & Transfer Agents, if any | KFin Technologies Private Limited Karvy Selenium, Tower- B, Plot No 31 & 32., Financial district, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, Telangana |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1 | Manufacture of basic iron and steel | 2410 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary / Associate | % of shares held | Applicable section of Companies Act, 2013 |
|---------|---|-----------------------|---------------------------------|------------------|---|
| 1 | Kalinganagar Special Steel Private Limited, VISA House, 11 Ekamra Kanan, Nayapalli, Bhubaneswar – 751 015 | U27100OR2013PTC016907 | Wholly owned Subsidiary | 100.00% | 2(87)(ii) |
| 2 | Kalinganagar Chrome Private Limited, VISA House, 11 Ekamra Kanan, Nayapalli, Bhubaneswar – 751 015 | U27100OR2013PTC017080 | Wholly owned Subsidiary | 100.00% | 2(87)(ii) |
| 3 | VISA Ferro Chrome Limited, VISA House, 8/10 Alipore Road, Kolkata – 700 027 | U27310WB2013PLC237653 | Step down subsidiary | 100.00% | 2(87)(ii) |
| 4 | VISA Special Steel Limited, VISA House, 8/10 Alipore Road, Kolkata – 700 027 | U27100WB2012PLC234197 | Step down subsidiary | 100.00% | 2(87)(ii) |
| 5 | VISA Urban Infra Limited, 8/10 Alipore Road, Kolkata – 700 027 | U55101WB2010PLC144874 | Associate Company | 26.00% | 2(6) |

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|-------------------|-------------------|---|----------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 68,175,000 | - | 68,175,000 | 58.88 | 68,175,000 | - | 68,175,000 | 58.88 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (1) | 68,175,000 | - | 68,175,000 | 58.88 | 68,175,000 | - | 68,175,000 | 58.88 | - |
| (2) Foreign | | | | | | | | | |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (2) | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) | 68,175,000 | - | 68,175,000 | 58.88 | 68,175,000 | - | 68,175,000 | 58.88 | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | 6,332 | - | 6,332 | 0.00 | 0.00 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs/ FPIs | 25,414,745 | - | 25,414,745 | 21.95 | 25,414,745 | - | 25,414,745 | 21.95 | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | 25,414,745 | - | 25,414,745 | 21.95 | 25,421,077 | - | 25,421,077 | 21.95 | 0.00 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 528,258 | - | 528,258 | 0.46 | 191,694 | - | 191,694 | 0.17 | 0.29 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 7,695,899 | 505 | 7,696,404 | 6.65 | 7,825,136 | 505 | 7,825,641 | 6.76 | (0.11) |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 7,739,915 | - | 7,739,915 | 6.68 | 7,889,929 | - | 7,889,929 | 6.81 | (0.13) |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|------------------|--------------------|-------------------|---|------------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| c) IEPF | 44,332 | - | 44,332 | 0.04 | 44,332 | - | 44,332 | 0.04 | - |
| Non Resident Indians | 353,785 | - | 353,785 | 0.30 | 394,253 | - | 394,253 | 0.34 | (0.04) |
| Overseas Corporate Bodies | - | 5,789,500 | 5,789,500 | 5.00 | - | 5,789,500 | 5,789,500 | 5.00 | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | 47,561 | - | 47,561 | 0.04 | 58,074 | - | 58,074 | 0.05 | (0.01) |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | 16,409,750 | 5,790,005 | 22,199,755 | 19.17 | 16,403,418 | 5,790,005 | 22,193,423 | 19.17 | - |
| Total Public (B) | 41,824,495 | 5,790,005 | 47,614,500 | 41.12 | 41,824,495 | 5,790,005 | 47,614,500 | 41.12 | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 109,999,495 | 5,790,005 | 115,789,500 | 100.00 | 109,999,495 | 5,790,005 | 115,789,500 | 100.00 | - |

ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---------|-----------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | VISA Infrastructure Limited | 44,387,167 | 38.34 | 100.00 | 44,387,167 | 38.34 | 100.00 | - |
| 2 | VISA International Limited | 23,787,833 | 20.54 | 100.00 | 23,787,833 | 20.54 | 100.00 | - |
| | TOTAL | 68,175,000 | 58.88 | 58.88 | 68,175,000 | 58.88 | 58.88 | - |

iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | Change in Promoters' Shareholding | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | VISA Infrastructure Limited | | | | |
| | At the beginning of the year | 44,387,167 | 38.34 | 44,387,167 | 38.34 |
| | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | -----No Change----- | | | |
| | At the end of the year (31.03.2020) | 44,387,167 | 38.34 | 44,387,167 | 38.34 |
| 2 | VISA International Limited | | | | |
| | At the beginning of the year | 23,787,833 | 20.54 | 23,787,833 | 20.54 |
| | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | -----No Change----- | | | |
| | At the end of the year (31.03.2020) | 23,787,833 | 20.54 | 23,787,833 | 20.54 |

iv) Shareholding Pattern of top ten Shareholders:(other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | LTS Investment Fund Limited | | | | |
| | At the beginning of the year | 10,497,122 | 9.07 | 10,497,122 | 9.07 |
| | Increase / Decrease in shareholding during the year | -----No Change----- | | | |
| | At the end of the year (31.03.2020) | 10,497,122 | 9.07 | 10,497,122 | 9.07 |
| 2 | Eriska Investment Fund Ltd | | | | |
| | At the beginning of the year | 9,912,036 | 8.56 | 9,912,036 | 8.56 |
| | Increase / Decrease in shareholding during the year | -----No Change----- | | | |
| | At the end of the year (31.03.2020) | 9,912,036 | 8.56 | 9,912,036 | 8.56 |
| 3 | Baosteel Resources Co. Ltd. | | | | |
| | At the beginning of the year | 5,789,500 | 5.00 | 5,789,500 | 5.00 |
| | Increase / Decrease in shareholding during the year | ----- No Change----- | | | |
| | At the end of the year (31.03.2020) | 5,789,500 | 5.00 | 5,789,500 | 5.00 |
| 4 | Vikasa India EIF I Fund | | | | |
| | At the beginning of the year | 4,998,087 | 4.32 | 4,998,087 | 4.32 |
| | Increase / Decrease in shareholding during the year | ----- No Change----- | | | |
| | At the end of the year (31.03.2020) | 4,998,087 | 4.32 | 4,998,087 | 4.32 |
| 5 | Narain Prasad Dalmia | | | | |
| | At the beginning of the year | 2,714,000 | 2.35 | 2,714,000 | 2.35 |
| | Increase / Decrease in shareholding during the year | ----- No Change----- | | | |
| | At the end of the year (31.03.2020) | 2,714,000 | 2.35 | 2,714,000 | 2.35 |
| 6 | Nishant Dalmia | | | | |
| | At the beginning of the year | 1,100,479 | 0.95 | 1,100,479 | 0.95 |
| | Increase / Decrease in shareholding during the year | -----No Change----- | | | |
| | At the end of the year (31.03.2020) | 1,100,479 | 0.95 | 1,100,479 | 0.95 |
| 7 | Siddhant Dalmia | | | | |
| | At the beginning of the year | 1,100,000 | 0.95 | 1,100,000 | 0.95 |
| | Increase / Decrease in shareholding during the year | -----No Change----- | | | |
| | At the end of the year (31.03.2020) | 1,100,000 | 0.95 | 1,100,000 | 0.95 |
| 8 | Vedant Dalmia | | | | |
| | At the beginning of the year | 1,100,000 | 0.95 | 1,100,000 | 0.95 |
| | Increase / Decrease in shareholding during the year | -----No Change----- | | | |
| | At the end of the year (31.03.2020) | 1,100,000 | 0.95 | 1,100,000 | 0.95 |
| 9 | Gita Devi Dalmia | | | | |
| | At the beginning of the year | 861,512 | 0.74 | 861,512 | 0.74 |
| | Increase / Decrease in shareholding during the year | -----No Change----- | | | |
| | At the end of the year (31.03.2020) | 861,512 | 0.74 | 861,512 | 0.74 |
| 10 | Narain Prasad Dalmia (Individual) | | | | |
| | At the beginning of the year | 104,099 | 0.07 | 104,099 | 0.07 |
| | Increase / Decrease in shareholding during the year | -----No Change----- | | | |
| | At the end of the year (31.03.2020) | 104,099 | 0.07 | 104,099 | 0.07 |

v) Shareholding of Directors and Key Managerial Personnel

| Sl. No. | Shareholding of each Directors | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------------------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| A Directors | | | | | |
| 1 | Mr. Vishambhar Saran | | | | |
| | At the beginning of the year | | | | |
| | Increase / Decrease in shareholding during the year | | | NIL | |
| | At the end of the year (31.03.2020) | | | | |
| 2 | Mr. Vishal Agarwal | | | | |
| | At the beginning of the year | | | | |
| | Increase / Decrease in shareholding during the year | | | NIL | |
| | At the end of the year (31.03.2020) | | | | |
| 3 | Mr. Pratip Chaudhuri | | | | |
| | At the beginning of the year | | | | |
| | Increase / Decrease in shareholding during the year | | | NIL | |
| | At the end of the year (31.03.2020) | | | | |
| 4 | Mr. Dhanesh Ranjan | | | | |
| | At the beginning of the year | | | | |
| | Increase / Decrease in shareholding during the year | | | NIL | |
| | At the end of the year (31.03.2020) | | | | |
| 5 | Mr. Sheo Raj Rai | | | | |
| | At the beginning of the year | | | | |
| | Increase / Decrease in shareholding during the year | | | NIL | |
| | At the end of the year (31.03.2020) | | | | |
| 6 | Ms. Rupanjana De | | | | |
| | At the beginning of the year | | | | |
| | Increase / Decrease in shareholding during the year | | | NIL | |
| | At the end of the year (31.03.2020) | | | | |
| 7 | Mr. Manoj Kumar | | | | |
| | At the beginning of the year | 3700 | 0.00 | 3700 | 0.00 |
| | Increase / Decrease in shareholding during the year | | | NIL | |
| | At the end of the year (31.03.2020) | 3700 | 0.00 | 3700 | 0.00 |

| Sl. No. | Shareholding of each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------------------------------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| A Key Managerial Personnel | | | | | |
| 1 | Mr. Ranjan Kumar Jindal | | | | |
| | At the beginning of the year | | | | |
| | Increase / Decrease in shareholding during the year Upto 31 December 2019 | | | NIL | |
| 2 | Mr. Sudhir Kumar Banthiya | | | | |
| | At the beginning of the year | | | | |
| | Increase / Decrease in shareholding during the year | | | NIL | |
| | At the end of the year (31.03.2020) | | | | |

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | (₹ in Million) | | | |
|--|--|--------------------|----------|-----------------------|
| | Secured loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 13,147.49 | 622.54 | - | 13,770.03 |
| ii) Interest accrued | 1,896.56 | - | - | 1,896.56 |
| Total (i+ii) | 15,044.05 | 622.54 | - | 15,666.59 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | - | - | - | - |
| * Reduction | 82.67 | 180.04 | - | 262.71 |
| Net Change | 82.67 | 180.04 | - | 262.71 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 13,047.87 | 442.50 | - | 13,490.37 |
| ii) Interest accrued | 1,913.50 | - | - | 1,913.50 |
| Total (i+ii) | 14,961.37 | 442.50 | - | 15,403.87 |

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount |
|---------|---|--|---|---|-------------------|
| | | Mr. Vishambhar Saran, Whole time Director designated as Chairman | Mr. Vishal Agarwal, Vice Chairman & Managing Director | Mr. Manoj Kumar, Whole time Director designated as Director (Kalinganagar) | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 15,075,000 | 16,132,800 | 7,135,692 | 38,343,492 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 39,600 | 39,600 | - | 79,200 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | | | | |
| | - others, specify | | | | |
| 5 | Others, please specify | | | | |
| | Vehicle Reimbursement | - | - | - | - |
| | Performance Bonus | - | - | - | - |
| | Total (A) | 15,114,600 | 16,172,400 | 7,135,692 | 38,422,692 |
| | Ceiling as per the Act | In accordance with Companies Act, 2013 | | | |

B. Remuneration to other Directors

| Sl. No. | Name of the Director | Sitting Fees (in ₹) | Commission (in ₹) | Total (in ₹) |
|---------|---------------------------------------|--|----------------------|------------------|
| | Independent Director | | | |
| 1 | Mr. Pratip Chaudhuri | 380,000 | - | 380,000 |
| 2 | Ms. Rupanjana De | 440,000 | - | 440,000 |
| 3 | Mr. Sheo Raj Rai | 360,000 | - | 360,000 |
| 4 | Mr. Dhanesh Ranjan | 140,000 | - | 140,000 |
| | TOTAL (A) | 1,320,000 | - | 1,320,000 |
| | Overall Ceiling as per the Act | In accordance with Companies Act, 2013 | | |

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|--|---|---------------------|
| | | Mr. Ranjan Kumar Jindal (Chief Financial Officer) (up to 31 December 2019) | Mr. Sudhir Kumar Banthiya (Company Secretary) | Total Amount (in ₹) |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3,569,013 | 1,527,191 | 5,096,204 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Vehicle Reimbursement | - | - | - |
| | Performance Bonus | - | - | - |
| | Total | 3,569,013 | 1,527,191 | 5,096,204 |

VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |

Annexure VI to the Directors' Report

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

| Sl. No. | Particulars | Details |
|---------|--|---|
| 1. | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. | The Company has formulated a CSR policy as per the provisions of the Companies Act, 2013 to take up projects or programs relating to CSR activities as decided by the Corporate Social Responsibility Committee from time to time every year, as per the availability of CSR expenditure activities specified in Section 135 read with Schedule VI to the Companies Act 2013. |
| 2. | The Composition of the CSR Committee | Mr. Vishal Agarwal Ms. Rupanjana De Mr. Manoj Kumar |
| 3. | Average net profit of the company for last three financial years | The Company has losses during the last three financial years. |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | NA |
| 5. | Details of CSR spent during the financial year. a. Total amount to be spent for the financial year; b. Amount unspent, if any; c. Manner in which the amount spent during the financial year is detailed below. | NA |
| 6. | In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. | NA |
| 7. | A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company. | |

Sd/-
Managing Director

Sd/-
Chairman
CSR Committee

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During FY 2019-20, the performance of the Company has been adversely affected due to non-availability of working capital for operations and other external factors beyond the control of the Company and its management.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Industry Overview

Ferro Chrome is used in varying proportions to produce different grades of Stainless Steel. The global Stainless Steel production was approx. 52.22 million tonnes in 2019, out of which India's production stood at approx. 3.92 million tonnes. The global High Carbon Ferro Chrome production was at approx. 14.73 million tonnes in 2019, out of which India's Ferro Chrome production stood at approx. 1.28 million tonnes. India exports approx. 50% of its Ferro Chrome production, primarily to China, South Korea, Japan and Taiwan. China accounts for approx. 60% of global Ferro Chrome consumption.

India's Chrome Ore production dropped to approx. 4.06 million tonnes in 2019 out of which approx. 1 million tonne is produced by OMC. The Chrome Ore price fixing mechanism by OMC through auction has resulted in high prices of Chrome Ore. Meanwhile, the Government of Odisha auctioned three Chrome Ore mining blocks which has been won by Tata Steel Mining and the availability and price scenario of Chrome Ore going forward remains uncertain.

Company Overview

Your Company has established manufacturing assets for production of Ferro Alloys at Kalanganagar in Odisha.

OPPORTUNITIES AND THREATS

Opportunities

India has favourable demographic factors and in view of some of the Government's initiatives including Atma Nirbhar Bharat Abhiyaan, the Indian Stainless Steel Sector is expected to grow in the future and the demand for Ferro Chrome is expected to continue to grow consistently driven by Stainless Steel production and your Company can benefit from this opportunity as a supplier of Ferro Chrome.

Threats

The Ferro Chrome producers not having captive Chrome Ore mines including your Company are under stress due to non-availability of Chrome Ore at viable prices, shortage in availability of Chrome Ore due to low production at OMC's mines, high prices of Chrome Ore being fixed by OMC through e-auction, high electricity duty & Coal Cess, high logistics costs including road transport rates, non-availability of working capital, high interest rates and delays in debt resolution.

The long-term competitiveness of the Ferro Alloy Industry in India will depend on the cost of doing business including raw material

costs, energy costs, regulatory costs, logistics costs for inbound and outbound transportation of raw material and finished goods, interest costs etc. There has been significant increase in levies, duties and regulatory costs in the recent years and also high interest rates and infrastructural challenges including logistics costs due to road and railways infrastructure.

However, your Company is determined to face these challenges going forward by adjusting to the new rules of the game for the Industry.

SEGMENT WISE PERFORMANCE & OUTLOOK

Your Company is engaged in the manufacturing of Ferro Alloys.

During the year under review, the operational performance of your Company has been adversely affected due to non-availability of working capital for operations and other external factors including challenges arising out of high prices of Chrome Ore being fixed by OMC through e-auction, shortage in availability of Chrome Ore due to low production at OMC's mines, high energy costs, high electricity duty and coal cess, high road transport rates etc.

Your Company has achieved Ferro Chrome sales quantity of 54,278 million tonnes in FY 2019-20 compared to 107,501 million tonnes in FY 2018-19. The main raw material for Ferro Chrome is Chrome Ore which is being sourced mainly from OMC & Misrilal Mines. Ferro Chrome produced by your Company is mainly exported.

The spread of COVID-19 Pandemic since mid-March 2020 has resulted in an unprecedented crisis and global recession, creating huge uncertainty for business, financial markets and economy.

In view of the expected slowdown in growth due to COVID-19 Pandemic and the likely production drop in Chrome Ore due to mining lease transition, the outlook remains uncertain.

RISK MANAGEMENT

The volatility in the Global economy and the increasingly complex interplay of factors influencing a more globally integrated business makes Risk Management an inevitable exercise and to cater to the same, your Company has identified major focus areas for risk management to ensure organisational objectives are achieved and has a well-defined and dynamic structure and proactive approach to assess, monitor and mitigate risks associated with these areas, briefly enumerated below:

- a) Operations – The price and availability of key raw materials, non-availability of working capital and regulatory changes such as duties / taxes / cess etc. have an impact on the operations. Moreover, the stocks are also subject to the other foreseeable risks. Necessary coverage has been taken in the form of a comprehensive Industrial All Risk (IAR) policy which covers plant, machinery, buildings (with contents), tools and equipment and stocks (raw materials, stores & spares and finished goods)

against fire, allied perils and all other foreseeable risks. The policy also covers loss of profit to the business arising from any accidental event. The Company also has coverage in form of a Sales Turnover policy which provides all-risk transit insurance cover to the finished goods produced and sold by your Company and also covers transit of all the incoming raw materials.

- b) Foreign Exchange – Your Company deals in foreign exchange in imports of raw materials and exports of finished products. A comprehensive forex policy has been formulated for managing its foreign exchange exposure.
- c) Systems – Your Company has implemented SAP, the leading software for Enterprise Resource Planning, to integrate its operations and to use best business and commercial practices.
- d) Statutory compliances – Procedure is in place for periodical reporting of compliance of statutory obligations and is reported to the Board of Directors at its meetings.

INTERNAL CONTROL AND SYSTEMS

Your Company has in place detailed and well spelt internal control systems, which commensurate with the size and nature of its operations and periodic audits are conducted in various disciplines to ensure adherence to the same. During the year, M/s. L. B. Jha, & Co. Internal Auditor of your Company had independently evaluated the adequacy and efficacy of the audit controls. The direct reporting of the Internal Auditors to the Audit Committee of the Board ensures independence of the audit and compliance functions. The Internal Auditor regularly reports to the Audit Committee on their observations on your Company's processes, systems and procedures ascertained during the course of their audit. Your Company has also appointed Cost Auditors for the cost audit of its manufactured products and the Cost Auditors also report to the Audit Committee on their observations. Your Company has appointed Auditors to report on arms length pricing policy and its compliance with the Companies Act, SEBI regulations on related party transaction. Concerted efforts towards stabilisation of SAP have also contributed to tightening of control systems. Your Company has been able to adapt adequately to this ERP package and is placed to derive significant benefits from the same. Your Company has successfully migrated to cloud which will reduce the IT Cost and will also protect from data loss in case of hardware failure. Emphasis is placed on adequacy, reliability and accuracy of dissemination of financial data and information. Compliance issues are given utmost importance and reported regularly to the Board.

Your Company has been accredited with ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management System) Certification by BSI (British Standards Institution). It has also been accredited with the ISO 9001 certification. It shows commitment to quality, customers, and a willingness to work towards improving efficiency

Your Company has an adequate internal financial control system over financial reporting which were operating effectively as

at 31 March 2020 and have been audited and certified by the Statutory Auditor.

FINANCE REVIEW AND ANALYSIS

Your Company reported Standalone Revenues of ₹ 3,478.79 Million. The standalone EBITDA was ₹ (197.25) Million.

Highlights (Standalone)

| Particulars | (₹ In Million) | |
|-----------------------------------|-----------------|-----------------|
| | 2019-20 | 2018-19 |
| Revenue from operations | 3,478.79 | 8,053.11 |
| Other Income | 397.22 | 153.19 |
| Total Income | 3,876.01 | 8,206.30 |
| Expenditure | | |
| Raw Materials consumed | 2,133.55 | 5,047.55 |
| (Increase) / decrease in stock | 85.23 | 164.27 |
| Employee Cost | 284.50 | 347.65 |
| Other expenses | 1,569.98 | 2,721.82 |
| Operating Profit | (197.25) | (74.99) |
| Finance Cost | 168.06 | 131.23 |
| Depreciation | 483.15 | 455.40 |
| Profit/(Loss) before Tax | (848.46) | (661.62) |
| Tax Expenses | | |
| Profit/(Loss) after Tax | (848.46) | (661.62) |
| Other Comprehensive Income | (5.65) | (1.18) |
| Total Comprehensive Income | (854.11) | (662.80) |

Sales & Other Income: Sales Revenue has decreased due to lower production of Ferro Chrome.

Expenditure: The raw material expenditure has decreased due to lower procurement of Chrome Ore, Coal & Coke etc. due to lower production.

Finance Cost: Your Company did not provide majority part of the finance cost as per details mentioned in Note 16D of the Standalone Financial Statements.

Your Company has been under financial stress since 2011-12 due to various external factors beyond the control of your Company and its management. The Lenders have not disbursed sanctioned limits for operations and adjusted the same with interest without even considering its adverse effect on the Company's operations.

Your Company has reserved its right to claim losses suffered due to the actions and inactions of Banks including arising out of breaches and violations of contractual and other arrangements and such amount shall be claimed as a set-off against any dues.

DEVELOPMENTS IN HUMAN RESOURCES & INDUSTRIAL RELATIONS

Your Company has formulated a detailed Code of Conduct in order to practice ethical behaviour and sound conduct to establish the principles that guide our daily actions. Ethical conduct is the cornerstone of how your Company does business. Your Company is committed to creating a healthy work environment that enables employees to work without fear of prejudice, gender bias, sexual

harassment and all forms of intimidation or exploitation. It is committed to provide a work environment that ensures every employee is treated with dignity and respect.

Your Company recognises Human Resource as its most important assets and is constantly engaged in enriching the value and developing competencies of Human Resources through various development & training programmes. We improve our team building and encourage family bonding through various employee engagement social activities.

The total number of employees in your Company, including those inducted as trainees in your Company, as on 31 March 2020 was 384.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible Corporate, your Company is focused on the happiness of people living in its larger neighboring communities. Your Company's CSR team has directed its community development work in the areas of education, healthcare, rural development, sports & culture and your Company wishes to continue its support and focus on these issues.

HEALTH AND SAFETY

Your Company endeavors to be one of the most respected enterprises across the world in terms of providing a safe work place to its employees, contractors and other stakeholders. The management is making every possible effort to ensure that its employees and contractors adopt, practice and enjoy world class health and safety standards.

KEY FINANCIAL RATIOS

| | 2019-20 | 2018-19 |
|-------------------------|---------|---------|
| Debtors Turnover | 39.03 | 28.19 |
| Inventory Turnover | 8.49 | 11.77 |
| Interest Coverage Ratio | (4.05) | (4.04) |
| Current Ratio | 0.29 | 0.36 |
| Debt Equity Ratio | 38.28 | 11.41 |
| Operating Profit Margin | (0.18) | (0.06) |
| Net Profit Margin | (0.22) | (0.08) |
| Return on Networth | (2.41) | (0.55) |

During the current year, the key financial ratios have been adversely affected due to non-availability of working capital for operations and other external factors including challenges arising out of shortage & high prices of Chrome Ore being fixed by OMC through e-auction, high cutback by lenders in excess of EBITDA, high energy costs, high electricity duty/coal cess, high road transport rates etc.

OUTLOOK

The Government focus to implement reforms to attract investment and encourage manufacturing in India is expected to increase consumption of Steel, Stainless Steel and Ferro Alloys going forward. However, the outcome of mine auctions with extremely high bid

premium is likely to impact the availability and price of raw material. The high energy, logistics & finance costs and *unprecedented crisis and global recession* due to spread of COVID-19 pandemic are areas of concern and will remain a challenge going forward.

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.

CORPORATE GOVERNANCE

OUR PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance refers to the structures and processes for direction and control of the Companies. It is the process carried out by the Board of Directors and its related Committees, on behalf of and for the benefit of the Company's Stakeholders, to provide direction, authority and oversight to the Management. It also provides the structure through which the objectives of the Company are set and the means of attaining those objectives and monitoring performances are determined. The Company takes pride in being a responsible corporate citizen and in maintaining the highest standard of good Corporate Governance. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as the leadership and governance of the Company. The purpose of Company's Corporate Governance Policy is to continue and maintain the corporate culture of conscience and consciousness towards Shareholders and other Stakeholders. The Company has established systems and procedures to ensure that its Board of Directors is well informed and equipped to fulfill its overall responsibilities and to provide the Management with strategic direction needed to create long-term shareholder value. The Company always endeavors to uphold the principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning, which are vital to achieve its vision of emerging as a low cost and efficient producer of value added steel products with backward integration and captive power.

I. BOARD OF DIRECTORS

The Principal responsibility of the Board is to oversee the Management of the Company and in doing so serve the best interest of the Company and its stakeholders.

| Sl. No. | Core Skills/Expertise/Competencies | Vishambhar Saran | Vishal Agarwal | Pratip Chaudhuri | Rupanjana De | Sheo Raj Rai | Dhanesh Ranjan | Manoj Kumar |
|---------|---|------------------|----------------|------------------|--------------|--------------|----------------|-------------|
| 1 | Understanding of Company's Business and its Operation | √ | √ | √ | √ | √ | √ | √ |
| 2 | Finance & Accounts | √ | √ | √ | √ | √ | √ | √ |
| 3 | Corporate Governance and Ethics | √ | √ | √ | √ | √ | √ | √ |
| 4 | Strategy and Planning | √ | √ | √ | √ | √ | √ | √ |
| 5 | Technology and Innovation | √ | √ | √ | √ | √ | √ | √ |

• Composition of the Board as on 31 March 2020

The Composition of the Board of Directors of the Company is in compliance with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations. The Company has a judicious mix of Executive, Non-Executive and Independent Directors on its Board. As on 31 March 2020, the Board comprised of seven members, out of which, four members are Independent Directors including one Woman Director, and three members are Executive Directors.

The Chairman is the Executive Director of the Board. An Independent Director is the Chairman of the following Board Committees except Corporate Social Responsibility Committee:

- Audit Committee;
- Nomination and Remuneration Committee;
- Stakeholders Relationship Committee and
- Finance and Banking Committee

The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory, administrative as well as business requirements.

• Core Skills/ Expertise/ Competencies identified by the Board as required in the context of Companies Business

The Board of Directors of your Company have evaluated and identified the following as the core skills/expertise/competencies in the context of Company's business, as may be required by the Members of the Board for effectively contributing to the Board and Committee proceedings.

| Sl. No. | Core Skills/ Expertise/ Competencies | Whether such key skills, expertise and competence and attributes are available with the Company's Board |
|---------|---|---|
| 1. | Understanding of Company's Business and its Operation | Yes |
| 2. | Finance & Accounts | Yes |
| 3. | Corporate Governance and Ethics | Yes |
| 4. | Strategy and Planning | Yes |
| 5. | Technology and Innovation | Yes |

Hence, core skills, expertise and competencies identified to function effectively amongst others are Understanding of Company's Business and its Operation, Finance & Accounts, Corporate Governance and Ethics, Strategy and Planning and Technology and Innovation. All of those are available with each of the Board member in as much as they are from diverse fields and have said competencies individually as well as collectively. Table below give summary of said competencies each of the Directors of the Company have.

Details of each Director as on 31 March 2020, as per SEBI Listing Regulations

| Name of the Directors and DIN | Category | No. of Board Meetings attended | Attendance at AGM | No. of Directorship held in other Companies ¹ | Names of the listed entities where the person is a director and the category of directorship | No. of Chairmanship/ Membership in Committees ⁴ |
|----------------------------------|---|--------------------------------|-------------------|--|--|--|
| Mr. Vishambhar Saran 00121501 | Promoter Executive Chairman | 5 | No | 4 | Nil | Member – 1 Chairman – 0 |
| Mr. Vishal Agarwal 00121539 | Promoter Vice Chairman & Managing Director | 5 | Yes | 6 | Nil | Member – 0 Chairman - 1 |
| Mr. Pratip Chaudhuri 00915201 | Independent Non-Executive | 4 | No | 8 | CESC Limited– Independent Director Quess Corp Limited– Independent Director Spencer’s Retail Limited Independent Director Cosmo Films Limited– Non Executive & Non- Independent Director Muthoot Finance Limited-Independent Director Firstsource Solutions Limited – Independent Director | Member – 5 Chairman – 2 |
| Ms. Rupanjana De 01560140 | Independent Non-Executive | 5 | Yes | 6 | Assam Carbon Products Limited – Independent Director Balasore Alloy Limited – Independent Director | Member – 6 Chairperson -0 |
| Mr. Sheo Raj Rai 07902184 | Independent Non-Executive | 5 | No | 0 | Nil | Member – 1 Chairman -0 |
| Mr. Dhanesh Ranjan 03047512 | Independent Non-Executive | 3 | No | 0 | Nil | Member – 0 Chairman -0 |
| Mr. Manoj Kumar 06823891 | Executive Director | 4 | Yes | 2 | Nil | Member – 0 Chairman – 0 |

Note:

- This excludes alternate directorship and directorship in Foreign Companies, Private Companies and Companies under Section 8 of the Companies Act, 2013.
- All the Independent Directors of the Company fulfill the conditions of Independence, as required under the Companies Act, 2013 and SEBI Listing Regulation. All the Independent Directors are independent of the management.
- Each Director informs the Company on an annual basis about the Board and the Committee position which he/she occupies in other Companies and notifies any changes therein. In addition to this, the Independent Directors provide an annual confirmation that they meet the criteria of Independence U/s 149 (6) of the Companies Act, 2013 and SEBI Listing Regulation.
- For this purpose only two Committees, viz., the Audit Committee and the Stakeholders Relationship Committee have been considered. This excludes Committee positions held in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

During the year under review, 5 (Five) Board Meetings were held on the following dates: 16 May 2019; 12 August 2019; 18 October 2019, 12 November 2019 and 12 February 2020.

Mr. Vishambhar Saran and Mr. Vishal Agarwal are related to each other in terms of clause 77 of Section 2 of the Companies Act, 2013 read with the applicable Rules made thereunder.

The Non-Executive Directors of the Company does not hold any shares/ convertible instruments in the Company.

The detail of familiarisation program imparted to Independent Directors is disclosed in the following Web link of the Company: <http://www.visasteel.com/investors/pdf/familiarization-programme.pdf>.

• Details of Remuneration paid to Non-Executive Directors

| Name of the Director | Sitting Fees paid ¹ | Total payments paid / payable in 2019-20 |
|----------------------|--------------------------------|--|
| | (₹) | (₹) |
| Mr. Pratip Chaudhuri | 380,000 | 380,000 |
| Ms. Rupanjana De | 440,000 | 440,000 |
| Mr. Sheo Raj Rai | 360,000 | 360,000 |
| Mr. Dhanesh Ranjan | 140,000 | 140,000 |
| Total | 1,320,000 | 1,320,000 |

Note:

- Sitting fees were paid @ ₹ 40,000 per Board Meeting and ₹ 20,000 per Committee Meeting i.e. Audit, Stakeholders Relationship and Nomination and Remuneration Committee(s) including separate meeting of Independent Directors.
- No stock options have been granted during the year to any of the Directors.

3. During the financial year 2019-20, the Non-Executive Directors did not have any other pecuniary relationship or transactions with the Company apart from the above.
4. The criteria of making payment to the Non-Executive Directors are as and when decided by the Board of Directors/ Nomination and Remuneration Committee. For the financial year 2019-20, the Company paid only sitting fees to the Non-Executive Directors.

Executive Directors

| Name of the Director | Relationship with other Directors | Business relationship with the Company, if any | Remuneration during 2019-20 | | | |
|----------------------|-----------------------------------|---|---|--|---|------------------------------|
| | | | All elements of remuneration package, i.e. salary, benefits, bonuses etc. (in ₹ Mn) | Fixed component & performance linked incentives, along with performance criteria | Service contracts, notice period, severance fee | Stock option details, if any |
| Mr. Vishambhar Saran | See Note (a) | Whole time Director designated as Chairman | 17.42 | See note (b) | See note (c) | NA |
| Mr. Vishal Agarwal | See Note (a) | Vice Chairman & Managing Director | 18.36 | See note (b) | See note (c) | NA |
| Mr. Manoj Kumar | See Note (a) | Whole time Director designated as Director (Kalinganagar) | 7.65 | See note (b) | See note (c) | NA |

(a) Mr. Vishambhar Saran is the father of Mr. Vishal Agarwal. Other than this, none of the other Directors are in any way related to any other Director.

(b) In view of the ongoing losses being incurred by the Company, Mr. Vishambhar Saran and Mr. Vishal Agarwal had volunteered for reducing their salary retrospectively w.e.f. 1 April 2014. Mr. Manoj Kumar, Whole time Director designated as Director (Kalinganagar) is entitled to Performance Bonus of ₹ 792,000. The Company has internal norms for assessing performance of its Executive Directors which is done by the Board.

(c) Mr. Vishambhar Saran had been reappointed as Whole time Director designated as Chairman of the Company for a period of 5 years with effect from 15 December 2016. The appointment may be terminated by either party by giving 1 month notice in writing and no severance fee is payable.

Mr. Vishal Agarwal had been reappointed as Vice Chairman & Managing Director of the Company for a period of 5 years with effect from 25 June 2017. The appointment may be terminated by either party by giving 1 month notice in writing and no severance fee is payable.

Mr. Manoj Kumar had been appointed as the Whole time Director designated as Director (Kalinganagar) of the Company for a period of 3 years with effect from 15 September 2018. The appointment may be terminated by either party by giving 1 month notice in writing and no severance fee is payable.

Mr. Pratip Chaudhuri, Member - Independent Director

Mr. Sheo Raj Rai, Member - Independent Director

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

The Company Secretary acts as Secretary to the Committee. The powers, role and terms of reference of the Committee are as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 read with applicable Schedule of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI (LODR)).

The broad terms of reference of the Audit Committee are:

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

During the financial year 2019-20, the Committee met 5 (Five) times on - 16 May 2019; 12 August 2019; 18 October 2019,

II. BOARD COMMITTEES

• Audit Committee

The Audit Committee comprises of 3 Non-Executive Independent Directors. Details are given under as on 31 March 2020:

Ms. Rupanjana De, Chairperson - Independent Director

12 November 2019 and 12 February 2020. The details of attendance by the Committee Members are as given under:

| Name of the Director | No. of Meetings | |
|----------------------|-----------------|----------|
| | Held | Attended |
| Ms. Rupanjana De | 5 | 5 |
| Mr. Sheo Raj Rai | 5 | 5 |
| Mr. Pratip Chaudhuri | 5 | 4 |

Note:

The Chairperson of the Audit Committee was present at the Annual General Meeting of the Company held on 23 December 2019.

• **Stakeholders Relationship Committee**

The composition, powers, role and terms of reference of the Committee are as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 read with applicable Schedule of SEBI (LODR).

The Stakeholders Relationship Committee comprises of the following Directors as on 31 March 2020:

Mr. Pratip Chaudhuri, Chairman - Independent Director

Mr. Vishal Agarwal, Member - Vice Chairman & Managing Director

Ms. Rupanjana De, Member - Independent Director

The primary function of the Committee is to consider and resolve the grievances of the stakeholders of the Company, including complaints relating to transfer and transmission of securities, non-receipt of dividends and such other grievances as may be raised by the security holders from time to time. As on 31 March 2020, 95% of the Company's shares are in dematerialised form and the shares are compulsorily traded on the Stock Exchanges in the dematerialised form.

| Particulars | Status |
|---|--------|
| Number of shareholders' complaints received so far | NIL |
| Number of shareholders' complaints not solved to the satisfaction of shareholders | NIL |
| Number of shareholders' pending complaints | NIL |

During the financial year 2019-20, the Committee met 4 (Four) times on - 16 May 2019; 12 August 2019; 12 November 2019 and 12 February 2020. The details of attendance by the Committee members are as given under:

| Name of the Director | No. of Meetings | |
|----------------------|-----------------|----------|
| | Held | Attended |
| Mr. Vishal Agarwal | 4 | 4 |
| Mr. Pratip Chaudhuri | 4 | 4 |
| Ms. Rupanjana De | 4 | 4 |

Mr. Sudhir Kumar Banthiya, Company Secretary continues to be the Compliance Officer of the Company.

• **Nomination and Remuneration Committee**

The composition, powers, role and terms of reference of the Committee are as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with applicable Schedule of SEBI (LODR).

The Committee comprises of the following Directors as on 31 March 2020:

- Mr. Pratip Chaudhuri, Chairman - Independent Director
- Ms. Rupanjana De, Member - Independent Director
- Mr. Sheo Raj Rai, Member - Independent Director

The role and terms of reference of the Nomination and Remuneration Committee, inter alia, includes the following:

- to lay down criteria for identifying persons who are qualified to become Directors and who may be appointed in senior management or KMP of the Company;
- to lay down the terms and conditions in relation to the appointment of Directors, senior management personnel or KMP and recommend to the Board the appointment and removal of Directors, senior management personnel or KMP;
- to lay down criteria to carry out evaluation of every Director's performance;
- to formulate criteria for determining qualification, positive attributes and Independence of a Director;
- to determine the composition and level of remuneration, including reward linked with the performance, which is reasonable and sufficient to attract, retain and motivate Directors, KMP and senior management personnel to work towards the long term growth and success of the Company;
- to devise a policy on the diversity of the Board; and
- to assist the Board with developing a succession plan for the Board.

During the financial year 2019-20, the Committee met 2 (Two) time on 16 May 2019 and 12 August 2019. The details of attendance by the Committee members are as given under:

| Name of the Director | No. of meetings | |
|----------------------|-----------------|----------|
| | Held | Attended |
| Mr. Pratip Chaudhuri | 2 | 2 |
| Ms. Rupanjana De | 2 | 2 |
| Mr. Sheo Raj Rai | 2 | 2 |

Performance evaluation criteria

The Company has in place a Remuneration Policy adopted in terms of the provisions of the Companies Act, 2013. The Board of Directors carried out an annual evaluation of its own performance and that of its Committees and individual Directors including the criteria of independence of the Independent Directors, in line with the Policy, requirements of the Companies Act, 2013 and SEBI (LODR). The Remuneration Policy of the Company is available at www.visasteel.com and salient features forms part of the Board's Report.

The Nomination and Remuneration Committee also reviewed the performance of the individual Directors. A separate Meeting of the Independent Directors of the Company was also held, wherein, the Independent Directors evaluated the performance of the Board as a whole and non - Independent Directors of the Company.

• **Corporate Social Responsibility Committee**

In terms of Section 135 of the Companies Act, 2013, the Board on 26 September 2014, constituted a Corporate Social Responsibility (CSR) Committee to monitor the CSR Policy of the Company and the activities included in the Policy.

The Committee comprises of the following Directors as on 31 March 2020:

- Mr. Vishal Agarwal, Chairman - Vice Chairman & Managing Director
- Ms. Rupanjana De, Member - Independent Director
- Mr. Manoj Kumar, Member - Executive Director

The CSR policy of the Company is available on the website at <http://www.visasteel.com/code-policies/csr-policy.pdf>.

Note:

During the financial year 2019-20, no Meeting of the Committee was held. The CSR initiatives undertaken by the Company, although not mandatory under Section 135 of the Act read with applicable Rules made thereunder, are detailed in the Annual Report.

• **Finance & Banking Committee**

In addition to the above Committees, your Company has a Finance & Banking Committee with powers to approve strategies, plans, policies and actions related to corporate finance.

The Committee comprises of the following Directors as on 31 March 2020:

- Mr. Pratip Chaudhuri, Chairman - Independent Director
- Mr. Vishal Agarwal, Member - Vice Chairman & Managing Director
- Ms. Rupanjana De, Member - Independent Director

During the financial year 2019-20, the Committee did not meet.

III. SUBSIDIARY COMPANIES

The Company has 4 (Four) subsidiaries including 2 (Two) step-down subsidiaries, as on 31 March 2020:

- Kalinganagar Chrome Private Limited
- Kalinganagar Special Steel Private Limited
- VISA Ferro Chrome Limited
- VISA Special Steel Limited

Note:

During the year under review, the following has been duly complied with in accordance with the provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015:

- The Audit Committee reviewed the financial statements and in particular, the investments made by the unlisted subsidiary companies.
- The minutes of the Board Meetings as well as statements of all significant transactions of the unlisted subsidiary companies were placed before the Board of Directors of the Company for their review.

The Company had formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website at: www.visasteel.com.

Means of communication

- Quarterly results - Posted on our website www.visasteel.com
- Newspapers wherein results normally published - One English Language National Daily
One daily published in Oriya Language
- Any website, where displayed - www.visasteel.com
- Whether it displays official news releases - Yes
- Presentation to investors / analysts - Available as and when made
- Whether Shareholder Information Report forms part of the Annual Report - Yes

The Annual Report containing, inter alia, Audited Standalone and Consolidated Financial Statements, Reports of the Auditors and Directors, Chairman's Statement, Management Discussion and Analysis Report and other important information is circulated to the members and displayed on the Company's website.

General Body Meetings

Location and time, where last three AGMs were held and the Special Resolutions passed thereat:

| Year | Location | Date | Time | Special Resolutions passed |
|-------------|---|-------------------|----------|---|
| 2018-2019 | | 23 December 2019 | | 1. To approve Continuation of Remuneration Payable to Mr. Vishal Agarwal, Vice-Chairman & Managing Director (DIN: 00121539). 2. To approve Related Party Transaction. |
| 2017-2018 | IDCOL Auditorium, IDCOL House, Ashok Nagar, Near Indira Gandhi Park, Unit – II, Bhubaneswar 751 009 | 29 September 2018 | 12.00 PM | 1. To re-appoint Mr. Manoj Kumar (DIN:06823891) as the Whole-time Director designated as Director (Kalinganagar) of the Company. 2. To approve Related Party Transaction. |
| 2016 – 2017 | | 14 December 2017 | | 1. To increase the remuneration payable to Mr. Manoj Kumar (DIN: 06823891) as the Wholetime Director designated as Director (Kalinganagar). 2. To approve Related Party Transaction. |

Postal Ballot

- Whether resolutions were put through postal ballot last year: Yes
- Following resolutions had been passed through Postal ballot:
 - Shifting of Registered Office of the Company from Bhubaneswar, Odisha to Kolkata, West Bengal.
 - Re-appointment of Mr. Pratip Chaudhuri as the Independent Director of the Company.
 - Continuation of Remuneration payable to Mr. Vishambhar Saran.
 - Transfer of Investment in Kalinganagar Chrome Private Limited (a subsidiary of the Company) to Kalinganagar Special Steel Private Limited (another subsidiary of the Company).
 - Issue of New Equity Shares in Kalinganagar Special Steel Private Limited (a subsidiary of the Company).
- Person who conducted the postal ballot exercise: KFin Technologies Private Limited
- Procedure of postal Ballot: Remote E- voting & Physical Ballot.
- Whether any Special Resolution is proposed to be conducted through postal ballot: Yes

GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting for current FY

| | |
|-------|--|
| Date | : 22 December 2020 |
| Time | : 1200 Hours |
| Venue | : The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated 5 May 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM. |

b) Financial Year: April to March.

c) Dividend Payment date: The Company did not declare any dividend during the FY –2019-20.

d) The name and address of the Stock Exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange and stock code.

National Stock Exchange of India Ltd. (NSE)

Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051
Scrip Symbol - VISASTEEL

BSE Limited (BSE)

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
Scrip Code – 532721

CIN of the Company – L51109OR1996PLC004601

The ISIN No. of the Company – INE286H01012

Listings fees have been paid to the Stock Exchanges for the financial year 2020-21.

e) Market price data

| Particulars | BSE Limited | | NSE | |
|-------------|-------------|------|------|------|
| | High | Low | High | Low |
| | (₹) | | (₹) | |
| Apr-19 | 8.30 | 6.11 | 8.20 | 6.85 |
| May-19 | 7.70 | 6.30 | 7.70 | 6.55 |
| Jun-19 | 7.85 | 5.40 | 7.05 | 5.10 |
| Jul-19 | 6.79 | 4.81 | 6.70 | 5.15 |
| Aug-19 | 6.04 | 4.25 | 5.85 | 4.00 |
| Sep-19 | 5.98 | 3.70 | 5.70 | 4.25 |
| Oct-19 | 7.06 | 3.10 | 6.95 | 3.00 |
| Nov-19 | 6.74 | 4.79 | 6.55 | 4.70 |
| Dec-19 | 5.32 | 4.56 | 5.20 | 4.55 |
| Jan-20 | 5.23 | 4.61 | 5.25 | 4.50 |
| Feb-20 | 4.99 | 3.36 | 5.00 | 3.55 |
| Mar-20 | 3.98 | 2.47 | 3.90 | 2.45 |

f) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.

| Financial Year | NSE CNX NIFTY | | BSE SENSEX | |
|----------------|---------------------------|-----------------|---------------------------|------------------|
| | Change in VSL share price | Change in Nifty | Change in VSL share price | Change in SENSEX |
| 2019-20 | -64.00% | -26.30% | -66.25% | -24.17% |

g) In case the securities are suspended from trading, the directors report shall explain the reason thereof:

Not Applicable

h) Registrar to an issue and share transfer agents:

KFin Technologies Private Limited

Unit: VISA Steel Limited

Selenium Tower B, Plot 31-32,

Gachibowli, Financial District, Nanakramguda,

Hyderabad – 500 032

Tel: + 91 40 67162222,

Fax: + 91 40 23001153

Email: einward.ris@kfintech.com

Website: www.kfintech.com

i) Share Transfer system

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

The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and files a copy of the certificate with the Stock Exchanges. Further, reconciliation of the share capital audit report is also submitted on a quarterly basis for reconciliation of the share capital of the Company.

j) Distribution of shareholding

| No. of equity shares held | 2020 | | | | 2019 | | | |
|---------------------------|----------------------|--------------------|--------------------|-----------------|----------------------|--------------------|--------------------|-----------------|
| | No. of share-holders | % of share-holders | No. of shares held | % share-holding | No. of share-holders | % of share-holders | No. of shares held | % share-holding |
| 1 – 500 | 13961 | 80.27 | 2295050 | 1.98 | 14368 | 80.46 | 2386215 | 2.06 |
| 501 – 1000 | 1895 | 10.90 | 1472719 | 1.27 | 1973 | 11.05 | 1529867 | 1.32 |
| 1001 – 2000 | 865 | 4.97 | 1292643 | 1.12 | 869 | 4.8664 | 1300532 | 1.1232 |
| 2001 – 3000 | 222 | 1.28 | 577568 | 0.50 | 220 | 1.232 | 574013 | 0.4957 |
| 3001 – 4000 | 105 | 0.60 | 380175 | 0.33 | 101 | 0.5656 | 367060 | 0.317 |
| 4001 – 5000 | 106 | 0.61 | 510332 | 0.44 | 105 | 0.588 | 503185 | 0.4346 |
| 5001 – 10000 | 141 | 0.81 | 1047293 | 0.90 | 134 | 0.7504 | 1022104 | 0.8827 |
| 10001 and above | 97 | 0.56 | 108213720 | 93.46 | 87 | 0.4872 | 108106524 | 93.3647 |
| Total | 17392 | 100.00 | 115,789,500 | 100.00 | 17857 | 100.00 | 115,789,500 | 100.00 |

k) Dematerialisation of shares and liquidity: 95% of Equity Shares of the Company are in dematerialised form and 5% of Equity Shares of the Company are in physical form as on 31 March 2020.

l) Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

Not Applicable

m) Commodity price risk or foreign exchange risk and hedging activities: Not Applicable

n) Plant location:

Kalinganagar

Kalinganagar Industrial Complex

P.O. Jakhapura

Jajpur - 755026

Odisha

Tel: +91 6726 242 441/444

Fax: +91 6726 242 442

o) Address for correspondence

Registered Office

Bhubaneswar

VISA House

11 Ekamra Kanan, Nayapalli

Bhubaneswar – 751015

Odisha

Tel: + 91 674 2552 479-84

Fax: + 91 674 2554 661-62

Corporate Office

Kolkata

VISA House

8/10 Alipore Road

Kolkata 700027

West Bengal

Tel: + 91 33 3011 9000

Fax: + 91 33 3011 9002

The Company has designated an Email-ID exclusively for registering complaints by investors and investors can reach the Company at cs@visasteel.com

p) List of all credit ratings obtained by the entity along with any revisions thereto during FY 2019-20 for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad - Not Applicable

OTHER DISCLOSURES
a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

All transactions entered into with related parties as defined under the Companies Act, 2013 and provisions of the Listing Agreement during the year were on an arm's length price basis and in the ordinary course of business. These have been placed and approved by the Audit Committee. The Board of Directors have approved and adopted a policy on Related Party Transactions and the same has been uploaded on the website of the Company and can be accessed at: www.visasteel.com. Further, all the materially significant related party transactions are displayed in Note no. 44 of the Audited Financial Statement for the financial year ended 31 March 2020.

b) Details of non-compliance by the listed entity, penalties, structures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

Not Applicable

c) Details of establishment of vigil mechanism, Whistle Blower Policy, and affirmation that no personnel has been denied access to the Audit Committee:

The Company has a Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The policy provides for adequate safeguards against victimisation of employees and / or Directors and also provides for direct access to the Chairman of the Audit Committee. The Policy is uploaded on the website of the Company at www.visasteel.com.

Further, the Company affirms that personnel have not been denied access to the Audit Committee.

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (LODR) Regulations, 2015.

e) Web link where policy for determining material subsidiaries is disclosed

<http://www.visasteel.com/code-policies/related-party-transactions-policy-and-policy-for-determining-material-subsidiaries.pdf>

f) Web link where policy on dealing with related party transactions

<http://www.visasteel.com/code-policies/related-party-transactions-policy-and-policy-for-determining-material-subsidiaries.pdf>

g) Disclosure of commodity price risks and commodity hedging activities:

Not Applicable

h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) – Not Applicable

i) A Certificate from a Company Secretary in Practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority – Attached

j) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof - Nil

k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part – Detailed in Note No. 41 to the Standalone Financial Statement

l). Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the financial year - NIL

b. Number of complaints disposed of during the financial year - NIL

c. Number of complaints pending as on end of the financial year - NIL

Disclosure of Accounting Treatment

Your Company has not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.

Management

A detailed report on Management's Discussion and Analysis forms part of this Annual Report.

CEO and CFO Certification

As required by Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and Chief Financial Officer of the Company have given Compliance Certificate to the Board of the Directors.

Disclosure with respect to demat suspense account/unclaimed suspense account

- aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year:

| No. of cases | No. of Shares held |
|--------------|--------------------|
| 3 | 873 |

- number of shareholders who approached listed entity for transfer of shares from suspense account during the year: NIL

- number of shareholders to whom shares were transferred from suspense account during the year: NIL

- number of shares transferred to IEPF

| No. of cases | No. of Shares held |
|--------------|--------------------|
| - | - |

- aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year:

| No. of cases | No. of Shares held |
|--------------|--------------------|
| 3 | 873 |

- The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Code of Conduct

The Board of Directors had adopted a Code of Conduct for the members of the Board, Committees and Senior Management of the Company and also for Independent Directors.

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 at www.visasteel.com. All Directors and Senior Management Personnel have affirmed compliance with the Code and a declaration signed by the Vice Chairman & Managing Director is given below:

DECLARATION

In compliance with the requirements of the Regulation 26(3) of Listing Regulations, 2015 this is to confirm that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31 March 2020.

For VISA Steel Limited

Vishal Agarwal

Place: Kolkata

Vice Chairman & Managing Director

Date: 10 November 2020

(DIN 00121539)

Adoption and compliance of discretionary/non-mandatory requirements:

THE BOARD

The Company has an Executive Chairman and the expenses of his office incurred during the performance of his duties are borne by the Company.

SHAREHOLDERS RIGHTS

The Company's quarterly and half yearly results are published in the newspapers and also uploaded on its website www.visasteel.com. Therefore no individual communication is sent to Shareholders on the quarterly and half yearly financial results. However, the Company furnishes the quarterly and half yearly results on receipt of a request from the Shareholders.

MODIFIED OPINION IN AUDIT REPORT

The modified opinion in the Independent Audit Report in the Financial Statement for the Financial Year 2019-20 forms integral part of this Annual Report. Refer page no. 48 for details.

REPORTING OF INTERNAL AUDITOR

The Internal Auditor reports directly to the Audit Committee.

CEO / CFO Certification to the Board

The Board of Directors
VISA Steel Limited
Kolkata 700 027

30 July 2020

Pursuant to the provisions of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, We, Vishal Agarwal, Vice Chairman & Managing Director and Surinder Kumar Singhal, Chief Financial Officer, hereby certify that:

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

Sd/-

Vishal Agarwal

Vice Chairman & Managing Director

Sd/-

Surinder Kumar Singhal

Chief Financial Officer

Independent Auditors' Certificate on Corporate Governance to the Members of VISA Steel Limited

To the Members of VISA Steel Limited

1. We, Singhi & Co., Chartered Accountants, the statutory auditors of VISA Steel Limited ("The Company"), have examined the compliance of conditions of corporate governance by the company, for the year ended March 31, 2020 as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46 (2) and para C and D of Schedule V of SEBI (Listing obligations and Disclosure requirements) Regulations, 2015 (the Listing Regulations) as amended.

MANAGEMENTS' RESPONSIBILITY

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

AUDITORS' RESPONSIBILITY

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance note on certification of corporate governance issued by Institute of the Chartered Accountants of India (ICAI), the Standards on Auditing specified under section 143 (10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the guidance note on report or certificate for special purpose issued by ICAI which requires that we comply with ethical requirements of the code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements;

OPINION

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2020.
8. 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.

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

(Navindra Kumar Surana)
Partner

Membership No. 053816
UDIN : 20053816AAAAGG3584

Place: Kolkata
Dated: November 10, 2020

Certificate of Non-Disqualification of Directors

To

The Members

VISA Steel Limited

Based on our verification of the books, papers, registers, forms, returns, disclosures received from the Directors and other records maintained by **VISA Steel Limited**, having its Registered office at 11, Ekamra Kanan, Nayapalli, Bhubaneswar – 751015, Odisha (“the Company”) and also the information provided by the Company, its officers, agents and authorized representatives for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the verification of the portal www.mca.gov.in, including Directors Identification Number (DIN) status at the portal, we hereby certify that during the Financial Year ended on 31 March 2020, in our opinion, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such Statutory Authority.

It is the responsibility of the management of the Company for ensuring the eligibility for the appointment/ continuity of every director on the board of the Company. Our responsibility is to express an opinion on these based on our verification.

Thanking you,

Yours faithfully,
MKB & Associates

Raj Kumar Banthia

Partner

Membership No.: 17190

COP No.: 18428

FRN: P2010WB042700

Date: 10 November 2020

Place: Kolkata

UDIN : A0171903001198471

INDEPENDENT AUDITORS' REPORT

To the Members of VISA Steel Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. We have audited the standalone financial statements of VISA Steel Limited ("the Company") which comprise the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of matter referred to in Basis of Qualified Opinion paragraph 2 below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR QUALIFIED OPINION

2. We draw attention to Note 16D of the accompanying Standalone Financial Statements with regard to non-recognition of interest expense on the borrowings of the Company. The accumulated interest not provided as on March 31, 2020 is ₹ 5,920.84 million (including ₹ 1,459.69 million for FY 2016-17, ₹ 1,552.29 million for FY 2017-18, ₹ 1,465.46 million for FY 2018-19 and ₹ 1,443.40 million for the FY 2019-20 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 year ended March 31, 2020 would have been ₹ 1,611.46 million instead of the reported amount of ₹ 168.06 million. Total expenses for the year ended March 31, 2020 would have been ₹ 6,167.87 million instead of the reported amount of ₹ 4,724.47 million. Net loss after tax for the year ended March 31, 2020 would have been ₹ 2,291.86 million instead of the reported amount of ₹ 848.46 million. Total Comprehensive Income for the year ended March 31, 2020 would have been ₹ (2,297.51) million instead of the reported amount of ₹ (854.11) million, other equity would have been ₹ (6,726.31) million against reported ₹ (805.47) million, other current financial liability would have been ₹ 16,522.99 million

instead of reported amount of ₹ 10,602.15 million and Loss per share for the year ended March 31, 2020 would have been ₹ 19.79 instead of the reported amount of ₹ 7.33.

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

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

4. We draw attention to Note - 37 to the standalone financial statements regarding the preparation of the statement on going concern basis, for the reason stated therein. The Company has accumulated losses and has also incurred losses during the year ended March 31, 2020. 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 after considering unprovided interest. Further the State Bank of India (financial creditor) had filed an application before National Company Law Tribunal (NCLT) Kolkata Bench for initiating Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), which stands dismissed by NCLT, Cuttack Bench. SBI has preferred an Appeal before National Company Law Appellate Tribunal (NCLAT) New Delhi which is pending and the matter is sub-judice. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as 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. 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.

Management of the Company has prepared the statement on going concern basis based on their assessment of the successful outcome of the debt resolution which will enhance the Company's viability and accordingly no adjustments have been made to the carrying value of the assets and liabilities.

Our opinion is not qualified in respect to the above matters.

EMPHASIS OF MATTER

5. We draw your attention to the following matters:

Refer Note 36 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 the Visa Special Steel Limited, (a wholly owned step down subsidiary) ("VSSL" "transferee Company") at their respective book values 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 ₹ 3,742.89 million from VSSL as on March 31, 2020 (previous year ₹ 3,718.64 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 opinion is not qualified in respect to the above matter.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

6. The Company's management and Board of Directors are responsible for the preparation of other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance Report, Shareholder's Information, but does not include the standalone financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

KEY AUDIT MATTERS

7. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| A. Related Party Transactions | |
| <p>Refer to Note 44 to the financial statements. A significant part of the Company's Revenue and purchases of coal and coke relates to transactions with related party. The details of Related Party Transactions have been disclosed in note no 44 Related Party Transactions. Transactions with other related party for revenue generation is 87% of total revenue and coal and coke purchased is almost 98% of total coal and coke purchased. Transactions with related parties are significant for audit due to the materiality of revenue and purchase of coal and coke which are from other related parties and possible transfer price risk associated with transactions with related parties.</p> | <p>We addressed the Key Audit Matter as follows :-</p> <ol style="list-style-type: none"> 1) We reviewed the policy of the Company with respect to related party transactions. 2) We reviewed the minutes of the meeting of the Audit Committee and Board. 3) We reviewed the list of Related party identified by the Company. 4) We performed the sales process / procurement process walk through and tested the controls. 5) We obtained the transfer pricing document prepared by the Company and assessed the Key Assumptions. 6) We have assessed the application of transfer price documents in executing the transactions. 7) We reviewed compliance with Section 177 & 188 of the Companies Act 2013 for related party transaction. 8) We reviewed whether transactions between related parties are on normal commercial terms and conditions no more favorable than those otherwise available to other parties considering the present financial position of the Company. 9) We reviewed the disclosure of related party transactions as per Ind AS 24. <p>Conclusion :</p> <p>Our audit procedures did not lead to any reservations regarding the related party transactions and its disclosure.</p> |
| B. Valuation of Inventories | |
| <p>Refer to Note 7 to the financial statements. As described in the accounting policies in note 2.2.7 to the financial statements, inventories are carried at the lower of cost and net realisable value. As a result, the management applies judgment in determining the appropriate provisions for obsolete stock based upon a detailed analysis of old inventory, net realisable value below cost based upon future plans for sale of inventory.</p> | <p>We obtained assurance over the appropriateness of the management's assumptions applied in calculating the value of the inventories and related provisions by:-</p> <ol style="list-style-type: none"> 1. Completed a walkthrough of the inventory valuation process and assessed the design and implementation of the key controls addressing the risk. 2. Verifying the effectiveness of key inventory controls operating over inventories; including sample based physical verification. 3. Verifying for a sample of individual products that costs have been correctly recorded. 4. Comparing the net realisable value to the cost price of inventories to check for completeness of the associated provision. 5. Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year. 6. Recomputing provisions recorded to verify that they are in line with the Company policy. <p>Conclusion:</p> <p>Based on the audit procedures performed we are satisfied that the valuation of inventory is appropriate.</p> |

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

8. The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

9. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

10. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion, except for the matter referred to in paragraph 2 above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- In our opinion, except for the matter referred to in paragraph 2 above, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - With respect to the matter to be included in the Auditors' Report under section 197(16):
In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.
 - With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its standalone financial statements - Refer Note 35A to the standalone financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For Singhi & Co.

Chartered Accountants

Firm Registration Number - 302049E

Pradeep Kumar Singhi

Partner

Membership No. 050773

UDIN : 20050773AAAAAR2341

Place: Kolkata

Date: July 30, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of VISA Steel Limited on the standalone financial statements as of and for the year ended March 31, 2020.

We report that:

- i. In respect of its fixed assets:
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The title deeds of immovable properties, as disclosed in Note 3A on fixed assets to the standalone financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it, as applicable.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of goods and services tax, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund employees state insurance and income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including sales tax, excise, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. The extent of arrears of statutory dues outstanding as at March 31, 2020 for a period of more than six months from the date they became payable are as follows:

| Name of the statute | Nature of dues | Amount (₹ in Millions) | Period to which the amount relates | Due Date | Date of Payment |
|---------------------------|----------------|---------------------------|--|-----------|--------------------|
| Goods & Service tax, 2017 | Interest | 0.00 | Jul-17 | 28-Aug-17 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 2.80 | Aug-17 | 20-Sep-17 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 5.21 | Sep-17 | 20-Oct-17 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 3.38 | Oct-17 | 20-Nov-17 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.28 | Nov-17 | 20-Dec-17 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.10 | Dec-17 | 22-Jan-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 1.31 | Jan-18 | 20-Feb-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.15 | Feb-18 | 20-Mar-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.13 | Mar-18 | 20-Apr-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.03 | Apr-18 | 22-May-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.24 | May-18 | 20-Jun-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.24 | Jun-18 | 20-Jul-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.22 | Jul-18 | 24-Aug-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.34 | Aug-18 | 20-Sep-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.21 | Sep-18 | 25-Oct-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.12 | Oct-18 | 20-Nov-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.16 | Nov-18 | 20-Dec-18 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.19 | Dec-18 | 20-Jan-19 | Not yet Paid |

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of VISA Steel Limited on the standalone financial statements as of and for the year ended March 31, 2020.

| Name of the statute | Nature of dues | Amount (₹ in Millions) | Period to which the amount relates | Due Date | Date of Payment |
|---------------------------|----------------|---------------------------|--|-----------|--------------------|
| Goods & Service tax, 2017 | Interest | 0.21 | Jan-19 | 22-Feb-19 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.18 | Feb-19 | 20-Mar-19 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.31 | Mar-19 | 23-Apr-19 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.19 | Apr-19 | 20-May-19 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.31 | May-19 | 20-Jun-19 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.10 | Jun-19 | 20-Jul-19 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.08 | Jul-19 | 22-Aug-19 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.11 | Aug-19 | 20-Sep-19 | Not yet Paid |
| Goods & Service tax, 2017 | Interest | 0.02 | Sep-19 | 20-Oct-19 | Not yet Paid |
| Total | | 16.62 | | | |

The above table excludes the undisputed cases pertaining to the Special Steel undertaking transferred into VISA Special Steel Limited pursuant to the Scheme as sanctioned by National Company Law Tribunal, Cuttack Bench dated July 8, 2019, which are still being pursued in the Company's name.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax and duty of customs which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise, service tax and value added tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ In Million) | Period to which the amount relates | Forum where the dispute is pending |
|--|-------------------|--------------------------|---------------------------------------|---|
| Central Excise Act, 1944 | Duty of Excise | 10.46 | Financial Year 2008-09 to 2010-11 | Custom, Excise & Service Tax Appellate Tribunal, Kolkata |
| Service Tax under Finance Act, 1994 | Service Tax | 39.02 | Financial Year 2011-12 to 2014-15 | Commissioner CGST& Central Excise and Customs |
| Service Tax under Finance Act, 1994 | Service Tax | 15.61 | Financial Year 2010-11 to 2011-12 | Commissioner of Central Excise (Appeals) |
| Central Sales Tax Act, 1956 | Central Sales Tax | 0.02 | Financial Year 1999-2000 | Sales tax Tribunal, Orissa |
| Andhra Pradesh Value Added Tax Act 2005 | CST & VAT | 0.96 | Financial Year 2013-14 to 2017-18 | Additional Commissioner of Commercial Taxes, Vijayawada |
| Odisha Value Added Tax Act, 2005 | Entry Tax | 8.11 | Financial Year 2004-05 & 2012-13 | High Court of Odisha |
| Odisha Value Added Tax Act, 2005 | Odisha VAT | 0.02 | Financial Year 2013-14 & 2014-15 | Additional Commissioner of Commercial Taxes, Cuttack |

The above table excludes the disputed cases pertaining to the Special Steel undertaking transferred into VISA Special Steel Limited pursuant to the Scheme as sanctioned by National Company Law Tribunal, Cuttack Bench dated July 8, 2019, which are still being pursued in the Company's name.

- viii. According to the records of the Company examined by us and the information and explanations given to us, except for loans or borrowings from banks and financial institutions aggregating to ₹ 16,277.63 Million for the period as set out below, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

| Name of Lender | Nature of dues | Amount (₹ in Million) | | Total |
|--|----------------------|-----------------------|---------------------|------------------|
| | | Less than 12 months | More than 12 months | |
| Asset Care and Reconstruction Enterprise Limited | Principal & Interest | 656.07 | 2,679.15 | 3,335.22 |
| Bank of India | Principal & Interest | 55.01 | 177.63 | 232.63 |
| Canara Bank | Principal & Interest | 284.26 | 1,208.74 | 1,493.00 |
| Edelweiss Asset Reconstruction Company Limited | Principal & Interest | 25.00 | 87.22 | 112.22 |
| Exim Bank | Principal & Interest | 107.49 | 476.10 | 583.59 |
| HUDCO | Principal & Interest | 180.60 | 721.03 | 901.63 |
| Punjab & Sind Bank | Principal & Interest | 66.26 | 260.92 | 327.18 |
| Punjab National Bank | Principal & Interest | 1,003.62 | 3,989.03 | 4,992.65 |
| State Bank of India | Principal & Interest | 423.45 | 2,220.94 | 2,644.39 |
| Union Bank of India | Principal & Interest | 333.99 | 1,321.13 | 1,655.12 |
| Total | | 3,135.75 | 13,141.88 | 16,277.63 |

Note: The unprovided interest amount reported above has been calculated by the management at simple interest.

- ix. In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loan during the year.
- x. 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 material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any noncash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Singhi & Co.

Chartered Accountants

Firm Registration Number - 302049E

Pradeep Kumar Singhi

Partner

Membership No. 050773

UDIN : 20050773AAAAAR2341

Place: Kolkata

Date: July 30, 2020

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15 (f) of the Independent Auditors' Report of even date to the members of VISA Steel Limited on the standalone financial statements for the year ended March 31, 2020.

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls with reference to financial statements of VISA Steel Limited ("the Company") as of March 31, 2020, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls both applicable to an audit of internal financial controls, with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the

risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that :
 - i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

BASIS FOR QUALIFIED OPINION

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at March 31, 2020:

The Company's internal financial controls relating to application of appropriate policies and procedures that provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles were not operating effectively which resulted in non-recognition of interest expense as indicated in Note 16D to the standalone financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

QUALIFIED OPINION

10. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and except for the effects of the material weakness described in the Basis for Qualified Opinion paragraph above, such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

EXPLANATORY PARAGRAPH

11. We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of Visa Steel Limited which comprise the Balance Sheet as at March 31, 2020, and the related Statement of Profit and Loss including other comprehensive income and Cash Flow Statement and the Statement of changes in equity for the year ended, and a summary of significant accounting policies and other explanatory information. Resultant impact of this material weakness has been appropriately considered in our audit of

the March 31, 2020 standalone financial statements of VISA Steel Limited and this report affect our report dated July 30, 2020, which expressed a qualified opinion on those financial statements.

For Singhi & Co.

Chartered Accountants

Firm Registration Number - 302049E

Pradeep Kumar Singhi

Partner

Membership No. 050773

UDIN : 20050773AAAAAR2341

Place: Kolkata

Date: July 30, 2020

BALANCE SHEET

as at 31 March 2020

All amount in ₹ Million, unless otherwise stated

| Sl. No. | Particulars | Note | As at 31 March 2020 | As at 31 March 2019 |
|------------|--|------|------------------------|------------------------|
| I. | ASSETS : | | | |
| | Non-current Assets | | | |
| | Property, Plant and Equipment including ROU Assets | 3 A | 10,790.95 | 10,908.58 |
| | Capital Work-in-Progress | 3 C | 2,902.72 | 2,971.37 |
| | Intangible Assets | 3 B | 1.26 | 1.64 |
| | Financial Assets | | | |
| | (i) Investments | 4 | 42.93 | 42.93 |
| | (ii) Loans | 5 | 63.73 | 77.05 |
| | Deferred Tax Assets (Net) | 6 | - | - |
| | Total Non-Current Assets | | 13,801.59 | 14,001.57 |
| | Current Assets | | | |
| | Inventories | 7 | 172.54 | 634.45 |
| | Financial Assets | | | |
| | (i) Trade receivables | 8 | - | 175.54 |
| | (ii) Cash and Cash Equivalents | 9 | 63.52 | 8.50 |
| | (iii) Other Bank Balances [other than (ii) above] | 10 | 19.75 | 36.58 |
| | (iv) Loans | 11 | - | 24.74 |
| | (v) Others Financial Assets | 12 | 3.07 | 4.42 |
| | Current Tax Assets (Net) | 13 | 82.11 | 114.49 |
| | Other Current Assets | 14 | 3,931.15 | 3,814.31 |
| | Total Current Assets | | 4,272.14 | 4,813.03 |
| | TOTAL ASSETS | | 18,073.73 | 18,814.60 |
| II. | EQUITY AND LIABILITIES: | | | |
| | Equity | | | |
| | Equity Share Capital | 15 A | 1,157.90 | 1,157.90 |
| | Other Equity | 15 B | (805.47) | 48.64 |
| | | | 352.43 | 1,206.54 |
| | Liabilities | | | |
| | Non-Current Liabilities | | | |
| | Financial Liabilities | | | |
| | (i) Borrowings | 16 | 2,360.92 | 4,149.14 |
| | (ii) Other financial liabilities | 17 | 499.54 | 183.30 |
| | Provisions | 18 | 33.61 | 26.15 |
| | Total Non Current Liabilities | | 2,894.07 | 4,358.59 |
| | Current Liabilities | | | |
| | Financial Liabilities | | | |
| | (i) Borrowings | 19 | 2,764.33 | 2,944.47 |
| | (ii) Trade Payables due to | 20 | | |
| | - Micro and Small Enterprises | | - | - |
| | - Other than Micro and Small Enterprises | | 614.19 | 697.14 |
| | (iii) Other Financial Liabilities | 21 | 10,602.15 | 8,958.64 |
| | Contract Liabilities | 22 | 11.38 | 40.89 |
| | Other Current Liabilities | 23 | 828.14 | 596.98 |
| | Provisions | 24 | 7.04 | 11.35 |
| | Total Current Liabilities | | 14,827.23 | 13,249.47 |
| | TOTAL EQUITY AND LIABILITIES | | 18,073.73 | 18,814.60 |

This is the Balance Sheet referred to in our report of even date.

For Singhi & Co.
Chartered Accountants
Firm Registration Number - 302049E

Pradeep Kumar Singhi
Partner
Membership Number-50773

Place: Kolkata
Date: 30 July 2020

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Sudhir Kumar Banthiya
Company Secretary

The accompanying Notes form an integral part of these Financial Statements.

For and on behalf of the Board of Directors

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Surinder Kumar Singhal
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2020

All amount in ₹ Million, unless otherwise stated

| Sl. No. | Particulars | Note | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---------|---|------|-----------------------------|-----------------------------|
| I | Revenue from Operations | 25 | 3,478.79 | 8,053.11 |
| II | Other Income | 26 | 397.22 | 153.19 |
| III | Total Income | | 3,876.01 | 8,206.30 |
| IV | EXPENSES | | | |
| | Cost of Materials Consumed | 27 | 2,133.55 | 5,047.55 |
| | Purchases of Stock-in-Trade | | - | - |
| | Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 28 | 85.23 | 164.27 |
| | Employee Benefit Expenses | 29 | 284.50 | 347.65 |
| | Finance Costs | 30 | 168.06 | 131.23 |
| | Depreciation and Amortisation Expenses | 31 | 483.15 | 455.40 |
| | Other Expenses | 32 | 1,569.98 | 2,721.82 |
| | Total Expenses | | 4,724.47 | 8,867.92 |
| V | Profit/(Loss) before Exceptional Items and Tax | | (848.46) | (661.62) |
| VI | Exceptional items | | - | - |
| VII | Profit/(Loss) before Tax | | (848.46) | (661.62) |
| VIII | Tax Expenses | | | |
| | 1) Current Tax | | - | - |
| | 2) Deferred Tax | | - | - |
| IX | Profit/(loss) for the period | | (848.46) | (661.62) |
| X | Other comprehensive income | 33 | | |
| A(i) | Items that will not be reclassified to profit or loss | | (5.65) | (1.18) |
| A(ii) | Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| B(i) | Items that will be reclassified to profit or loss | | - | - |
| B(ii) | Income tax relating to items that will be reclassified to profit or loss | | - | - |
| XI | Total Comprehensive Income for the period | | (854.11) | (662.80) |
| XII | Earnings/(Loss) per Equity Share | | | |
| | 1) Basic | 34 | (7.33) | (5.71) |
| | 2) Diluted | | (7.33) | (5.71) |

This is the Statement of Profit and Loss referred to in our report of even date.

For Singhi & Co.
Chartered Accountants
Firm Registration Number - 302049E

Pradeep Kumar Singhi
Partner
Membership Number-50773

Place: Kolkata
Date: 30 July 2020

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Sudhir Kumar Banthiya
Company Secretary

The accompanying Notes form an integral part of these Financial Statements.

For and on behalf of the Board of Directors

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Surinder Kumar Singhal
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

All amount in ₹ Million, unless otherwise stated

A EQUITY SHARE CAPITAL

| Particulars | Note | Balance as at 1 April 2018 | Change in Share Capital during 2018-19 | Balance as on 31 March 2019 | Change in Share Capital during 2019-20 | Balance as on 31 March 2020 |
|----------------------|------|-------------------------------|--|--------------------------------|--|--------------------------------|
| Equity Share Capital | 15A | 1,157.90 | - | 1,157.90 | - | 1,157.90 |

B OTHER EQUITY

| Particulars | Note | Reserves and Surplus | | | | Total |
|------------------------------------|------|----------------------|--------------------|-----------------|-------------------|-----------------|
| | | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | |
| Balance as at 1 April 2018 | | 4,601.53 | 1,645.00 | 110.24 | (5,645.33) | 711.44 |
| Profit/(Loss) for the year | | - | - | - | (661.62) | (661.62) |
| Other Comprehensive Income | | - | - | - | (1.18) | (1.18) |
| Balance as at 31 March 2019 | 15B | 4,601.53 | 1,645.00 | 110.24 | (6,308.13) | 48.64 |
| Profit/(Loss) for the year | | - | - | - | (848.46) | (848.46) |
| Other Comprehensive Income | | - | - | - | (5.65) | (5.65) |
| Balance as at 31 March 2020 | | 4,601.53 | 1,645.00 | 110.24 | (7,162.24) | (805.47) |

This is the Statement of Changes in Equity referred to in our report of even date.

For Singhi & Co.
Chartered Accountants
Firm Registration Number - 302049E

The accompanying Notes form an integral part of these Financial Statements.

For and on behalf of the Board of Directors

Pradeep Kumar Singhi
Partner
Membership Number-50773

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Place: Kolkata
Date: 30 July 2020

Sudhir Kumar Banthiya
Company Secretary

Surinder Kumar Singhal
Chief Financial Officer

CASH FLOW STATEMENT

for the year ended 31 March 2020

All amount in ₹ Million, unless otherwise stated

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|-----------------------------|-----------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) before tax for the period | (848.46) | (661.62) |
| Adjustments to reconcile profit before tax for the period to net cash flows: | | |
| Depreciation, amortisation and impairment charges | 483.15 | 455.40 |
| Finance Costs-net | 167.25 | 131.23 |
| Processing Fees | 0.81 | - |
| Income from Shared Services | (378.04) | (128.83) |
| Allowance for doubtful debts, advances etc. no longer required written back | (0.79) | 0.54 |
| Liabilities no longer required written back | (6.02) | (46.14) |
| Loss on Assets retirement/write off | 80.46 | 0.40 |
| Interest income classified as investing cash flows | (12.30) | (21.54) |
| Net loss or (profit) on disposal of property, plant and equipment | (0.78) | (0.42) |
| Loss on Fair Value of Investment | - | 8.90 |
| Net exchange differences | 0.36 | 1.45 |
| Operating Profit/(Loss) before changes in operating assets and liabilities | (514.36) | (260.63) |
| Working capital adjustments: | | |
| (Increase)/Decrease in trade receivables | 175.54 | 485.80 |
| Increase/(Decrease) in trade payable and current liabilities | 39.45 | 239.99 |
| (Increase)/Decrease in Inventories | 461.91 | 91.23 |
| (Increase)/Decrease in other non current /current assets | (60.94) | - |
| Cash flow from Operation | 101.60 | 556.39 |
| Income Taxes (paid)/ refund | 32.38 | (5.84) |
| Net Cash flow from Operating Activities | 133.98 | 550.55 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payment for acquisition of property, plant and equipment and intangible assets | (26.06) | 26.59 |
| Proceeds from sale of property, plant and equipment and intangible assets | 12.12 | 1.41 |
| Income from Shared Services | 378.04 | 128.83 |
| Release of Margin Money Account | 16.83 | 10.18 |
| Interest received | 13.65 | 28.51 |
| Net Cash flow from Investing Activities | 394.58 | 195.52 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payments of long-term borrowings | (100.33) | (512.38) |
| Payments of short-term borrowings | (180.14) | (259.29) |
| Decrease in Earmarked Accounts | - | (0.20) |
| Lease Payment | (94.35) | - |
| Finance Costs paid | (98.72) | (132.15) |
| Net Cash flow from Financing Activities | (473.54) | (904.02) |
| Net increase in Cash and cash equivalents (A+B+C) | 55.02 | (157.95) |

CASH FLOW STATEMENT

for the year ended 31 March 2020

All amount in ₹ Million, unless otherwise stated

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|-----------------------------|-----------------------------|
| D. CASH AND CASH EQUIVALENTS | | |
| Net Increase in Cash and Cash Equivalents | 55.02 | (157.95) |
| Cash and cash equivalents at the Beginning | 8.50 | 166.45 |
| Cash and cash equivalents at the end of the year | 63.52 | 8.50 |
| (a) Cash and cash equivalents consist of cash in hand and balance with banks and deposits with banks. | | |
| Balance with Banks in | | |
| Current Account | 63.36 | 8.25 |
| Cash in hand | 0.16 | 0.25 |
| Cash and cash equivalents as at 31 March (Refer Note 9) | 63.52 | 8.50 |

(b) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard on 'Statement of Cash Flows (Ind AS-7)'.
(c) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

| Item | Balance as on 1 April 2019 | Cash Flow | Non cash changes | | Balance as on 31 March 2020 |
|--|-------------------------------|-----------------|------------------------|--------------------------|--------------------------------|
| | | | Recognition/ Others | Fair Value Adjustment | |
| Long term borrowings including current maturity | 10,825.56 | (100.33) | | 0.81 | 10,726.04 |
| Short term Borrowings | 2,944.47 | (180.14) | - | - | 2,764.33 |
| Lease Liabilities | 200.34 | (94.35) | 430.87 | - | 536.86 |
| Others (specify) | - | - | - | - | - |
| Total Liabilities from financing Activities | 13,970.37 | (374.82) | 430.87 | 0.81 | 14,027.23 |

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

For Singhi & Co.
Chartered Accountants
Firm Registration Number -302049E

The accompanying Notes form an integral part of these Financial Statements

For and on behalf of the Board of Directors

Pradeep Kumar Singhi
Partner
Membership Number-50773

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Place: Kolkata
Date: 30 July 2020

Sudhir Kumar Banthiya
Company Secretary

Surinder Kumar Singhal
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

1 CORPORATE INFORMATION

VISA Steel Limited ("VSL" or "the Company") is engaged in the manufacturing of High Carbon Ferro Chrome with captive power plant incorporated on 10 September 1996, VSL has its registered office at Bhubaneswar and Corporate Office in Kolkata with manufacturing facilities at Kalinganagar in Odisha. VSL is a Public Limited Company with its shares listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS, SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES & JUDGEMENTS

2.1 Basis of preparation of financial statements

2.1.1 Compliance with Ind AS

These financial statements have been prepared to comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 [As amended] notified under Section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act, to the extent applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The company has applied the following accounting standards and its amendment for the first time for annual reporting period commencing 1 April 2019.

- Ind AS 116, Leases
- Amendment to Ind AS 12, Income Taxes and Ind AS 12 Appendix 'C', Uncertainty over Income Tax Treatments.
- Amendment to Ind AS 23, Borrowing Cost
- Amendment to Ind AS 103, Business Combination and Ind AS 111 – Joint Arrangements
- Ind AS 109 – Prepayment Features with Negative Compensation.

The amendments listed above except Ind AS 116 lease, did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current and future periods. Impact due to application of Ind AS 116 is summarised below.

Ind AS 116 sets out principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and

requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For all leases except as noted above, a lessee is required to recognise a right-of-use asset (ROU Asset) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the balance sheet. Lessee will recognise depreciation on right-of-use of assets and interest on lease liabilities in the statement of profit and loss. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

Company's new accounting policy is described in paragraph "2.2.5" of Accounting Policy to the financial statements."

This Note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.2 Historical cost convention

The financial statements have been prepared on the historical cost convention and on accrual basis except for the following: - certain financial assets and liabilities including derivative instruments measured at fair value - defined benefit plans - plan assets measured at fair value.

2.1.3 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Company classifies all other liabilities as non-current.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

2.2 Summary of significant accounting policies

2.2.1 Financial instruments

2.2.1.1 A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset

i) Classification and measurement

Classification

The Company classifies its financial assets, other than investments in subsidiaries and joint venture in the following measurement categories:

- 1) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- 2) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments only when its business model for managing those assets changes.

Measurement

At initial recognition, all financial assets are measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There is only one measurement category into which the Company classifies its debt instruments as follows:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts which are repayable on demand and form an integral part of an entity's cash management system. Other bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

ii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 42 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the financial asset have been transferred, or
- The Company retains the contractual rights to receive the cash flows of the financial asset but

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognised.

When the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. When the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement of the asset.

iv) Income recognition

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

2.2.1.2 Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and amortised cost, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities includes trade and other payables and loans and borrowings including bank overdrafts.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as Fair Value Through Profit or Loss, fair value gains/ losses attributable to changes in own credit risk are recognised in Other Comprehensive Income. These gains/loss are not subsequently transferred to statement of profit or loss. However, the Company transfers the cumulative gain or loss to other equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Trade and other payables

These amount represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are classified as current liabilities unless payments are not due for payment within 12 months from the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost model.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.2.1.3 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks which are not designated as hedges. Such derivative financial instruments are recognised at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Gains or losses arising from such fair valuation of such derivatives is recognised as income or expense through profit or loss.

2.2.1.4 Offsetting of financial instrument

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.2.1.5 Investments in subsidiaries and joint venture

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment loss, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint ventures, the difference between net disposal proceeds and the carrying amounts is recognised in the statement of profit and loss.

2.2.2 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other income/expenses.

Depreciation methods, estimated useful lives and residual values

Depreciation including amortisation where applicable is provided on pro-rata basis under Straight Line Method (SLM) over the estimated useful lives of the assets as specified in Schedule II to the Companies Act, 2013 ('the Act'), which is also supported by technical assessment carried out by the Company other than the following:

- Leasehold assets (Buildings and Plant and Machinery) which are jointly held are amortised over the period of lease i.e., 6 to 10 years, being lower than the useful lives specified in Schedule II to the Act for similar assets.
- Furnace refractories are depreciated over useful life of 5-6 years based on technical assessment carried out by the Company
- Leasehold land is amortised over the period of lease.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalised and depreciated under SLM on pro-rata basis at the rates specified therein. Other spare parts are carried as inventory and recognised in the income statement on consumption.

The property, plant and equipment acquired under leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Residual value: The residual values are not more than 5% of the original cost of the assets. The useful lives, residual values and method of depreciation of property plant and equipment are reviewed and adjusted, if appropriate at the end of each reporting period.

2.2.3 Intangible assets

Intangible assets (Computer Software) are carried at cost less accumulated amortisation and accumulated impairment loss, if any. Computer Software for internal use, which is primarily acquired, is capitalised. Subsequent costs

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

associated with maintaining such software are recognised as expense as incurred. Cost of Software includes licenses fees and cost of implementation, system integration services etc. where applicable.

Amortisation

The Company amortises intangible assets (Computer Software) with a finite useful life using the straight line method over a period of 3 years.

2.2.4 Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss section of the statement of profit and loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

2.2.5 Leases

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low

value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognised as expense in the periods in which they are incurred.

Lease Liability

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

1. Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
2. Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
3. The amount expected to be payable by the lessee under residual value guarantees;
4. The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
5. Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
6. The Company has used a single discount rate to a portfolio of leases with reasonable similar characteristics based on the remaining lease term as at the date of initial application.

The lease liability is not presented as a separate line in the Balance Sheet but presented as a separate line item in the note disclosing both current and non current other financial liabilities .

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37-Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If the company is reasonably certain to exercise a purchase option, the right-of use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

The ROU assets are not presented as a separate line in the Balance Sheet but presented below similar owned assets as a separate line in the PPE note under "Notes forming part of the Financial Statement".

The Company applies Ind AS 36- Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per its accounting policy on 'property, plant and equipment'.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Extension and termination options are included in many of the leases. In determining the lease term the

management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

2.2.6 Capital work-in-progress

The items of property, plant and equipment which are not yet ready for use are disclosed as Capital work-in-progress and are carried at historical cost.

2.2.7 Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates, input tax credits and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.2.8 Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. However contingent liabilities are not considered. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.2.9 Revenue from Operations

The company derives revenue primarily from sale of High Carbon Ferro Chrome.

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All amount in ₹ Million, unless otherwise stated

Effective 1 April 2018, the Company adopted IND AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company disaggregates revenue from contracts with customers by major products lines.

Revenue from related party is recognised based on transaction price which is at arm's length.

2.2.10 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.2.11 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period on government bonds using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and
- (b) defined contribution plans such as provident fund.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

Defined benefit plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.2.12 Foreign currency transactions

The Company's financial statements are presented in Indian Rupee which is also the functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.2.13 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

2.2.14 Earnings per share

Basic Earning per Share is calculated by dividing the profit for the year attributable to equity holders (or owners) of the Company by the weighted average number of equity shares outstanding during the year. Diluted Earning per Share is calculated by dividing the profit attributable to equity holders (or owners) of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

2.2.15 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer note 38 for details on segment information presented. Chief Operating Decision Making Group consists of the Executive Chairman, Vice Chairman & Managing Director, the Director (Kalinganagar) and the CFO.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

2.3 Critical accounting judgment and key sources of estimation uncertainty

a. Impairment of non-current assets – Ind AS 36 requires that the Company assesses conditions that could cause an asset or a Cash Generating Unit (CGU) to become impaired and to test recoverability of potentially impaired assets. These conditions include internal and external factors such as the Company's market capitalisation, significant changes in the Company's planned use of the assets or a significant adverse change in the expected prices, sales volumes or raw material cost. The identification of CGUs involves judgment, including assessment of where active markets exist, and the level of interdependency of cash inflows. CGU is usually the individual plant, unless the asset or asset group is an integral part of a value chain where no independent prices for the intermediate products exist, a group of plants is combined and managed to serve a common market, or where circumstances otherwise indicate significant interdependencies.

In accordance with Ind AS 36, goodwill and certain intangible assets are reviewed at least annually for impairment. If a loss in value is indicated, the recoverable amount is estimated as the higher of the CGU's fair value less cost to sell, or its value in use. Directly observable market prices rarely exist for the Company's assets. However, fair value may be estimated based on recent transactions on comparable assets, internal models used by the Company for transactions involving the same type of assets or other relevant information. Calculation of value in use is a discounted cash flow calculation based on continued use of the assets in its present condition, excluding potential exploitation of improvement or expansion potential.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Company uses internal business plans, quoted market prices and the Company's best estimate of commodity prices, currency rates, discount rates and other relevant information. The Company does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes.

b. Defined Benefit Plans – The cost of the employment benefits such as gratuity, leave and provident fund obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the

complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 29.

- c. Taxes** – The Company calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.
- d. Leases** – The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. The lease payments that are not paid at the commencement date are discounted using the incremental borrowing rate. The lease payment includes fixed lease payment, variable lease payment, exercise price of purchase option, penalties for termination of contract and any amount expected to pay.
- e. Useful lives of depreciable/ amortisable assets (tangible and intangible)**- Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

2.4 New Standards / Amendments to Existing Standard issued but not yet effective

The Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been applicable from 1st April, 2020.

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

3A PROPERTY, PLANT & EQUIPMENT

| Particulars | Gross Carrying Amount | | Accumulated Depreciation / Amortisation | | Net Carrying Amount | | |
|----------------------------|-----------------------|---------------------------|---|---|---------------------|---------------------|---------------------|
| | As at 1 April 2019 | Additions during the year | As at 31 March 2020 | Disposals / Adjustments during the year | For the year | As at 31 March 2020 | As at 31 March 2019 |
| Owned | | | | | | | |
| Land- Freehold | 15.63 | - | 15.63 | - | - | - | 15.63 |
| Land- Leasehold | 278.30 | 6.20 | 284.50 | - | 3.71 | 20.31 | 264.19 |
| Factory Buildings | 1,969.72 | - | 1,962.27 | 7.45 | 66.73 | 321.88 | 1,640.39 |
| Buildings | 854.07 | - | 854.07 | - | 20.72 | 97.76 | 756.31 |
| Road | 374.31 | - | 374.31 | - | 2.35 | 344.81 | 29.50 |
| Plant & Machinery | 9,379.60 | 20.16 | 9,365.11 | 34.65 | 348.55 | 1,757.53 | 7,607.58 |
| Computers | 5.54 | 0.06 | 5.60 | - | 0.87 | 4.40 | 1.20 |
| Office Equipment | 3.81 | - | 3.81 | - | 0.20 | 3.07 | 0.74 |
| Furniture & Fixtures | 26.35 | - | 26.35 | - | 2.10 | 23.27 | 3.08 |
| Vehicles | 34.69 | - | 32.76 | 1.93 | 3.45 | 21.22 | 11.54 |
| Capital Spares | 4.91 | - | 4.91 | - | 0.07 | 1.07 | 3.84 |
| Right of Use Assets | | | | | | | |
| Plant & Machinery | 237.28 | 324.18 | 561.46 | - | 25.05 | 134.66 | 426.80 |
| Vehicles | - | 94.20 | 46.59 | 47.61 | 26.02 | 16.44 | 30.15 |
| Total | 13,184.21 | 444.80 | 13,537.37 | 91.64 | 499.82 | 2,746.42 | 10,908.58 |
| 2018-19 | 13,161.90 | 26.57 | 13,184.21 | 4.26 | 497.49 | 2,275.63 | 11,380.96 |

3B INTANGIBLE ASSETS

| Particulars | Gross Carrying Amount | | Accumulated Depreciation / Amortisation | | Net Carrying Amount | | |
|------------------------------|-----------------------|---------------------------|---|---|---------------------|---------------------|---------------------|
| | As at 1 April 2019 | Additions during the year | As at 31 March 2020 | Disposals / Adjustments during the year | For the year | As at 31 March 2020 | As at 31 March 2019 |
| Computer Software - acquired | 8.46 | - | 8.46 | - | 0.38 | 7.20 | 1.26 |
| Total | 8.46 | - | 8.46 | - | 0.38 | 7.20 | 1.64 |
| 2018-19 | 8.46 | - | 8.46 | - | 0.40 | 6.82 | 2.04 |

3C CAPITAL WORK-IN-PROGRESS (CONSISTING OF PLANT & MACHINERY, BUILDING ETC.)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| Opening | 2,971.37 | 2,963.93 |
| Addition | 5.06 | 28.83 |
| Transferred to Property, Plant & Equipment/ Adjustments | (73.71) | (21.39) |
| Closing | 2,902.72 | 2,971.37 |

3D The Company has till date incurred pre-operative expenses and interest cost of ₹ 4,887.05 Million and allocated to respective assets.

3E Refer Note no. 40 for details of hypothecation/mortgaged of Property, Plant and Equipments.

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 4 NON-CURRENT INVESTMENTS | | |
| Unquoted | | |
| Investments in Equity Instruments (fully paid up) | | |
| Investment in Subsidiaries (At cost) | | |
| Kalinganagar Chrome Private Limited | 0.60 | 0.60 |
| 60,000 (31 March 2019 : 60,000) Equity Shares of ₹ 10/- each fully paid up [Including beneficial interest in 1 Equity Shares of ₹ 10/- each, fully paid up] | | |
| Kalinganagar Special Steel Private Limited | 0.70 | 0.70 |
| 70,000 (31 March 2019 : 70,000) Equity Shares of ₹ 10/- each, fully paid up [Including beneficial interest in 1 Equity Shares of ₹ 10/- each, fully paid up] | | |
| Investment in Joint Venture (At cost) | 10.00 | 10.00 |
| VISA Urban Infra Limited @ | | |
| 1,000,000 (31 March 2019 : 1,000,000) Equity Shares of ₹ 10/- each, fully paid up | | |
| Investment-Others (At fair value) | | |
| VISA Coke Limited | 31.63 | 31.63 |
| 1,054,476 (31 March 2019 : 1,054,476) Equity Shares of ₹ 10/- each fully paid up | | |
| Aggregate amount of unquoted investments | 42.93 | 42.93 |

@ For charges created in respect of shareholding in VISA Urban Infra Limited, refer Note 16.B (i) (d).

| Particulars | As at | As at |
|-----------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 5 NON-CURRENT - LOANS | | |
| Unsecured, considered good | | |
| Security Deposits - Others | 63.73 | 77.05 |
| | 63.73 | 77.05 |

| Particulars | As at | As at |
|--|-------------------|-------------------|
| | 31 March 2020 | 31 March 2019 |
| 6 DEFERRED TAX ASSETS (NET) | | |
| The balance comprises temporary differences attributable to: | | |
| Deferred Tax Assets (A) | | |
| Investments in Joint Ventures | 1.70 | 1.57 |
| Inventories | 1.00 | 0.10 |
| Allowance for Doubtful Trade Receivables | - | 1.58 |
| Allowance for Doubtful Advances | 3.32 | 2.48 |
| Liabilities as per Ind-AS 116 | 187.60 | 70.00 |
| Provisions for Employee Benefits | 14.20 | 13.11 |
| Interest Accrued | 630.90 | 630.89 |
| Disallowances allowable for Tax purpose on payment | 287.73 | 147.14 |
| Unabsorbed Depreciation & Business Loss Carried Forward | 1,502.30 | 1,648.93 |
| | 2,628.75 | 2,515.80 |
| Deferred Tax Liabilities (B) | | |
| Property, Plant and Equipment and Intangible Assets | (2,628.25) | (2,515.02) |
| Processing fees on Borrowings | (0.50) | (0.78) |
| | (2,628.75) | (2,515.80) |
| Net Deferred Tax Assets (A-B) | - | - |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

Movements in Deferred Tax Assets during the year ended:

| 31 March 2020 | Opening Balance | Recognised in Profit/(Loss) | Closing Balance |
|---|-------------------|-----------------------------|-------------------|
| Deferred Tax Assets/(Liabilities) in relation to : | | | |
| Investments in Joint Ventures | 1.57 | 0.13 | 1.70 |
| Inventories | 0.10 | 0.91 | 1.00 |
| Allowance for Doubtful Trade Receivables | 1.58 | (1.58) | - |
| Allowance for Doubtful Advances | 2.48 | 0.83 | 3.32 |
| Liabilities as per Ind-AS 116 | 70.00 | 117.60 | 187.60 |
| Provisions for Employee Benefits | 13.11 | 1.10 | 14.20 |
| Interest Accrued | 630.89 | 0.01 | 630.90 |
| Disallowances allowable for Tax purpose on payment | 147.14 | 140.59 | 287.73 |
| Unabsorbed Depreciation & Business Loss Carried Forward | 1,648.93 | (146.63) | 1,502.30 |
| Total Deferred Tax Assets | 2,515.80 | 112.95 | 2,628.75 |
| Property Plant and Equipment and Intangible Assets | (2,515.02) | (113.22) | (2,628.25) |
| Processing fees on Borrowings | (0.78) | 0.27 | (0.50) |
| Total Deferred Tax Liabilities | (2,515.80) | (112.95) | (2,628.75) |
| Net (Charge)/Credit | - | - | - |

Movements in Deferred Tax Assets during the year ended:

| 31 March 2019 | Opening Balance | Recognised in Profit/(Loss) | Closing Balance |
|---|-------------------|-----------------------------|-------------------|
| Deferred Tax Assets/(Liabilities) in relation to : | | | |
| Investments in Joint Ventures | 1.46 | 0.11 | 1.57 |
| Inventories | 0.10 | (0.00) | 0.10 |
| Allowance for Doubtful Trade Receivables | 3.85 | (2.27) | 1.58 |
| Allowance for Doubtful Advances | 3.94 | (1.46) | 2.48 |
| Liabilities as per Ind-AS 116 | 75.39 | (5.39) | 70.00 |
| Provisions for Employee Benefits | 10.22 | 2.89 | 13.11 |
| Interest Accrued | 625.32 | 5.57 | 630.89 |
| Disallowances allowable for Tax purpose on payment | 155.79 | (8.65) | 147.14 |
| Unabsorbed Depreciation & Business Loss Carried Forward | 1,638.06 | 10.87 | 1,648.93 |
| Total Deferred Tax Assets | 2,514.13 | 1.67 | 2,515.80 |
| Property Plant and Equipment and Intangible Assets | (2,513.03) | (1.99) | (2,515.02) |
| Processing fees on Borrowings | (1.10) | 0.32 | (0.78) |
| Total Deferred Tax Liabilities | (2,514.13) | (1.67) | (2,515.80) |
| Net (Charge)/Credit | - | - | - |

Note: The Taxation laws (Amendment) Ordinance 2019, amending the Income Tax Act 1961 and the Finance Act 2019 was promulgated on 20 September 2019. The Ordinance provides domestic companies with an option to opt for lower tax rates, subject to certain provisions. The Company has not exercised the option during the year and continues to recognise the taxes on income for year ended 31 March 2020 as per the normal tax rate. The Company will review the above position at each year end.

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| 7 INVENTORIES | | |
| (Refer Note 2.2.7) | | |
| Raw Materials [Refer (a) below] | 63.39 | 416.89 |
| Work-in-Progress | 8.71 | 14.99 |
| Finished Goods | 41.20 | 80.92 |
| Stores and Spares | 55.54 | 78.72 |
| By-products | 3.70 | 42.93 |
| | 172.54 | 634.45 |
| (a) Raw Materials includes Goods in Transit ₹ Nil (31 March 2019 : ₹ 0.92 Million). | | |
| (b) See note 40 for details of hypothecation of inventories. | | |
| (c) Inventories have been stated at Net Realisable Value. An amount of ₹ 7.99 Million (31 March 2019 : 5.41 Million) have been charged off to statement of profit and loss and were recognised as an expense. | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| 8 CURRENT - TRADE RECEIVABLES | | |
| Trade Receivable | | |
| - Secured, considered good | - | - |
| - Unsecured, considered good | - | 180.04 |
| | - | 180.04 |
| Less: Allowances (refer note - b below) | - | 4.50 |
| | - | 175.54 |
| (a) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person or from firms or private companies respectively in which any director is a partner, or director or member. | | |
| (b) Allowances represents provision made on account of Expected Credit Loss on Trade Receivable | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| 9 CASH AND CASH EQUIVALENTS | | |
| Balance with Banks | | |
| in Current Account (Refer Note (a) below) | 63.36 | 8.25 |
| Cash in hand | 0.16 | 0.25 |
| | 63.52 | 8.50 |
| (a) The Jajpur District Court vide Order dated 22 July 2019 directed SBI to attach the Company's Bank Account based on a case filed by Kohli Builders. The Company filed a writ petition in Hon'ble Orissa High Court challenging the Order and was granted stay vide Order dated 22 August 2019, but despite the same, SBI did not allow operations in the account and hence, the Company is taking support of related parties for making payments on behalf of the Company to keep the plant operational. | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 10 OTHER BANK BALANCES [OTHER THAN CASH AND CASH EQUIVALENTS] | | |
| Fixed Deposit | 19.75 | 36.58 |
| | 19.75 | 36.58 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 11 CURRENT - LOANS | | |
| Unsecured, considered good | | |
| Security Deposits with Related Parties | - | 24.74 |
| | - | 24.74 |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 12 OTHER CURRENT FINANCIAL ASSETS | | |
| Interest Accrued on Fixed Deposits | 3.07 | 4.42 |
| | 3.07 | 4.42 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|------------------------------------|------------------------|------------------------|
| 13 CURRENT TAX ASSETS (NET) | | |
| Advance Payment of Income Tax | 82.11 | 114.49 |
| | 82.11 | 114.49 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 14 OTHER CURRENT ASSETS | | |
| Advances other than Capital Advances | | |
| Advances to Key Managerial Personnel | 0.29 | - |
| Employee Advance | 1.72 | 0.46 |
| Advances against Supply of Goods and Rendering Services | | |
| Considered Good | 50.78 | 85.37 |
| Considered Doubtful | 9.49 | 7.11 |
| Less: Allowances for Doubtful Advances | (9.49) | (7.11) |
| Advances to Related Party | 0.20 | 0.28 |
| Others | | |
| Receivable from DGFT and Customs towards Export Incentive | | |
| Considered Good | 0.18 | 0.18 |
| Prepaid Expenses | 6.72 | 9.38 |
| Others Taxes Receivable / Adjustable | | |
| Considered Good | 128.37 | - |
| Receivable from Subsidiary (Refer note 44) | 3,742.89 | 3,718.64 |
| | 3,931.15 | 3,814.31 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 15 EQUITY SHARE CAPITAL AND OTHER EQUITY | | |
| A Equity Share Capital | | |
| Authorised | | |
| 252,000,000 Equity Shares (31 March 2019 : 252,000,000) of ₹ 10/- each | 2,520.00 | 2,520.00 |
| Issued, Subscribed and Paid-up | | |
| 115,789,500 Equity Shares (31 March 2019 : 115,789,500) of ₹ 10/- each fully paid up | 1,157.90 | 1,157.90 |

(a) Movements in Equity Share Capital

| | Year Ended 31 March 2020 | | Year Ended 31 March 2019 | |
|---|--------------------------|-----------------|--------------------------|-----------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Balance as at the beginning of the year | 115,789,500 | 1,157.90 | 115,789,500 | 1,157.90 |
| Add : Shares issued | - | - | - | - |
| Balance as at the end of the year | 115,789,500 | 1,157.90 | 115,789,500 | 1,157.90 |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares referred to as equity shares having a par value of ₹ 10 per share. Each Shareholder is entitled to one vote per share held. The Company declares and pays dividend in Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of Shareholders holding more than 5 % shares in the Company

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--------------------------------|------------------|-----------------------|------------------|-----------------------|
| | Number of shares | Percentage of holding | Number of shares | Percentage of holding |
| VISA Infrastructure Limited | 44,387,167 | 38.33 | 44,387,167 | 38.33 |
| VISA International Limited | 23,787,833 | 20.54 | 23,787,833 | 20.54 |
| LTS Investment Fund Limited | 10,497,122 | 9.07 | 10,497,122 | 9.07 |
| ERISKA Investment Fund Limited | 9,912,036 | 8.56 | 9,912,036 | 8.56 |

| Particulars | As at | As at |
|---|-----------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| B Other Equity | | |
| Reserves and Surplus | | |
| Capital Reserve | 4,601.53 | 4,601.53 |
| Securities Premium | 1,645.00 | 1,645.00 |
| General Reserve | 110.24 | 110.24 |
| Retained Earnings | (7,162.24) | (6,308.13) |
| Total | (805.47) | 48.64 |
| Capital Reserve [Refer (a) below] | | |
| Balance at the beginning of the year | 4,601.53 | 4,601.53 |
| Balance at the end of the year | 4,601.53 | 4,601.53 |
| Securities Premium [Refer (b) below] | | |
| Balance at the beginning of the year | 1,645.00 | 1,645.00 |
| Balance at the end of the year | 1,645.00 | 1,645.00 |
| General Reserve [Refer (c) below] | | |
| Balance at the beginning of the year | 110.24 | 110.24 |
| Balance at the end of the year | 110.24 | 110.24 |
| Retained Earnings | | |
| Balance at the beginning of the year | (6,308.13) | (5,645.33) |
| Add : Net (Loss) / Profit after Tax transferred from Statement of Profit and Loss | (848.46) | (661.62) |
| Add: Remeasurements Gain/ (Loss) of the net defined benefit Plan | (5.65) | (1.18) |
| Net deficit | (7,162.24) | (6,308.13) |
| Balance as at the end of the year | (7,162.24) | (6,308.13) |
| Total | (805.47) | 48.64 |

Nature and purpose of Reserves

- Capital Reserve represents amount arisen pursuant to various Scheme of Amalgamation.
- Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the specific provisions of the Act.
- General Reserve represents free reserve not held for any specific purpose.

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

16 LONG-TERM BORROWINGS

| | Non-current Portion | | Current Maturities | | Total | |
|--|---------------------|-----------------|--------------------|-----------------|------------------|------------------|
| | As at | As at | As at | As at | As at | As at |
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Secured | | | | | | |
| Principal Term Loans | | | | | | |
| [Refer B(i) & B(ii) and C(i) & C(ii) below] | | | | | | |
| From Banks | 287.16 | 963.76 | 2,855.59 | 2,395.13 | 3,142.75 | 3,358.89 |
| From Other Parties | 240.92 | 539.42 | 1,622.77 | 1,132.70 | 1,863.69 | 1,672.12 |
| Fresh Loans | | | | | | |
| [Refer B(i) and C(i) below] | | | | | | |
| From Banks | 249.47 | 515.43 | 1,247.52 | 1,031.02 | 1,496.99 | 1,546.45 |
| From Other Parties | 64.73 | 115.89 | 332.13 | 231.78 | 396.86 | 347.67 |
| SMCF | | | | | | |
| [Refer B(i) and C(i) below] | | | | | | |
| From Banks | 4.80 | 127.20 | 229.02 | 201.46 | 233.82 | 328.66 |
| From Other Parties | 20.58 | 34.83 | 105.11 | 70.70 | 125.69 | 105.53 |
| Corporate Loan | | | | | | |
| [Refer B(i) and C(iii) below] | | | | | | |
| From Banks | 1,087.86 | 1,323.65 | 649.84 | 514.45 | 1,737.70 | 1,838.10 |
| From Other Parties | 276.64 | 271.85 | 235.66 | 140.05 | 512.30 | 411.90 |
| Funded Interest Term Loans | | | | | | |
| [Refer B(i) & B(ii) and C(iv) below] | | | | | | |
| From Banks | 78.40 | 169.07 | 305.16 | 244.14 | 383.56 | 413.21 |
| From Other Parties | 50.36 | 88.04 | 223.66 | 156.33 | 274.02 | 244.37 |
| Term Loans from Other Parties | | | | | | |
| [Refer B(ii) below] | | | | | | |
| | 2,360.92 | 4,149.14 | 7,922.62 | 6,233.92 | 10,283.54 | 10,383.06 |
| Unsecured | | | | | | |
| Loans from Related Parties | - | - | 442.50 | 442.50 | 442.50 | 442.50 |
| [Refer C(v) below] | 2,360.92 | 4,149.14 | 8,365.12 | 6,676.42 | 10,726.04 | 10,825.56 |
| Less : Amount disclosed under the head "Other Current Financial Liabilities" | - | - | (8,365.12) | (6,676.42) | (8,365.12) | (6,676.42) |
| [Refer Note 21] | 2,360.92 | 4,149.14 | - | - | 2,360.92 | 4,149.14 |

Loan assigned to ACRE-

During the current financial year, Vijaya Bank (since merged with Bank of Baroda) and SIDBI have assigned their Loans in favour of Assets Care & Reconstruction Enterprise Ltd. (ACRE). Accordingly, in the current financial year the assigned loan has been disclosed as loan from other parties. However, the corresponding figures of the last year have been kept unchanged in the loan schedule.

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

A. Debt Restructuring

The Company has been under financial stress due to various external factors beyond the control of the Company and its management which amongst others, include (i) failure of the State Government of Odisha to fulfil its obligation under the MOU executed with the Company for grant of Captive Mines, which has deprived the Company of assured supply of consistent quality raw material at a reasonable cost, (ii) de-allocation of Coal Block by Ministry of Coal and Hon'ble Supreme Court judgment dated 24 September 2014, which has deprived the Company of assured supply of consistent quality coal at a reasonable cost, (iii) non-availability of vital raw materials at viable prices due to closure of Mines following the investigations by Shah Commission which commenced sometime in 2011 and the Hon'ble Supreme Court judgment dated 16 May 2014, (iv) dumping of Steel and Stainless Steel products by overseas manufacturers resulting in sharp drop in prices, (v) high cost of logistics for transportation of raw materials as these rates are fixed by Associations at rates much above the Government notified rates, (vi) non-disbursement of sanctioned loans for Plant operations and adjustment of disbursed loan with interest / principal repayment instead of plant operations, which resulted in complete depletion of working capital of the Company. The Company has also informed lenders that it reserves its right to claim losses suffered due to the actions and inactions of lenders arising out of breaches and violations of contractual and other arrangements and such claim amount shall be claimed as a right of set-off against any dues.

The Company's debts had been restructured under the aegis of Corporate Debt Restructuring cell (CDR) and a Master Restructuring Agreement (MRA) dated 19 December 2012 was executed to give effect to the package approved by CDR cell with effect from 1 March 2012. Pursuant to the approval of the Company's Business Re-organisation Plan by the CDR, a Common Loan Agreement (CLA) had also been executed on 28 March 2015 among the Company, VISA Special Steel Limited and lenders. In terms of MRA and CLA the Company's Debt portfolio was reorganised/reallocated and secured as under:

- i) Principal Term Loans
- ii) Fresh Loan (Loan pursuant to CDR package)
- iii) Funded Interest Term Loans (FITL) (Loan pursuant to CDR package)
- iv) Corporate Loan (Loan pursuant to Debt Restructuring under CLA)
- v) Working Capital Loans [Refer in Note 19]
- vi) Structured Mezzanine Credit Facility [SMCF(Sub debt)]

Due to the aforesaid external factors, the EBITDA margins of the Company since 2011-12 have not been sufficient to service

interest / principal repayment and whilst the outstanding principal term loan amount was only ₹ 3,850.00 Million as on 1 April 2013, during the period April 2013 to March 2016, the lenders have charged/recovered approx. ₹ 4,258.51 Million on account of interest/ repayment whereas EBITDA during this period was only approx. ₹ 1,413.93 Million. This has resulted in ballooning of liabilities of the Company towards its lenders, which are far in excess of the hard cost of investments in the project for which the principal term loan had been taken from the lenders. For the purpose of these financial statements, the Company has followed reorganisation/reallocation and other terms and conditions of MRA/CLA as set out above.

SBI had filed an application before National Company Law Tribunal (NCLT) Kolkata Bench for initiating Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), which stands dismissed by NCLT, Cuttack Bench. SBI has preferred an Appeal before National Company Law Appellate Tribunal (NCLAT) New Delhi which is pending. In the meantime lenders including Bank of Baroda, Dena Bank (since merged with Bank of Baroda), Indian Overseas Bank, Central Bank of India, UCO Bank, Vijaya Bank (since merged with Bank of Baroda), SIDBI and State Bank of Travancore (since merged with State Bank of India) have already implemented Resolution through Sale of Debt to Asset Reconstruction Companies (ARC's).

The Company does not have working capital and is presently carrying its operation with the support of the operational creditors. Due to the application filed by SBI in NCLT, there is panic among operational creditors whose financial support is necessary for plant operations, without which there is risk of plant closure, agitation and law and order problems from workers.

B. Details of Securities (Also refer note 40)

i. Principal Term Loan, Term Loan obtained by erstwhile VISA Bao Limited (VBL), Fresh Loan, SMCF (Sub debts), Funded Interest Term Loans (FITL), Corporate Term Loans and Working Capital facilities:

- (a) First pari-passu charge by way of hypothecation of all the Company's current assets and fixed assets (excluding land) including movable and immovable plant and machinery, machinery spares, tools and accessories, vehicles and other moveable assets both present and future ("Hypothecated Assets") of the Company, save and except specific assets charged to Banks, Financial Institutions and Non Banking Financial Companies (NBFC).
- (b) First pari-passu mortgage and charge on the immovable properties of the Company situated at Kalinganagar Industrial Complex, Jajpur, (Odisha), Golagaon, Jajpur, (Odisha), Raigarh, (Chhattisgarh) and office premises of the Company at Bhubaneswar, (Odisha).

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

- (c) Pursuant to CDR, pledge of equity shares of the Company with the CDR Lenders.
- (d) Pledge of entire Equity Shares held by the Company in VISA Urban Infra Limited.
- (e) Lien on all Bank Accounts including the Trust and Retention Account.
- (f) The Lenders of SMCF are having a second pari-passu charge on the hypothecated assets and a second charge on the mortgaged assets of the Company.
- (g) SIDBI have assigned their exposure of ₹ 76.40 Million for bill discounting facility relating to working capital finance in favour of Assets Care & Reconstruction Enterprise Ltd. (ACRE) has a second charge on fixed assets.

Further, the above facilities were also covered by the following:

- The Corporate Guarantee of VISA International Limited(VINL) given pursuant to CDR. SBI had filed an application to initiate Corporate Insolvency Resolution Process(CIRP) under Insolvency and Bankruptcy Code in VINL which was admitted on 7 August 2019 and a Resolution Professional has been appointed.
- The personal guarantee of Mr. Vishambhar Saran, Chairman and Mr. Vishal Agarwal, Vice Chairman and Managing Director of the Company are invalid due to non-fulfilment of its obligation by lenders.

ii. Term Loans from Bank and Other Parties

(a) Term Loan from HUDCO -

Secured loan from other parties includes Term Loan (CDR) of ₹ 482.84 Million, Funded Interest Term Loan (FITL) of ₹ 100.53 Million and Term Loan (Non CDR) of ₹ 116.16 Million due and outstanding to HUDCO. The subsisting charge in respect of the Term Loan (CDR) and FITL became irrelevant and stood satisfied upon the Company entering into Master Restructuring Agreement (MRA) dated 19 December 2012 with the CDR lenders and the same was substituted by the fresh charge created in favour of the lenders who became parties to the MRA. HUDCO has disputed the satisfaction of the previous charge and creation of fresh charge by the CDR lenders pursuant to MRA dated 19 December 2012. The Company and the State Bank of India, as the Lead Bank has since been calling upon HUDCO to execute a Deed of Accession so that the aforesaid charge substituted in favour of the CDR lenders could also be extended to HUDCO. HUDCO, however, has refused to do so despite specific order passed to the said effect by the Hon'ble High Court of Orissa at Cuttack.

C. Terms of Repayment of loans

i. Terms of Repayment and outstanding balance as at the year end of Term Loans including Fresh Loan and SMCF (TL):

The loans is to be repaid in quarterly instalment as per the repayment schedule given below. The loan carries interest @ 2% above SBI's Base Rate. The due amount of this loan as on 31 March 2020 stands at ₹ 3,659.65 Million.

Repayment Schedule :

| Year | Percentage of TL (originally restructured) due for Repayment (%) |
|---------|--|
| 2020-21 | 15.50% |
| 2021-22 | 15.50% |

ii Terms of Repayment and outstanding balances of VBL Term Loan

The loan is to be repaid in quarterly instalment as per the repayment schedule given below. The loan carries interest at (PNB BR + 2.5% + Term Premium i.e. 0.5%). The due amount of this loan as on 31 March 2020 stands at ₹ 1,384.55 Million.

Repayment Schedule :

| Year | Percentage of TL (originally restructured) due for Repayment (%) |
|---------|--|
| 2020-21 | 16.67% |
| 2021-22 | 4.16% |

Subsequently, a loan of ₹ 175.00 Million was sanctioned at SBI BR+2.5%. The due amount of this loan as on 31 March 2020 stands at ₹ 35.60 Million.

Repayment Schedule :

| Year | Percentage of TL (originally restructured) due for Repayment (%) |
|---------|--|
| 2020-21 | 16.67% |
| 2021-22 | 4.16% |

iii. Terms of Repayment and outstanding balances of Corporate Loan :

The loan is to be repaid in quarterly instalment as per repayment schedule given below. The loan carries interest @ 2.5% above SBI's Base Rate. The due amount of this loan as on 31 March 2020 stands at ₹ 654.50 Million

Repayment Schedule

| Year | Percentage of Corporate Loan due for Repayment (%) |
|---------|--|
| 2020-21 | 12.00% |
| 2021-22 | 16.00% |
| 2022-23 | 38.00% |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

iv. Terms of Repayment and outstanding balances of Funded Interest Term Loans (FITL):

The loan is to be repaid in quarterly instalment as per repayment schedule given below. The loan carries interest @ 10.00% p.a. throughout the tenure of the facility. The due amount of this loan as on 31 March 2020 stands at ₹ 400.48 Million.

Repayment Schedule :

| Year | Percentage of FITL (originally restructured) due for Repayment from September 2016 (%) |
|---------|--|
| 2020-21 | 15.00% |
| 2021-22 | 15.00% |

v. Unsecured loan from related party is interest bearing and repayable on demand.

In view of proposed debt resolution, the rate of interest, terms of repayment and other terms and conditions of debt will undergo changes.

D. The debts of the Company which were restructured pursuant to the MRA dated 19 December 2012 having cut-off date of 1 March 2012 have been categorised as Non-Performing Assets (NPA). State Bank of India, the lead Bank has classified the debts of the Company as NPA with effect from 11 July 2012.

The Company stopped providing further interest in its books effective 1 April 2016. The amount of such interest not provided for in the financial year ended 31 March 2020 is estimated at ₹ 1,443.39 Million and the cumulative amount of such unprovided interest as on the said date is estimated at ₹ 5,920.83 Million.

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| 17 OTHER NON CURRENT FINANCIAL LIABILITIES | | |
| Long Term maturities of lease Obligations (Refer Note (a) below) | 499.54 | 183.30 |
| | 499.54 | 183.30 |
| (a) Effective from 1 April 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1 April 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) for hiring of vehicles at an amount equal to the lease liability i.e. ₹ 94.20 Million. Gross lease liability recognised as on 1 April 2019 ₹ 109.34 Million without giving impact of discounting ₹ 15.14 Million. The operating cash flow for the year ended 31 March 2020 has increased by ₹ 30.21 Million and the financing cash flows have decreased by ₹ 30.21 Million as repayment of lease liabilities and related interest has been classified as cash flows from financing activities. The Company has carried forward the amount of the Finance Lease Assets (reclassified as ROU asset) and Lease Liability recognised under Ind AS 17 immediately before the date of initial application. The Company has reviewed all its long term agreements and recognised the aforesaid ROU only as falling under the meaning of Ind AS 116. | | |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at | As at |
|----------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 18 NON CURRENT PROVISIONS | | |
| Provision for Employee Benefits | 33.61 | 26.15 |
| | 33.61 | 26.15 |

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 19 CURRENT - BORROWINGS | | |
| Secured | | |
| (i) Working Capital Loans | | |
| From Banks [Refer Note 16.B (i)] | 2,113.50 | 2,205.23 |
| From Other Parties [Refer Note 16.B (i)] | 584.63 | 492.89 |
| (ii) Other Working Capital Loan | | |
| From Other Parties [Refer Note 16.B (i)(g)] | 66.20 | 66.31 |
| Unsecured | | |
| Sales Bill Discounting | - | 180.04 |
| | 2,764.33 | 2,944.47 |
| <p>During the current financial year, Vijaya Bank(Since merged with Bank of Baroda) and SIDBI have assigned its Loans given to Company in favour of Assets Care & Reconstruction Enterprise Ltd. (ACRE). Accordingly, in the current financial year the assigned loan has been disclosed as loan from other parties. However, the corresponding figures of the last year have been kept unchanged in the loan schedule.</p> | | |

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 20 CURRENT - TRADE PAYABLES | | |
| Dues to Related Party [Refer Note 44] | 119.87 | 365.58 |
| Dues to Micro and Small Enterprises | - | - |
| Dues to other than Micro and Small Enterprises | 494.32 | 331.56 |
| | 614.19 | 697.14 |

Details of dues to Micro and Small enterprises (MSMED):

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|---------------|----------|---------------|----------|
| | Principal | Interest | Principal | Interest |
| (i) The amount remaining unpaid to any supplier as at the end of the accounting year : - Principal | - | - | - | - |
| (ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year; | - | - | - | - |
| (iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | - | - | - | - |
| (iv) the amount of interest accrued and remaining unpaid at the end of accounting year; and | - | - | - | - |
| (v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23. | - | - | - | - |
| <p>The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company.</p> | | | | |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 21 OTHER CURRENT FINANCIAL LIABILITIES | | |
| Current Maturities of Long-Term Debt [Refer Note 16] | 7,922.62 | 6,233.92 |
| Current Maturities of Lease Obligations [Refer Note 17(a)] | 37.32 | 17.04 |
| Loan Repayable to Related Party [Refer Note 16] | 442.50 | 442.50 |
| Interest Accrued | 1,913.50 | 1,896.56 |
| Employee Related Liabilities | 135.46 | 77.48 |
| Other Liabilities | 150.75 | 189.48 |
| Capital Creditors | - | 101.66 |
| | 10,602.15 | 8,958.64 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------|------------------------|------------------------|
| 22 CONTRACT LIABILITIES | | |
| Contract Liabilities | 11.38 | 40.89 |
| | 11.38 | 40.89 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| 23 OTHER CURRENT LIABILITIES | | |
| Statutory Liabilities (includes Goods and Service Tax, Excise Duty, Tax Deducted at Source, Provident Fund, Employee State Insurance etc) | 114.81 | 92.23 |
| Electricity Duty# | 713.33 | 504.75 |
| | 828.14 | 596.98 |

This includes the amount of Electricity Duty levied on power generated from non-conventional sources which the Company has disputed.

As per the provisions of Industrial Policy Resolution 2001, Government of Odisha (IPR 2001) dated 03.12.2001, "18.8 A power plant generating power from non-conventional sources set up after the effective date shall be deemed to be a new industrial unit and will be entitled to all the incentives under this policy. These plants will not be liable to pay electricity duty". The company has set up the power plant generating power from non-conventional sources after the effective date of IPR 2001 i.e. 03.12.2001 and hence is deemed to be a new industrial unit and not liable to pay electricity duty as per IPR 2001."

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---------------------------------|------------------------|------------------------|
| 24 CURRENT-PROVISIONS | | |
| Provision for Employee Benefits | 7.04 | 11.35 |
| | 7.04 | 11.35 |

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| 25 REVENUE FROM OPERATIONS | | |
| (a) Sale of Products | | |
| Manufactured Goods | 3,447.72 | 7,950.91 |
| Total | 3,447.72 | 7,950.91 |
| (b) Other Operating Revenues | | |
| Scrap Sales | 21.67 | 55.81 |
| Export Incentives | 2.59 | 0.79 |
| Liabilities no longer required written back | 6.02 | 46.14 |
| Allowances for Doubtful Debts, Advances etc. no longer required written back | 0.79 | (0.54) |
| Total | 31.07 | 102.20 |
| | 3,478.79 | 8,053.11 |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(c) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Receivables, which are included in 'Trade and other receivables' | - | 180.04 |
| Contract assets | - | - |
| Contract liabilities | 11.38 | 40.89 |

(d) Other Information

- Transaction price allocated to the remaining performance obligations- NIL
- The amount of revenue recognised in the current period that was included in the opening contract liability balance. ₹ 40.89 Million
- The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods – e.g. changes in transaction price- NIL
- Performance obligations- The Company satisfy the performance obligation on shipment/delivery as per terms of contract.
- Significant payment terms- The contract does not have any financing component and variable consideration.

(e) **Disaggregation of Revenue** : Revenue from manufactured goods mainly represents revenue from Sale of Ferro Chrome Products.

(f) The Company recognises Revenue at a Point in Time. Contract with customers are of short-term duration and all sales are direct to customers.

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| 26 OTHER INCOME | | |
| (a) Interest Income | | |
| On Bank Deposits | 1.77 | 3.18 |
| On Others | 10.53 | 18.36 |
| (b) Other Non-Operating Income | | |
| Insurance Claim Received | 0.70 | 2.14 |
| Gain on Sale of Property, Plant and Equipment | 0.78 | 0.42 |
| Income from Shared Services | 382.65 | 128.83 |
| Rental and Other Non Operating Income | 0.79 | 0.26 |
| | 397.22 | 153.19 |

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| 27 COST OF MATERIALS CONSUMED | | |
| Chrome Ore | 1,314.24 | 3,182.45 |
| Coal and Coke | 706.60 | 1,641.48 |
| Others | 112.71 | 223.62 |
| | 2,133.55 | 5,047.55 |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| 28 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS | | |
| Opening Stock | | |
| Finished Goods | 80.92 | 240.21 |
| By-Products | 42.93 | 9.05 |
| Work-in-Progress | 14.99 | 53.85 |
| | 138.84 | 303.11 |
| Less : Closing Stock | | |
| Finished Goods | 41.20 | 80.92 |
| By-Products | 3.70 | 42.93 |
| Work-in-Progress | 8.71 | 14.99 |
| | 53.61 | 138.84 |
| (Increase)/ Decrease in Stock | 85.23 | 164.27 |

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| 29 EMPLOYEE BENEFIT EXPENSES | | |
| Salaries and Wages | 263.23 | 329.43 |
| Contribution to Provident and Other Funds | 19.20 | 16.06 |
| Staff Welfare Expenses | 2.07 | 2.16 |
| | 284.50 | 347.65 |

Additional disclosures relating to Employee Benefit Obligations/ Expenses

(I) Post Employment Defined Contribution Plan

The Company contributes to the Provident Fund (PF) maintained by the Regional Provident Fund Commissioner. Under the PF scheme contributions are made by both the Company and its eligible employees to the Fund, based on the current salaries. An amount of ₹ 15.58 Million (31 March 2019 : ₹ 12.49 Million) has been charged to the Statement of Profit and Loss towards Company's contribution to the aforesaid PF scheme. Apart from making monthly contribution to the scheme, the Company has no other obligation.

(II) Post Employment Defined Benefit Plan - Gratuity (funded)

The Company provides for Gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity Trust Funds managed by the Life Insurance Corporation of India (LIC) make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's eligible salary for specified number of days, as per provisions of Gratuity Act depending upon the tenure of service subject to a maximum limit of ₹ 2.00 Million. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 2.2.11, based on which, the Company makes contributions to the Gratuity Fund.

The following Table sets forth the particulars in respect of the aforesaid Gratuity fund of the Company.

(III) Balance Sheet amounts - Post employment Defined Benefit Plan-Gratuity (Funded)

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|--------------------------------|------------------------------|--------------|
| 1 April 2018 | 20.99 | 17.07 | 3.92 |
| Current Service cost | 11.31 | - | 11.31 |
| Interest cost/Income | 1.62 | - | 1.62 |
| Past Service Cost | - | - | - |
| Investment Income | - | 1.30 | (1.30) |
| Total amount recognised in profit or loss | 12.93 | 1.30 | 11.63 |
| Remeasurements (gains)/losses | | | |
| - Change in Demographic assumptions | - | - | - |
| - Change in Financial assumptions | 0.24 | - | 0.24 |
| - Experience Variance (i.e. Actual Experience vs assumptions) | 0.25 | - | 0.25 |
| - Return on plan asset, Excluding amount recognised in net interest expense | - | (0.69) | 0.69 |
| Total amount recognised in Other Comprehensive Income | 0.49 | (0.69) | 1.18 |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|-----------------------------|---------------------------|--------------|
| Contributions by employer | - | - | - |
| Benefits paid | (8.92) | (8.92) | - |
| 1 April 2019 | 25.49 | 8.76 | 16.73 |
| Current Service cost | 2.39 | - | 2.39 |
| Interest Cost/Income | 1.94 | - | 1.94 |
| Past Service Cost | - | - | - |
| Investment Income | - | 0.67 | (0.67) |
| Total amount recognised in profit or loss | 4.33 | 0.67 | 3.66 |
| Remeasurements (Gains)/Losses | | | |
| - Change in Demographic assumptions | (0.02) | - | (0.02) |
| - Change in Financial assumptions | 2.43 | - | 2.43 |
| - Experience Variance (i.e. Actual Experience vs assumptions) | 2.61 | - | 2.61 |
| - Return on plan asset, excluding amount recognised in net interest expense | - | (0.62) | 0.62 |
| Total amount recognised in Other Comprehensive Income | 5.02 | (0.62) | 5.64 |
| Contributions by employer | - | 0.35 | (0.35) |
| Benefits paid | (8.38) | (8.38) | - |
| 31 March 2020 | 26.46 | 0.78 | 25.68 |

(IV) The net liability disclosed above relates to the aforesaid Gratuity Plan (Funded) is as follows:

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets: | | |
| Present Value of funded obligation at the end of the year | 26.46 | 25.49 |
| Fair Value of Plan Assets at the end of the year | 0.78 | 8.76 |
| Net Asset /(Liability) recognised in the Balance Sheet | 25.68 | 16.73 |

(V) Principal Actuarial Assumption Used:

| | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------|------------------------|------------------------|
| Discount Rates | 6.60% | 7.60% |
| Expected Salary Increase Rates | 5.00% | 5.00% |
| Attrition Rate | 2% depending on age | 2% depending on age |
| Mortality | IALM(12-14) Ultimate | IALM(06-08) Ultimate |

The Company ensures that the investment positions are managed within an Asset - Liability Matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the Gratuity scheme. Within this framework the Company's ALM objective is to match asset with gratuity obligation. The Company actively monitors how the duration and the expected yield of instruments are matching the expected cash outflow arising from the gratuity obligations. The Company has not changed the process used to manage its risk from previous period. The Company does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(VI) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------|------------------------|------------------------|
| Insurer Managed Funds | 100% | 100% |

(VII) Category of Plan Assets

| | As at 31 March 2020 | As at 31 March 2019 |
|---------------|------------------------|------------------------|
| Fund with LIC | 0.78 | 8.76 |
| Total | 0.78 | 8.76 |

Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flow) is 11 Years.

The expected maturity analysis of undiscounted gratuity benefit is as follows:

| | 1 Year | 2 to 5 Year | 6 to 10 Year | > 10 Year | Total |
|----------------------------|--------|-------------|--------------|-----------|-------|
| As at 31 March 2020 | | | | | |
| Defined Benefit Obligation | 3.10 | 5.86 | 9.29 | 40.06 | 58.31 |
| As at 31 March 2019 | | | | | |
| Defined Benefit Obligation | 3.79 | 5.56 | 8.52 | 46.03 | 63.90 |

(VIII) Sensitivity Analysis

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

| | As at 31 March 2020 | | As at 31 March 2019 | |
|----------------------------|---------------------|----------|---------------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (-/+1%) | 29.30 | 24.03 | 28.16 | 23.22 |
| Salary Growth Rate (-/+1%) | 24.01 | 29.28 | 23.19 | 28.17 |
| Attrition Rate(-/+50%) | 26.05 | 26.82 | 24.85 | 26.08 |
| Mortality Rate(-/+10%) | 26.39 | 26.52 | 25.39 | 25.60 |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(IX) The Company expects to contribute ₹ 28.54 Millions (Previous Year ₹ 19.92 Millions) to its gratuity fund in 2020-21

Risk Exposure

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above gratuity benefit, the most significant of which are as follows:

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity Risk: This is the risk that the company is not able to meet the short term gratuity pay-outs. This may arise due to non availability of enough cash/cash equivalents to meet the liabilities.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹ 20,00,000). An upward revision of maximum gratuity limit will result in gratuity plan obligation.

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| 30 FINANCE COSTS | | |
| Interest Expenses | 166.05 | 118.95 |
| Bank Charges and Amortisation of Processing fees etc | 2.01 | 12.28 |
| | 168.06 | 131.23 |

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| 31 DEPRECIATION AND AMORTISATION EXPENSES | | |
| Depreciation and Amortisation Expenses on Property, Plant and Equipment (Refer Note (a) below) | 482.77 | 455.00 |
| Amortisation Expenses on Intangible Assets | 0.38 | 0.40 |
| | 483.15 | 455.40 |

Note:

- a) Depreciation amount is reduced by ₹ 17.06 Million (Previous Year: ₹ 42.49 Million) towards allocation of depreciation of common facilities to VSSL.

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| 32 OTHER EXPENSES | | |
| Consumption of Stores and Spare Parts | 215.29 | 440.64 |
| Power and Fuel | 791.00 | 1,535.94 |
| Rent | 0.56 | 1.93 |
| Repairs to Buildings | 18.14 | 13.30 |
| Repairs to Machinery | 24.74 | 54.77 |
| Insurance Expenses | 3.89 | 4.09 |
| Rates and Taxes, Excluding Taxes on Income | 160.31 | 258.65 |
| Material Handling Expenses | 57.74 | 91.11 |
| Freight and Selling Expenses | 91.49 | 168.62 |
| Loss on Exchange Fluctuation (net) | 0.36 | 0.05 |
| Miscellaneous Expenses [Refer Note 41] | 206.46 | 152.72 |
| | 1,569.98 | 2,721.82 |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| 33 OTHER COMPREHENSIVE INCOME | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of the Defined Benefit Plans | (5.65) | (1.18) |
| | (5.65) | (1.18) |

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| 34 EARNING / (LOSS) PER EQUITY SHARE | | |
| (I) Basic | | |
| a. (Loss) / Profit After Tax | (848.46) | (661.62) |
| b. (i) Number of Equity Shares at the Beginning of the Year | 115,789,500 | 115,789,500 |
| (ii) Number of Equity Shares at the End of the Year | 115,789,500 | 115,789,500 |
| (iii) Weighted Average Number of Equity Shares Outstanding During the Year | 115,789,500 | 115,789,500 |
| (iv) Face Value of each Equity Share (₹) | 10.00 | 10.00 |
| c. Basic Earning / (Loss) per Share [a / (b)(iii)] (₹) | (7.33) | (5.71) |
| (II) Diluted | | |
| a. Dilutive Potential Equity Shares | | |
| b. Weighted Average number of Equity Shares for computing Dilutive Earning / (Loss) per Share | 115,789,500 | 115,789,500 |
| c. Diluted Earning / (Loss) per Share [same as (I)(c) above] (₹) | (7.33) | (5.71) |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| 35A CONTINGENT LIABILITIES | | |
| (a) Claims against the Company not Acknowledged as Debts : | | |
| (i) Sales / Customers and Related Matters | 191.90 | 191.90 |
| (ii) Purchases / Vendors and Related matters | 4,635.22 | 4,354.29 |
| (iii) Other Matters | 357.73 | 409.75 |
| (b) Other matters for which the Company is Contingently Liable : | | |
| (i) Disputed Income Tax matters under Appeal | 28.13 | 83.59 |
| (ii) Disputed Sales Tax matters under Appeal | 1.14 | 1.14 |
| (iii) Disputed Entry Tax matters under Appeal | 9.57 | 9.57 |
| (iv) Disputed Excise Duty matters under Appeal | 10.96 | 10.96 |
| (v) Disputed Service Tax matters under Appeal | 54.63 | 54.63 |

(c) In respect of the contingent liabilities mentioned in Note 35A(a) and 35A(b) above, pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any. The Company does not expect any reimbursements in respect of the above contingent liabilities.

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 35B CAPITAL COMMITMENT | | |
| Estimated amount of Contracts remaining to be executed on Capital Account and not provided for [Net of advance of ₹ Nil, (31 March 2019 : ₹ 0.33 Million)] | - | 40.46 |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

36 BUSINESS RE-ORGANISATION/RE-STRUCTURING PLAN

- (a) Pursuant to sanction of the Scheme of Arrangement by National Company Law Tribunal, Cuttack bench vide Order dated 8 July 2019 (NCLT Order) and filing of the certified copy thereof with 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 financial result of the Company would have been as under:

| Sl. No. | Particulars | Year Ended 31 March 2020 | Year Ended 31 March 2019 |
|---------|---|-----------------------------|-----------------------------|
| I | Total Income | 6,949.58 | 14,302.44 |
| II | Profit Before Tax | (1,918.90) | (1,616.67) |
| III | Profit After Tax | (1,918.90) | (1,616.67) |
| IV | Other Comprehensive Income | (6.45) | (1.18) |
| V | Total Comprehensive Income for the period | (1,925.35) | (1,617.85) |
| VI | Earnings/(Loss) per Equity Share | (16.57) | 13.96 |

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

| Sl. No. | Particulars | 31 March 2020 | 31 March 2019 |
|---------|-------------------------------------|------------------|------------------|
| I | Non Current Assets | 29,801.97 | 31,138.25 |
| II | Current Assets, Loan and Advances | 853.79 | 1,860.49 |
| | Total Assets | 30,655.76 | 32,998.74 |
| III | Equity | (11,476.69) | (9,551.39) |
| IV | Non Current Liabilities | 6,270.73 | 10,343.17 |
| V | Current Liabilities and Provision | 35,861.72 | 32,206.96 |
| | Equity and Total Liabilities | 30,655.76 | 32,998.74 |

- (b) The Board of Directors of the Company at its meeting held on 18 December 2014 had approved the merger of Kalinganagar Special Steel Pvt Ltd, a wholly owned Subsidiary of the Company, with the Company, on a going concern basis by way of Scheme of Amalgamation (the Scheme) with effect from 31 March 2014 pursuant to provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956. The Board of Directors has reviewed and discussed that since the Scheme stands lapsed, the Board decided to withdraw the Scheme.

- 37 The Company has incurred net loss during the year ended 31 March 2020 which has adversely impacted 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 including high prices of Chrome Ore during e - auction, high logistic cost, high duties/taxes/cess, high energy cost and delays in debt resolution etc. It is expected that the overall financial health of the Company would improve after debt resolution and improvement in working capital. Accordingly, the Company has prepared these financial statements on the basis of going concern assumption.

38 SEGMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2020

The Company is in the business of manufacturing of Ferro Alloys and hence has only one reportable operating segment as per IND AS 108 "Operating Segments". There is no reportable geographical segment of the Company.

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

39 FAIR VALUE MEASUREMENTS

a) Financial instruments by category

| | 31 March 2020 | | | 31 March 2019 | | |
|------------------------------------|------------------|----------|--------------|------------------|----------|--------------|
| | Amortised cost | FVTOCI | FVTPL | Amortised cost | FVTOCI | FVTPL |
| Financial Assets | | | | | | |
| Investments* | 11.30 | | 31.63 | 11.30 | | 31.63 |
| Trade Receivables | - | | | 175.54 | | |
| Cash and Cash Equivalents | 63.52 | | | 8.50 | | |
| Other Bank Balances | 19.75 | | | 36.58 | | |
| Loans | 63.73 | | | 101.79 | | |
| Others Financial Assets | 3.07 | | | 4.42 | | |
| Total Financial Assets | 161.37 | - | 31.63 | 338.13 | - | 31.63 |
| Financial Liabilities | | | | | | |
| Non Current Borrowings | 2,360.92 | | | 4,149.14 | | |
| Current Borrowings | 2,764.33 | | | 2,944.47 | | |
| Other financial liability | 10,602.15 | | | 8,958.64 | | |
| Trade Payables | 614.19 | | | 697.14 | | |
| Lease Liabilities (Non Current) | 499.54 | | | 183.30 | | |
| Total Financial Liabilities | 16,841.13 | - | - | 16,932.69 | - | - |

*Excludes investment measured at deemed cost/cost.

b) Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| Financial Assets and Liabilities measured at fair value as at 31 March 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|----------|--------------|----------|--------------|
| Financial Assets | | | | |
| Investments | | 31.63 | | 31.63 |
| Derivative Asset | | | | |
| Total Financial Assets | - | 31.63 | - | 31.63 |
| Financial Liabilities | | | | |
| Foreign exchange forward contracts (USD) | | - | | - |
| Total Financial Liabilities | - | - | - | - |

| Financial Assets and Liabilities measured at fair value as at 31 March 2019 | Level 1 | Level 2 | Level 3 | Total |
|---|----------|--------------|----------|--------------|
| Financial Assets | | | | |
| Investments | | 31.63 | | 31.63 |
| Total Financial Assets | - | 31.63 | - | 31.63 |
| Financial Liabilities | | | | |
| Foreign exchange forward contracts (USD) | | - | | - |
| Total Financial Liabilities | - | - | - | - |

Notes:

- Current financial assets and liabilities are stated at amortised cost which is approximately equal to their fair value.
- Non-current financial assets and liabilities measured at amortised cost have same fair value as at 31 March 2020 and 31 March 2019.

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

c) Valuation techniques

The following methods and assumptions were used to estimate the fair values

Investment has been fair valued based on valuation carried out by independent valuer.

Changes in level 2 and level 3 fair values are analysed at each reporting period

40 ASSETS HYPOTHECATED/MORTGAGED AS SECURITY (REFER NOTE 16 B)

The carrying amounts of certain categories of assets hypothecated/mortgaged as security for current and non-current borrowings pursuant to the requirements of Ind AS 2, Ind AS 16, Ind AS 38 and Ind AS 107:

| Particulars | As at | As at |
|---|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Current Assets | | |
| Financial assets | 86.34 | 249.78 |
| Non-financial assets | | |
| Inventories | 172.54 | 634.45 |
| Total current assets hypothecated/mortgaged as security(A) | 258.88 | 884.23 |
| Non-current Assets | | |
| Property, Plant and Equipment | 10,334.00 | 10,780.91 |
| Capital Work-in-progress | 2,902.72 | 2,971.37 |
| Intangible Assets | 1.26 | 1.64 |
| Certain Investments | 10.00 | 10.00 |
| Total non-currents assets hypothecated/mortgaged as security (B) | 13,247.98 | 13,763.92 |
| Total assets hypothecated/mortgaged as security (A+B) | 13,506.86 | 14,648.15 |

| Particulars | As at | As at |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 41 MISCELLANEOUS EXPENSES INCLUDES PAYMENT TO AUDITORS | | |
| As Auditors : | | |
| Audit Fees | 0.88 | 0.88 |
| Tax Audit Fees | 0.10 | 0.10 |
| Other Services | 0.89 | 0.48 |
| Re-imbursment of expenses | 0.04 | - |
| | 1.91 | 1.46 |

42 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise loans and borrowings in domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk "

This note presents information about the Company's exposure to each of the above risks and how the Company is managing such risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's risk management is carried out by the CFO and his team.

(A) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

the Company's receivables from customers and others. In addition, credit risk arises from financial guarantees.

The Company follows a credit risk management policy under which the Company transacts business only with counterparties that have a certain level of credit worthiness based on internal assessment of the parties, financial condition, historical experience, and other factors. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relate to individually significant exposures, and a collective loss component that are expected

to occur. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Debt securities are analysed individually, and an expected loss shall be directly deducted from debt securities.

Credit risk also arises from transactions with financial institutions, and such transactions include transactions of cash and cash equivalents, various deposits, and financial instruments such as derivative contracts. The Company manages its exposure to this credit risk by entering into transactions only with banks that have high ratings. The Company's treasury department authorises, manages, and oversees new transactions with parties with whom the Company has no previous relationship.

Furthermore, the Company limits its exposure to credit risk of financial guarantee contracts by strictly evaluating their necessity based on internal decision making processes, such as the approval of the board of directors.

(i) Credit risk exposure

The carrying amount of financial assets represents the Company's maximum exposure to credit risk. The maximum exposure to credit risk as of 31 March 2020 and 31 March 2019 are as follows:

| | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------------|------------------------|------------------------|
| Cash and cash equivalents | 63.52 | 8.50 |
| Other Bank balances | 19.75 | 36.58 |
| Loans and other receivables | 66.80 | 106.21 |
| Trade receivable (net) | - | 175.54 |
| | 150.07 | 326.83 |

(ii) Impairment losses on financial assets

Refer the table below for reconciliation of loss allowance in respect of Trade Receivables:

| | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Trade Receivables (measured under life time excepted credit loss model) | | |
| Loss Allowance at the beginning of the year | 4.50 | 11.00 |
| Add: Loss Allowance provided during the year | - | 3.07 |
| Less: Write Off | - | - |
| Less: Loss Allowance reversed during the year | 4.50 | 9.57 |
| Loss Allowance at the end of the year | - | 4.50 |

The aging of trade accounts and notes receivable as of 31 March 2020 and 31 March 2019 are as follows:

| | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------|------------------------|------------------------|
| Not due | | |
| Over due less than 3 month | - | 180.04 |
| | - | 180.04 |

No significant changes in estimation techniques or assumptions were made during the reporting period

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(B) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

However, in view of various unfavourable factors as set out in Note 37, the Company has been experiencing stressed liquidity condition. In order to overcome such situation, the Company has been taking measures to ensure that the Company's cash flow from business borrowing or financing is sufficient to meet the cash requirements for the Company's operations.

Maturities of financial liabilities

Contractual maturities for non-derivative and derivative financial liabilities, including estimated interest, at undiscounted values are as follows:

| As at 31 March 2020 | upto 12 months | more than 1 year and upto 5 years | > 5 Years | Total |
|----------------------------------|------------------|--------------------------------------|---------------|------------------|
| Trade accounts and notes payable | 614.19 | - | - | 614.19 |
| Non Current Borrowings @ | - | 2,360.92 | - | 2,360.92 |
| Lease Liabilities | 37.32 | 158.36 | 341.18 | 536.86 |
| Current Borrowings @ | 2,764.33 | - | - | 2,764.33 |
| Other financial liabilities @ | 10,564.83 | - | - | 10,564.83 |
| | 13,980.67 | 2,519.28 | 341.18 | 16,841.13 |

| As at 31 March 2019 | upto 12 months | more than 1 year and upto 5 years | > 5 Years | Total |
|----------------------------------|------------------|--------------------------------------|--------------|------------------|
| Trade accounts and notes payable | 697.14 | - | - | 697.14 |
| Non Current Borrowings @ | - | 4,149.14 | - | 4,149.14 |
| Lease Liabilities | 17.04 | 117.86 | 65.44 | 200.34 |
| Current Borrowings @ | 2,944.47 | - | - | 2,944.47 |
| Other financial liabilities @ | 9,057.62 | - | - | 9,057.62 |
| | 12,716.27 | 4,267.00 | 65.44 | 17,048.71 |

@ The contractual maturity obligations in respect of borrowings as set out above may undergo changes upon debt resolution.

(C) Market Risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The goal of market risk management is optimisation of profit and controlling the exposure to market risk within acceptable limits.

i) Interest rate risk

The Company manages the exposure to interest rate risk by monitoring interest rate risks regularly in order to avoid exposure to interest rate risk on borrowings.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

a) Interest rate risk exposure

The carrying amount of interest-bearing financial instruments as of 31 March 2020 and 31 March 2019 are as follows:

| | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------------|------------------------|------------------------|
| Variable rate financial liabilities | 12,390.29 | 12,669.95 |
| Variable rate financial assets | - | - |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

b) Sensitivity analysis on the fair value of financial instruments with fixed interest rate

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

c) Sensitivity analysis on the cash flows of financial instruments with variable interest rate

As of 31 March 2020 and 31 March 2019, provided that other factors remain the same and the interest rate of borrowings with floating rates increases or decreases by 1%, the changes in interest expense for the years ended 31 March 2020 and 31 March 2019 were as follows:

| | Impact on profit before tax | |
|---|-----------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| Interest rates - increase by 100 basis points [Refer (a) below] | (123.90) | (126.70) |
| Interest rates - decrease by 100 basis points [Refer (a) below] | 123.90 | 126.70 |

(a) The company has stopped providing interest accrued and unpaid effective 1 April 2016 in its books. Refer note 16 (D).

(D) Other Risk-Impact of the COVID 19 pandemic

The operations of the Company were temporarily impacted due to shutdown of its plant following nationwide lockdown imposed by the Government. The Company has since resumed its operations in a phased manner as per directives from the Government of India. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

43 CAPITAL MANAGEMENT

a) Risk Management

The fundamental goal of capital management are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

For the purpose of company's capital management, capital includes issued capital and all other equity reserves. The company manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants.

However in view of certain adverse factors and challenges being faced by the Company over past few years as explained in Note 37.

The Company manages its capital on the basis of net debt to equity ratio which is net debt divided by total equity

| | 31 March 2020 | 31 March 2019 |
|---------------------------------|---------------|---------------|
| Net Debt | 15,903.41 | 15,849.89 |
| Total equity | 352.43 | 1,206.54 |
| Net debt to equity ratio | 45.13 | 13.14 |

b) Loan Covenants

The Company has been under financial stress since 2011-12 due to various external factors beyond the control of the Company and the EBITDA margins of the Company since 2011-12 have not been sufficient to service interest / principal repayment. The outstanding principal term loan amount was only ₹ 3,850.00 Million as on 1 April 2013. During the period April 2013 to March 2016, the lenders have charged/recovered approx. ₹ 4,258.51 Million on account of interest/ repayment whereas EBITDA during this period was only approx. ₹ 1,413.93 Million. This has resulted in ballooning of liabilities of the Company towards its lenders. (Also refer note 16A).

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

44 RELATED PARTY DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD(IND AS) 24

| (a) Related Parties | Names of the Related Parties |
|---|--|
| (i) Where Control Exists | |
| Subsidiaries | Ghotaringa Minerals Limited- upto 22 February 2019 Kalinganagar Special Steel Private Limited (KSSPL) Kalinganagar Chrome Private Limited (KCPL) VISA Ferro Chrome Limited (VFCL), a subsidiary of KSSPL VISA Special Steel Limited (VSSL), a subsidiary of VFCL |
| (ii) Others | |
| Joint Venture Company | VISA Urban Infra Limited |
| Enterprise having significant influence | VISA Infrastructure Limited VISA International Limited |
| Key Managerial Personnel | Mr. Vishambhar Saran (Chairman) Mr. Vishal Agarwal (Vice Chairman & Managing Director) Mr. Manoj Kumar (Director-Kalinganagar) Mr. Pratip Chaudhuri (Non-executive Director) Mr. Manas Kumar Nag (Nominee Director) deceased on 31 March 2019 Mr. Kishore Kumar Mehrotra (Non-executive Director) up to 10 July 2018 Ms. Rupanjana De (Non-executive Director) Mr. Sheo Raj Rai (Non-executive Director) Mr. Dhanesh Ranjan (Non-executive Director) w.e.f 30 September 2018 |
| Relatives of Key Managerial Personnel | Mrs. Bhawna Agarwal (Wife of Mr. Vishal Agarwal) |
| Member of a Group of which Enterprise having significant influence is also a member | VISA Resources India Limited VISA Minmetal Limited VISA Coke Limited |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(b) Details of Transactions with Related Parties

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

| Nature of Transactions | Name of the Related Parties | 31 March 2020 | 31 March 2019 |
|--|---|---------------|---------------|
| Purchase of Goods | VISA Coke Limited | 540.30 | 829.18 |
| | VISA Special Steel Ltd | 146.05 | - |
| | VISA Minmetal Limited | 526.87 | 1,973.11 |
| Sale of Goods | VISA Special Steel Ltd | 649.97 | - |
| | VISA Minmetal Limited | 3,045.84 | 5,600.09 |
| Rent Paid | VISA Minmetal Limited | 0.80 | 0.60 |
| Hire Charges Paid | VISA Resources India Limited | - | 7.38 |
| Shared Service Fees Received | VISA Coke Limited | 111.68 | 156.32 |
| | VISA Special Steel Ltd | 330.44 | - |
| Finance Cost | VISA Infrastructure Limited | 35.50 | 35.40 |
| Lease Rental Paid | VISA Coke Limited | 37.48 | 37.48 |
| | VISA Special Steel Ltd | 26.66 | - |
| Remuneration to KMP | Mr. Vishambhar Saran | 16.35 | 17.46 |
| | Mr. Vishal Agarwal | 17.34 | 18.40 |
| | Mr. Manoj Kumar | 7.26 | 7.65 |
| Sitting Fees | Mr. Pratip Chaudhuri (Independent Director) | 0.38 | 0.36 |
| | Mr. Manas Kumar Nag (Nominee Director) | - | 0.16 |
| | Mr. Kishore Kumar Mehrotra (Independent Director) | - | 0.08 |
| | Ms. Rupanjana De (Independent Director) | 0.44 | 0.32 |
| | Mr. Dhanesh Ranjan (Independent Director) | 0.14 | 0.08 |
| | Mr. Sheo Raj Rai (Independent Director) | 0.36 | 0.28 |
| Reimbursement of Expenses (Net) | VISA Coke Limited | 32.85 | 1.60 |
| | VISA Minmetal Limited | 0.15 | 0.31 |
| | VISA Resources India Limited | - | 1.72 |
| | VISA Special Steel Ltd | 112.76 | - |
| Receipt of Security Deposit Given (Net) | VISA Minmetal Limited | - | 163.95 |
| | VISA International Limited | - | 5.50 |
| Investment/Loan/Interest accrued on Loan Written off | Ghotaringa Minerals Limited | - | 13.29 |
| Transactions Pursuant to transfer of Special Steel Undertaking | VISA Special Steel Limited | - | 96.89 |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(c) Details of Transactions with Related Parties

| Nature of Transaction | 31 March 2020 | | | | | 31 March 2019 | | | | |
|--|--------------------|---|--------------------------|---------------------------------------|---------------------|--------------------|---|--------------------------|---------------------------------------|---------------------|
| | Subsidiary Company | Enterprise having significant influence | Key Managerial Personnel | Relatives of Key Managerial Personnel | Other Related Party | Subsidiary Company | Enterprise having significant influence | Key Managerial Personnel | Relatives of Key Managerial Personnel | Other Related Party |
| Purchase of Goods | 146.05 | - | - | - | 1,067.17 | - | - | - | - | 2,802.29 |
| Sale of Goods | 649.97 | - | - | - | 3,046.71 | - | - | - | - | 5,597.90 |
| Rent Charges | - | - | - | - | 0.80 | - | - | - | - | 0.60 |
| Hire Charges | - | - | - | - | - | - | - | - | - | 7.38 |
| Income From Shared Services | 330.44 | - | - | - | 111.68 | - | - | - | - | 156.32 |
| Sale of Export Incentive Licences | - | - | - | - | 2.59 | - | - | - | - | 2.19 |
| Finance Cost | - | 35.50 | - | - | - | - | 35.40 | - | - | - |
| Lease Rental | 26.66 | - | - | - | 37.48 | - | - | - | - | 37.48 |
| Remuneration | - | - | 40.95 | 4.43 | - | - | - | 43.50 | 4.63 | - |
| Sitting Fees | - | - | 1.32 | - | - | - | - | 1.28 | - | - |
| Re-imbursment of Expenses (Net) | - | - | - | - | - | - | - | - | - | 0.76 |
| Recovery of Expenses (Net) | 112.76 | - | - | - | 33.00 | 0.02 | 0.05 | - | - | 0.34 |
| Receipt of Security Deposit Given (Net) | - | - | - | - | - | - | 5.50 | - | - | 163.95 |
| Investment/Loan/Interest accrued on Loan Written off | - | - | - | - | - | 13.29 | - | - | - | - |
| Transactions Pursuant to transfer of Special Steel Undertaking | - | - | - | - | - | 96.89 | - | - | - | - |

NOTES TO FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(d) Details of Balances with Related Parties as at 31 March 2020

| Balance | Subsidiary Company | Enterprise having significant influence | Key Managerial Personnel | Relatives of Key Managerial Personnel | Other Related Parties |
|----------------|--------------------|---|--------------------------|---------------------------------------|-----------------------|
| Receivable# | 3,743.09 | - | - | - | - |
| Payable | - | - | 9.41 | 1.13 | 119.87 |
| Unsecured Loan | - | 442.50 | - | - | - |

Details of Balances with Related Parties as at 31 March 2019

| Balance | Subsidiary Company | Enterprise having significant influence | Key Managerial Personnel | Relatives of Key Managerial Personnel | Other Related Parties |
|-----------------------------|--------------------|---|--------------------------|---------------------------------------|-----------------------|
| Receivable# | 3,718.92 | - | - | - | - |
| Payable | - | - | 3.44 | 1.13 | 365.58 |
| Unsecured Loan | - | 442.50 | - | - | - |
| Security Deposit Receivable | - | 2.50 | - | - | 22.24 |

Represents amount receivable from VISA Special Steel Limited pursuant to sanction of the Scheme of Arrangement by National Company Law Tribunal, Cuttack bench vide Order dated 8 July 2019 (NCLT Order) effective from 13 July 2019. Consequently, the Special Steel Undertaking of the company stood transferred to and vested in VISA Special Steel Limited on and from the Appointed Date of the Scheme being 1 April 2013. To give effect of the sanctioned scheme, the Company has allocated the various heads of income and expenditures including depreciation since 1 April 2013 resulting in accumulation of receivable from VISA Special Steel Limited.

(e) Details of compensation paid to KMP

| KMP COMPENSATION | VISHAMBHAR SARAN | | VISHAL AGARWAL | | MANOJ KUMAR | |
|-------------------------------|------------------|---------------|----------------|---------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Short-Term Employee Benefits | 15.08 | 15.12 | 16.13 | 16.18 | 7.14 | 7.48 |
| Post-Employment Benefits | 1.27 | 2.34 | 1.21 | 2.22 | 0.12 | 0.17 |
| Long-Term Employee Benefits | - | - | - | - | - | - |
| Termination Benefits | - | - | - | - | - | - |
| Employee Share Based Payments | - | - | - | - | - | - |
| Total Compensation | 16.35 | 17.46 | 17.34 | 18.40 | 7.26 | 7.65 |

(f) The Company is taking support of Related Parties for making payments on-behalf of the Company for supply of essential goods and critical raw material to ensure that Plant is operational, and adjusting the receivable and payable amount. The transaction falling under the ambit of Section 188 of Companies Act are at Arm's length and in Ordinary Course of business.

45 (i) Balances of certain debtors and creditors are subject to confirmation and reconciliation. In the opinion of the management, current assets and advances will have value on realisation in the ordinary course of business at least equal to the amount at which they are stated and also the current liabilities and advances will not have claims more than at which they are stated. ii) Balances of banks/financial institutions are subject to confirmation. iii) Some winding up petitions filed against the Company are pending and the Company is contesting the same.

46 PREVIOUS YEAR FIGURES

The previous year figures are reclassified where considered necessary to conform to this year's classification.

For Singhi & Co.
Chartered Accountants
Firm Registration Number -302049E

For and on behalf of the Board of Directors

Pradeep Kumar Singhi
Partner
Membership Number-50773

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Place: Kolkata
Date: 30 July 2020

Sudhir Kumar Banthiya
Company Secretary

Surinder Kumar Singhal
Chief Financial Officer

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020,
 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] (Standalone basis)

| I. Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) (₹ In Million) | Adjusted Figures (audited figures after adjusting for qualifications) (₹ In Million) |
|---|---|---|--|
| 1 | Total income | 3,876.01 | 3,876.01 |
| 2 | Total Expenditure | 4,724.47 | 6,167.87 |
| 3 | Net Profit/(Loss) | (848.46) | (2,291.86) |
| 4 | Earnings Per Share | (7.33) | (19.79) |
| 5 | Total Assets | 18,073.73 | 18,073.73 |
| 6 | Total Liabilities | 17,721.30 | 23,642.14 |
| 7 | Net Worth | 352.43 | (5,568.41) |
| 8. | Any other financial item(s) (as felt appropriate by the management) | - | - |
| II. Audit Qualification (each audit qualification separately): | | | |
| a. Details of Audit Qualification: As per Annexure A | | | |
| b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion | | | |
| c. Frequency of qualification: since how long continuing - FY 2017 | | | |
| d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: As per Annexure A | | | |
| e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable | | | |
| (i) Management's estimation on the impact of audit qualification: | | | |
| (ii) If management is unable to estimate the impact, reasons for the same: | | | |
| (iii) Auditors' Comments on (i) or (ii) above: | | | |
| III. Signatories: | | | |
| • Managing Director | | Vishal Agarwal | |
| • CFO | | Surinder Kumar Singhal | |
| • Audit Committee Chairperson | | Rupanjana De | |
| • Statutory Auditor | | For Singhi & Co. Firm Registration Number:302049E Chartered Accountants Pradeep Kumar Singhi Partner Membership Number 50773 | |

Place: Kolkata

Date: 30 July 2020

ANNEXURE – A

| Sl. No | Details of Audit Qualification (s) | Management's Views | |
|-------------------------------------|--|--|---|
| 1 | <p>Auditors in their Standalone Audit Report has stated that:</p> <p>Basis of Qualified Opinion</p> <p>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 31 March 2020 is ₹ 5,920.84 Million (including ₹ 1,459.69 Million for FY 2016-17, ₹ 1,552.29 Million for FY 2017-18, ₹ 1,465.46 Million for the FY 2018-19, ₹ 344.31 Million and ₹ 1,443.40 Million for the quarter and year ended 31 March 2020 respectively) which is not in accordance with the requirement of Ind AS 23: 'Borrowing Cost' read with Ind AS 109: 'Financial Instruments'.</p> <p>Had the aforesaid interest expense been recognized, finance cost for the quarter and year ended 31 March 2020 would have been ₹ 390.15 Million and ₹ 1,611.46 Million instead of the reported amount of ₹ 45.84 Million and ₹ 168.06 Million respectively. Total expenses for the quarter and year ended 31 March 2020 would have been ₹ 1,452.67 Million and ₹ 6,167.87 Million instead of the reported amount of ₹ 1,108.36 Million and ₹ 4,724.47 Million. Net loss after tax for the quarter and year ended 31 March 2020 would have been ₹ 535.38 Million and ₹ 2,291.86 Million instead of the reported amount of ₹ 191.07 Million and ₹ 848.46 Million. Total Comprehensive Income for the quarter and year ended 31 March 2020 would have been ₹ (539.04) Million and ₹ (2,297.51) Million instead of the reported amount of ₹ (194.73) Million and ₹ (854.11) Million, other equity would have been ₹ (6,726.31) Million against reported ₹ (805.47) Million, other current financial liability would have been ₹ 16,522.99 Million instead of reported amount of ₹ 10,602.15 Million and Loss per share for the quarter and year ended 31 March 2020 would have been ₹ 4.62 and ₹ 19.79 instead of the reported amount of ₹ 1.65 and ₹ 7.33.</p> <p>The above reported interest has been calculated using Simple Interest rate.</p> | <p>The majority of lenders have stopped charging interest on debts, since the dues from the Company have been categorised as Non-Performing Asset. The amount of interest expenses not provided for is estimated at ₹ 344.31 Million for the quarter ended 31 March 2020 and the accumulated interest not provided as on 31 March 2020 is estimated at ₹ 5,920.84 Million.</p> | |
| Vishal Agarwal Managing Director | Surinder Kumar Singhal Chief Financial Officer | Rupanjana De Chairperson, Audit Committee | For Singhi & Co. Firm Registration Number: 302049E Chartered Accountants Pradeep Kumar Singhi Partner Membership Number 50773 |

INDEPENDENT AUDITORS' REPORT

To the Members of VISA Steel Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

1. We have audited the accompanying consolidated financial statements of **VISA Steel Limited** ("hereinafter referred to as the Parent Company") and its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group"), and its joint venture (refer Note 43 to the attached consolidated financial statements), comprising the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and joint venture as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and except for the effect of matter referred to in paragraph 2 below give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its joint venture as at March 31, 2020, of its consolidated total comprehensive income (comprising consolidated loss and consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows for the year then ended.

BASIS FOR QUALIFIED OPINION

2. We draw your attention to Note 16D of the accompanying the consolidated financial statements with regard to non-recognition of interest expense by Parent Company and one of its Subsidiary. The accumulated interest not provided as on March 31, 2020 is ₹15,001.78 million (including ₹ 3,840.96 million for FY 2016-17, ₹ 3,874.55 million for FY 2017-18, ₹ 3,667.27 million for FY 2018-19 and ₹ 3,619.00 million for the year ended March 31, 2020 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 year ended March 31, 2020 would have been

₹ 3,814.42 million instead of the reported amount of ₹195.42 million. Total expenses for the year ended March 31, 2020 would have been ₹12,487.65 million instead of the reported amount of ₹ 8,868.65 million. Net loss after tax for the year ended March 31, 2020 would have been ₹ 5,538.02 million instead of the reported amount of ₹ 1,919.02 million. Total Comprehensive Income for the year ended March 31, 2020 would have been ₹ (5,544.47) million instead of the reported amount of ₹ (1,925.47) million, other equity would have been ₹ (27,637.65) million against reported ₹ (12,635.87) million, other current financial liability would have been ₹ 40,997.10 million instead of reported amount of ₹ 25,995.32 million and Loss per share for the year ended March 31, 2020 would have been ₹ 47.83 instead of the reported amount of ₹ 16.57.

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

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and audit evidence obtained by other auditors in terms of their report is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

4. We draw your attention to Note 36 to the consolidated financial statements regarding the preparation of the consolidated financial statements on going concern basis, for the reason stated therein. The Parent Company and one of its subsidiary VISA Special Steel Limited (VSSL), has accumulated losses and has also incurred losses during the year ended March 31, 2020. As on date, the Parent Company and one of its subsidiary VSSL's current liabilities are substantially higher than its current assets and their net worth has also been fully eroded. Further the State Bank of India (financial creditor) had filed an application before National Company Law Tribunal (NCLT) Kolkata Bench for initiating Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), which stands dismissed by NCLT, Cuttack Bench. SBI has preferred an Appeal before National Company Law Appellate Tribunal (NCLAT) New Delhi which is pending and the matter is sub-judice. These conditions indicate the existence of a material uncertainty that may cast

significant doubt on the Group's ability to continue as going concern and therefore it may be unable to realize 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. 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 Parent Company and one of its subsidiary VSSL which is under process, the Parent Company and one of its subsidiary VSSL'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 Parent 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 Parent Company.

Management of the Parent Company has prepared the statement on going concern basis based on their assessment of the successful outcome of the debt resolution which will enhance the Parent Company and one of its subsidiary VSSL's viability and accordingly no adjustments have been made to the carrying value of the assets and liabilities.

Our opinion is not qualified in respect to the above matter.

EMPHASIS OF MATTER

5. We draw your attention to the following matters:

Refer Note 44 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 the VISA Special Steel Limited, (a wholly owned step down subsidiary) ("VSSL" "transferee Company") at their respective book values 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 filled with the Registrar of Companies, Cuttack.

To give the impact of the sanctioned scheme, the Consolidated Financial Statements 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.

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. The NCLT Order sanctioning the schemes does not have any impact on the Consolidated Financial statements of the Group.

Our opinion is not qualified in respect to the above matter.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

- The Parent Company's management and Board of Directors are responsible for the preparation of other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance Report, Shareholder's Information, but does not include the consolidated financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditors report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance.

KEY AUDIT MATTERS

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| <p>Related Party Transactions</p> <p>Refer to Note No. 43 to the consolidated financial statements. A significant part of the Parent Company's revenue and purchases of coal and coke relates to transactions with related party. The details of Related Party Transactions have been disclosed in Note No. 43 Related Party Transactions. Transactions of Parent Company with other related party for revenue generation is 87 % of its total revenue and coal and coke purchased is almost 98 % of its total coal and coke purchased. Transactions with related parties are significant for audit due to the materiality of revenue and purchase of coal and coke which are from other related parties and possible transfer price risk associated with transactions with related parties.</p> | <p>We addressed the Key Audit Matter as follows :-</p> <ol style="list-style-type: none"> 1) We reviewed the policy of the Parent Company with respect to related party transactions. 2) We reviewed the minutes of the meeting of the Audit Committee and Board. 3) We reviewed the list of Related party identified by the Parent Company. 4) We performed the sales process / procurement process walk through and tested the controls. 5) We obtained the transfer pricing document prepared by the Parent Company and assessed the Key Assumptions. 6) We have assessed the application of transfer price documents in executing the transactions. 7) We reviewed compliance with Section 177 & 188 of the Companies Act 2013 for related party transaction. 8) We reviewed whether transactions between related parties are on normal commercial terms and conditions no more favorable than those otherwise available to other parties considering the present financial position of the Parent Company. 9) We reviewed the disclosure of related party transactions as per Ind AS 24. <p>Conclusion :</p> <p>Our audit procedures did not lead to any reservations regarding the related party transactions and its disclosure.</p> |
| <p>Valuation of Inventories</p> <p>Refer to Note No. 7 to the consolidated financial statements. As described in the accounting policies in note 2.2.7 to the consolidated financial statements, inventories are carried at the lower of cost and net realizable value. As a result, the management applies judgment in determining the appropriate provisions for obsolete stock based upon a detailed analysis of old inventory, net realizable value below cost based upon future plans for sale of inventory.</p> | <p>How our audit addressed the key audit matter:</p> <p>We obtained assurance over the appropriateness of the management's assumptions applied in calculating the value of the inventories and related provisions by:-</p> <ol style="list-style-type: none"> 1. Completed a walkthrough of the inventory valuation process and assessed the design and implementation of the key controls addressing the risk 2. Verifying the effectiveness of key inventory controls operating over inventories. 3. Verifying for a sample of individual products that costs have been correctly recorded. 4. Comparing the net realizable value to the cost price of inventories to check for completeness of the associated provision. 5. Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year. 6. Recomputing provisions recorded to verify that they are in line with the Parent Company's policy. <p>Conclusion :</p> <p>Based on the audit procedures performed we are satisfied that the valuation of inventory is appropriate.</p> |

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

8. The Parent Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated loss and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and its joint venture are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its joint venture are responsible for overseeing the financial reporting process of each Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Parent and subsidiaries) as well as joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint venture to express an opinion

INDEPENDENT AUDITORS' REPORT

on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements of which we are the auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

10. Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
11. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.
12. We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would

reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

15. We did not audit the financial statements / financial information of 3 subsidiaries whose financial statements reflect total assets of ₹ 1.80 Million and net assets of ₹ 1.25 Million as at March 31, 2020, total revenue of ₹ Nil Million, net loss of ₹ 0.19 Million, total comprehensive income (comprising of loss and other comprehensive income) of ₹ (0.19) Million for the year ended March 31, 2020 and net cash flows amounting to ₹ 0.02 Million for the year ended March 31, 2020, as considered in the consolidated annual financial statements. The consolidated annual financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 0.05 Million for the year ended March 31, 2020 as considered in the consolidated annual financial statements, in respect of a joint venture whose financial statements have not been audited by us. These annual financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated annual financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiaries and joint venture and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries and joint venture, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of such subsidiaries and joint venture as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, except for the matter referred to in paragraph 2 above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, except for the matter referred to in paragraph 2 above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2020 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its subsidiary companies and joint venture incorporated in India, none of the directors of the Group companies and its joint venture incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Parent Company and its joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Parent Company, its subsidiary companies and joint venture to its directors is in accordance with the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiaries and its joint venture as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2020 on the consolidated financial position of the Group and its joint venture. Refer Note 35A to the consolidated financial statements.
 - ii. The Group and its joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company or its subsidiary companies, joint venture incorporated in India during the year ended March 31, 2020.

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

(Pradeep Kumar Singhi)

Partner

Membership No. 050773

UDIN : 20050773AAAAAS8655

Place: Kolkata

Date: July 30, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 16 (f) of the Independent Auditors' Report of even date to the members of VISA Steel Limited on the consolidated financial statements for the year ended March 31, 2020.

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. In conjunction with our audit of the consolidated financial statements of VISA Steel Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of the Company (hereinafter referred to as "the Parent Company") and its subsidiary companies and its joint venture, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The respective Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of Parent, its Subsidiary Companies and its Joint Venture which are Companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, with reference to the consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary and joint venture company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that:
 - i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls,

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

BASIS FOR QUALIFIED OPINION

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of internal financial controls with reference to financial statements of the Parent Company as at March 31, 2020:

The internal financial controls of the Parent Company and one of its subsidiary relating to application of appropriate policies and procedures that provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles were not operating effectively which resulted in non-recognition of interest expense as indicated in Note 16D to the consolidated financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

QUALIFIED OPINION

10. In our opinion, the Parent Company, its subsidiary companies and its joint venture, which are companies incorporated in India, have in all material respects, an adequate internal financial controls with reference to financial statements and except for the effects of the material weakness described in the Basis for Qualified Opinion paragraph above, such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal financial controls with reference to financial statements criteria established by the Parent Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

11. Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to three subsidiaries and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not qualified in respect of this matter.

EXPLANATORY PARAGRAPH

12. We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the consolidated financial statements which comprise the Balance Sheet as at March 31, 2020, and the related Statement of Profit and Loss including other comprehensive income and Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. Resultant impact of this material weakness has been appropriately considered in our audit of the consolidated financial statements for the year ended March 31, 2020 and this report affect our report dated July 30, 2020, which expressed a qualified opinion on those financial statements.

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

(Pradeep Kumar Singhi)

Partner

Membership No. 050773
UDIN : 20050773AAAAAS8655

Place: Kolkata
Date: July 30, 2020

CONSOLIDATED BALANCE SHEET

as at 31 March 2020

All amount in ₹ Million, unless otherwise stated

| Sl. No. | Particulars | Note | As at 31 March 2020 | As at 31 March 2019 |
|-----------|--|-------|------------------------|------------------------|
| I. | ASSETS | | | |
| | Non-Current Assets | | | |
| | Property, Plant and Equipment including ROU Assets | 3A | 26,791.19 | 28,039.95 |
| | Capital Work-In-Progress | 3C | 2,902.72 | 2,971.36 |
| | Intangible Assets | 3B | 1.35 | 1.74 |
| | Financial Assets | | | |
| | (i) Investments | 4 | 31.63 | 31.63 |
| | (ii) Investments accounted for using the Equity Method | 39(c) | 10.24 | 10.19 |
| | (iii) Loans | 5 | 63.78 | 77.71 |
| | Deferred Tax Assets (Net) | 6 | - | - |
| | Total Non Current Assets | | 29,800.91 | 31,132.58 |
| | Current Assets | | | |
| | Inventories | 7 | 327.98 | 1,020.79 |
| | Financial Assets | | | |
| | (i) Trade receivables | 8 | 90.79 | 332.21 |
| | (ii) Cash and Cash Equivalents | 9 | 73.54 | 8.80 |
| | (iii) Other Bank Balances [other than (ii) above] | 10 | 20.51 | 36.58 |
| | (iv) Loans | 11 | - | 24.74 |
| | (v) Others Financial Assets | 12 | 3.07 | 4.42 |
| | Current Tax Assets (Net) | 13 | 90.66 | 125.01 |
| | Other Current Assets | 14 | 247.36 | 312.51 |
| | Total Current Assets | | 853.91 | 1,865.06 |
| | TOTAL ASSETS | | 30,654.82 | 32,997.64 |
| II | EQUITY AND LIABILITIES: | | | |
| | Equity | | | |
| | Equity Share Capital | 15A | 1,157.90 | 1,157.90 |
| | Other Equity | 15B | (12,635.87) | (10,710.40) |
| | Non-Controlling Interest | | - | - |
| | | | (11,477.97) | (9,552.50) |
| | Liabilities | | | |
| | Non-Current Liabilities | | | |
| | Financial Liabilities | | | |
| | (i) Borrowings | 16 | 6,021.38 | 10,119.52 |
| | (ii) Other financial liabilities | 17 | 190.15 | 183.30 |
| | Provisions | 18 | 59.20 | 40.36 |
| | Total Non Current Liabilities | | 6,270.73 | 10,343.18 |
| | Current Liabilities | | | |
| | Financial Liabilities | | | |
| | (i) Borrowings | 19 | 7,622.59 | 7,861.95 |
| | (ii) Trade Payables due to | 20 | | |
| | - Micro and Small Enterprises | | - | 15.69 |
| | - Other than Micro and Small Enterprises | | 1,181.71 | 1,117.98 |
| | (iii) Other Financial Liabilities | 21 | 25,995.32 | 22,128.61 |
| | Contract Liabilities | 22 | 52.55 | 118.39 |
| | Other Current Liabilities | 23 | 1,002.03 | 946.82 |
| | Provisions | 24 | 7.86 | 17.52 |
| | Total Current Liabilities | | 35,862.06 | 32,206.96 |
| | TOTAL EQUITY AND LIABILITIES | | 30,654.82 | 32,997.64 |

This is the Consolidated Balance Sheet referred to in our report of even date.

For Singhi & Co.
Chartered Accountants
Firm Registration Number - 302049E

Pradeep Kumar Singhi
Partner
Membership Number-50773

Place: Kolkata
Date: 30 July 2020

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Sudhir Kumar Banthiya
Company Secretary

The accompanying Notes form an integral part of these Financial Statements

For and on behalf of the Board of Directors

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Surinder Kumar Singhal
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2020

All amount in ₹ Million, unless otherwise stated

| Sl. No. | Particulars | Note | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---------|--|-------|-----------------------------|-----------------------------|
| I | Revenue from Operations | 25 | 6,833.44 | 14,142.68 |
| II | Other Income | 26 | 116.14 | 159.76 |
| III | Total Income | | 6,949.58 | 14,302.44 |
| IV | EXPENSES | | | |
| | Cost of Materials Consumed | 27 | 4,907.62 | 10,326.69 |
| | Purchases of Stock-In-Trade | | - | - |
| | Changes in Inventories of Finished Goods, Stock-In-Trade and Work-In-Progress | 28 | 97.04 | 219.13 |
| | Employee Benefit Expenses | 29 | 505.13 | 674.52 |
| | Finance Costs | 30 | 195.42 | 186.64 |
| | Depreciation and Amortisation Expenses | 31 | 1,340.55 | 1,333.96 |
| | Other Expenses | 32 | 1,822.89 | 3,177.72 |
| | Total Expenses | | 8,868.65 | 15,918.66 |
| | Profit/(Loss) before Exceptional Items, Share of Net Profit of Investment accounted using Equity Method and Tax | | (1,919.07) | (1,616.22) |
| | Share of Net Profit of Joint Venture accounted using Equity Method and Tax | 39(c) | 0.05 | (0.12) |
| V | Profit/(Loss) before Exceptional Items and Tax | | (1,919.02) | (1,616.34) |
| VI | Exceptional Items | | - | - |
| VII | Profit/(Loss) before Tax | | (1,919.02) | (1,616.34) |
| VIII | Tax Expenses | | | |
| | 1) Current Tax | | - | - |
| | 2) Deferred Tax | | - | - |
| IX | Profit/(Loss) for the period | | (1,919.02) | (1,616.34) |
| X | Other Comprehensive Income | 33 | | |
| A (i) | Items that will not be reclassified to profit or loss | | (6.45) | (1.18) |
| A (ii) | Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| B (i) | Items that will be reclassified to profit or loss | | - | - |
| B (ii) | Income tax relating to items that will be reclassified to profit or loss | | - | - |
| XI | Total Comprehensive Income for the period | | (1,925.47) | (1,617.52) |
| XII | Profit/(loss) for the year is attributable to: | | | |
| | Owners of the Company | | (1,919.02) | (1,616.34) |
| | Non-Controlling Interest | | - | - |
| XIII | Other comprehensive income is attributable to: | | | |
| | Owners of the Company | | (6.45) | (1.18) |
| | Non-Controlling Interest | | - | - |
| XIV | Total Comprehensive Income for the period attributable to: | | | |
| | Owners of the Company | | (1,925.47) | (1,617.52) |
| | Non-controlling Interest | | - | - |
| XV | Earnings/(Loss) per Equity Share | | | |
| | 1) Basic | 34 | (16.57) | (13.96) |
| | 2) Diluted | | (16.57) | (13.96) |

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Singhi & Co.
Chartered Accountants
Firm Registration Number - 302049E

Pradeep Kumar Singhi
Partner
Membership Number-50773

Place: Kolkata
Date: 30 July 2020

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Sudhir Kumar Banthiya
Company Secretary

The accompanying Notes form an integral part of these Financial Statements

For and on behalf of the Board of Directors

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Surinder Kumar Singhal
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

All amount in ₹ Million, unless otherwise stated

A EQUITY SHARE CAPITAL

| Particulars | Note | Balance as at 1 April 2018 | Change in Share Capital during 2018-19 | Balance as on 31 March 2019 | Change in Share Capital during 2019-20 | Balance as on 31 March 2020 |
|----------------------|------|-------------------------------|--|--------------------------------|--|--------------------------------|
| Equity Share Capital | 15A | 1,157.90 | - | 1,157.90 | - | 1,157.90 |

B OTHER EQUITY

| Particulars | Note | Reserves and Surplus | | | | Total Other Equity | NCI | Total |
|---|------|----------------------|-----------------------|--------------------|----------------------|-----------------------|-------------|--------------------|
| | | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | | | |
| Balance as at 1 April 2018 | | 4,612.65 | 1,645.00 | 60.33 | (15,409.36) | (9,091.38) | 0.95 | (9,090.43) |
| Profit/(Loss) for the year | | - | - | - | (1,616.34) | (1,616.34) | - | (1,616.34) |
| Recognition/derecognition | | - | - | - | (1.50) | (1.50) | (0.95) | (2.45) |
| Other Comprehensive Income for the year | | - | - | - | (1.18) | (1.18) | - | (1.18) |
| Balance as at 31 March 2019 | 15B | 4,612.65 | 1,645.00 | 60.33 | (17,028.38) | (10,710.40) | - | (10,710.40) |
| Profit/(Loss) for the year | | - | - | - | (1,919.02) | (1,919.02) | - | (1,919.02) |
| Other Comprehensive Income for the year | | - | - | - | (6.45) | (6.45) | - | (6.45) |
| Balance as at 31 March 2020 | | 4,612.65 | 1,645.00 | 60.33 | (18,953.85) | (12,635.87) | - | (12,635.87) |

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Singhi & Co.
Chartered Accountants
Firm Registration Number - 302049E

Pradeep Kumar Singhi
Partner
Membership Number-50773

Place: Kolkata
Date: 30 July 2020

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Sudhir Kumar Banthiya
Company Secretary

The accompanying Notes form an integral part of these Financial Statements.

For and on behalf of the Board of Directors

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Surinder Kumar Singhal
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2020

All amount in ₹ Million, unless otherwise stated

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|-----------------------------|-----------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before Tax for the period | (1,919.02) | (1,616.34) |
| Adjustments for: | | |
| Depreciation, amortisation and impairment charges | 1,340.55 | 1,333.96 |
| Finance Costs-net | 193.35 | 186.64 |
| Processing Charges | 2.07 | - |
| Income from Shared Services | (96.09) | (128.83) |
| Allowance for Doubtful Debts, Advances etc. no longer required written back | (2.23) | (1.48) |
| Liabilities no longer required written back | (19.02) | (52.93) |
| Loss on Assets retirement/write off | 80.17 | 0.40 |
| Interest income classified as investing cash flows | (13.17) | (27.61) |
| Net loss or (profit) on disposal of property, plant and equipment | (0.78) | (0.42) |
| Loss on Fair Value of Investment | - | 8.90 |
| Changes in Investment in Joint Venture | (0.05) | (0.12) |
| Net exchange differences | 0.74 | 1.45 |
| Profit on Loss of Control of Subsidiary | - | (0.50) |
| Operating Profit/(Loss) before changes in Operating Assets and Liabilities | (433.48) | (296.64) |
| Working capital adjustments: | | |
| (Increase)/Decrease in trade receivables | 241.42 | 846.40 |
| Increase/(Decrease) in trade payable and current liabilities | (102.11) | 77.71 |
| (Increase)/Decrease in Inventories | 692.81 | 194.17 |
| (Increase)/Decrease in other non current /current assets | 153.55 | - |
| Cash flow from Operation | 552.19 | 821.64 |
| Income Taxes (paid)/ refund | 34.35 | (6.32) |
| Net Cash flow from Operating Activities | 586.54 | 815.32 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payment for acquisition of property, plant and equipment and intangible assets | (26.06) | (9.76) |
| Proceeds from sale of property, plant and equipment and intangible assets | 12.12 | 1.44 |
| Income from Shared Services | 96.09 | 128.83 |
| Release of Margin Money Account | 16.68 | 10.18 |
| Interest Received | 14.52 | 28.51 |
| Net Cash from Investing Activities | 113.35 | 159.20 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payments of long-term borrowings | (167.00) | (581.57) |
| Payments of short-term borrowings | (239.35) | (361.73) |
| Decrease in Earmarked Accounts | - | (0.20) |
| Lease Payments | (83.16) | - |
| Finance Costs Paid | (145.64) | (188.99) |
| Net Cash flow from Financing Activities | (635.15) | (1,132.49) |
| Net increase in Cash and cash equivalents (A+B+C) | 64.74 | (157.97) |
| Cash and Cash Equivalents | | |
| Net Increase in Cash and Cash Equivalents | 64.74 | (157.97) |
| Cash and Cash Equivalents at the beginning of the year | 8.80 | 166.82 |
| Derecognition of Cash and Cash Equivalents of the GML/VISA Coke Limited | - | (0.05) |
| Cash and cash equivalents at the end of the year | 73.54 | 8.80 |

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2020

All amount in ₹ Million, unless otherwise stated

(a) Cash and cash equivalents consist of cash in hand and balance with banks and deposits with banks.

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Balance with Banks in | | |
| Current Account | 73.37 | 8.55 |
| Cash in Hand | 0.17 | 0.25 |
| Cash and Cash Equivalents as at 31 March (Refer Note 9) | 73.54 | 8.80 |

(b) The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard on 'Statement of Cash Flows (Ind AS-7)'.
(c) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

| Item | Balance as on 1 April 2019 | Cash Flow | Non cash changes | | | Balance as on 31 March 2020 |
|--|-------------------------------|-----------------|-------------------------------|---------------------------|--------------------------|--------------------------------|
| | | | Derecognition/ recognition | Classification/ Others | Fair Value Adjustment | |
| Long Term Borrowings including Current Maturity | 27,290.00 | (167.00) | - | - | 2.07 | 27,125.06 |
| Short Term Borrowings | 7,861.95 | (239.35) | - | - | - | 7,622.60 |
| Lease Liabilities | 200.34 | (83.16) | 88.21 | 30.77 | - | 236.16 |
| Others (specify) | - | - | - | - | - | - |
| Total Liabilities from Financing Activities | 35,352.29 | (489.51) | 88.21 | 30.77 | 2.07 | 34,983.82 |

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

For Singhi & Co.
Chartered Accountants
Firm Registration Number -302049E

The accompanying Notes form an integral part of these Financial Statements.

For and on behalf of the Board of Directors

Pradeep Kumar Singhi
Partner
Membership Number-50773

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Place: Kolkata
Date: 30 July 2020

Sudhir Kumar Banthiya
Company Secretary

Surinder Kumar Singhal
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

1 CORPORATE INFORMATION

VISA Steel Group is consisting of VISA Steel Limited ('VSL' or 'the Parent Company') and its subsidiaries (together referred to as "Group"). The Group is engaged in the manufacturing of Iron and Steel products and High Carbon Ferro Chrome with captive power plant in Odisha. Incorporated on 10 September, 1996, VSL has its registered office at Bhubaneswar and Corporate Office in Kolkata with manufacturing facilities at Kalinganagar in Odisha. VSL is a Public Limited Company with its shares listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). For details on the subsidiaries, Refer Note-45.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS, SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES & JUDGEMENTS

2.1 Basis of preparation of financial statements

2.1.1 Compliance with Ind AS

These financial statements have been prepared to comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 [As amended] notified under Section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act, to the extent applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Group has applied the following accounting standards and its amendment for the first time for annual reporting period commencing 1 April 2019.

- Ind AS 116, Leases
- Amendment to Ind AS 12, Income Taxes and Ind AS 12 Appendix 'C', Uncertainty over Income Tax Treatments.
- Amendment to Ind AS 23, Borrowing Cost
- Amendment to Ind AS 103, Business Combination and Ind AS 111 – Joint Arrangements
- Ind AS 109 – Prepayment Features with Negative Compensation.

The amendments listed above except Ind AS 116 lease, did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current and future periods. Impact due to application of Ind AS 116 is summarised below.

Ind AS 116 sets out principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For all leases except as noted above, a lessee is required to recognise a right-of-use asset (ROU Asset) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the balance sheet. Lessee will recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit and loss. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The Group's new accounting policy is described in paragraph "2.2.5" of Accounting Policy to the financial statements.

This Note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.2 Historical cost convention

The Consolidated Financial Statements have been prepared on the historical cost convention and on accrual basis except for the following:

- certain financial assets and liabilities including derivative instruments measured at fair value
- defined benefit plans - plan assets measured at fair value

2.1.3 Principles of consolidation and equity accounting Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. The parent controls an entity when the parent is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the parent. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the parent.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(i) Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the parent's share of the post-acquisition profits or losses of the investee in profit and loss, and the parent's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the parent's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the parent does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the parent and its associates and joint ventures are eliminated to the extent of the parent's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2.2.4.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.1.4 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realised within twelve months after the reporting period, or
 - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

2.2 Summary of significant accounting policies

2.2.1 Financial instruments

2.2.1.1 A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity.

Financial asset

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

i) Classification and measurement

Classification

The Group classifies its financial assets, other than investments in subsidiaries and joint venture in the following measurement categories:

- 1) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- 2) those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, all financial assets are measured initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is only one measurement category into which the Group classifies its debt instruments as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts which are repayable on demand and form an integral part of an entity's cash management system. Other bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

ii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 41 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the financial asset have been transferred, or
- The Group retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

When the Group has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognised.

When the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

the financial asset. When the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement of the asset.

iv) Income recognition

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

2.2.1.2 Financial liabilities

i) Initial recognition & measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities includes trade and other payables and loans and borrowings including bank overdrafts.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below: Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedging relationships as defined by Ind-AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as Fair Value Through Profit or Loss, fair value gains/ losses attributable to changes in own credit risk are recognised

in Other Comprehensive Income. These gains/loss are not subsequently transferred to statement of profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost model.

iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.2.1.3 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The Group uses derivative financial instruments such

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

as forward currency contracts to hedge its foreign currency risks which are not designated as hedges. Such derivative financial instruments are recognised at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Gains or losses arising from such fair valuation of derivatives is recognised as income or expense through profit or loss.

2.2.1.4 Offsetting of financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.2.2 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other income/expenses.

Depreciation method, estimated useful lives and residual values

Depreciation including amortisation on tangible assets, where applicable is provided on pro-rata basis under Straight Line Method (SLM) over the estimated useful lives of the assets as specified in Schedule II to the Companies Act, 2013 ('the Act'), which is also supported by technical assessment carried out by Company other than the following:

- Leasehold assets (Buildings and Plant and Machinery) which are jointly held are amortised over the period of lease i.e., 6 to 10 years, being lower than the useful lives specified in Schedule II to the Act for similar assets.

- Furnace refractories are depreciated over useful life of 5-6 years based on technical assessment done by the Group
- Leasehold land is amortised over the period of lease. No depreciation is provided for freehold land.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalised and depreciated on straight line method on prorata basis at the rates specified therein. Other spare parts are carried as inventory and recognised in the income statement on consumption.

The property, plant and equipment acquired under leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Parent Company will obtain ownership at the end of the lease term.

Residual value: The residual value are not more than 5% of the original cost of the assets. The useful lives, residual values and method of depreciation of property plant and equipment are reviewed and adjusted, if appropriate at the end of each reporting period

2.2.3 Intangible assets

Intangible assets (Computer Software) are carried at cost less accumulated amortisation and accumulated impairment loss, if any. Computer Software for internal use, which is primarily acquired, is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of Software includes licenses fees and cost of implementation, system integration services etc. where applicable.

Amortisation

The Group amortises intangible assets (Computer Software) with a finite useful life using the straight line method over a period of 3 years.

2.2.4 Impairment of non financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets other than goodwill that suffered an impairment are

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss section of the statement of profit and loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

2.2.5 Leases

As a Lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

As a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognised as expense in the periods in which they are incurred.

Lease Liability

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

1. Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;

2. Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
3. The amount expected to be payable by the lessee under residual value guarantees;
4. The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
5. Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
6. The Group has used a single discount rate to a portfolio of leases with reasonable similar characteristics based on the remaining lease term as at the date of initial application. The lease liability is not presented as a separate line in the Balance Sheet but presented as a separate line item in the note disclosing both current and non current other financial liabilities. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37-Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If the company is reasonably certain to exercise a purchase option, the right-of use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

The ROU assets are not presented as a separate line in the Balance Sheet but presented below similar owned assets as a separate line in the PPE note under "Notes forming part of the Financial Statement".

The Group applies Ind AS 36- Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per its accounting policy on 'property, plant and equipment'.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

2.2.6 Capital work-in-progress

The items of property, plant and equipment which are not yet ready for use are disclosed as Capital work-in-progress and are carried at historical cost.

2.2.7 Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates, input tax credits and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.2.8 Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. However, contingent liabilities are not considered. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.2.9 Revenue from Operations

The Group derives revenue primarily from sale of products like High Carbon Ferro Chrome and Iron & Steel Products.

Effective 1 April 2018, the Group adopted IND AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group disaggregates revenue from contracts with customers by primary geographical market and major products lines.

Revenue from related party is recognised based on transaction price which is at arm's length.

2.2.10 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of

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All amount in ₹ Million, unless otherwise stated

the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit / loss. Deferred income tax is determined using tax rates (laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

2.2.11 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Group operates the following post-employment schemes: (a) defined benefit plans such as gratuity and (b) defined contribution plans such as provident fund.

Defined benefit plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

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Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.2.12 Foreign currency transactions

The Group's financial statements are presented in Indian Rupee which is also the functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.2.13 Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

2.2.14 Earnings per share

Basic Earning per Share is calculated by dividing the profit for the year attributable to equity holders (or owners) of the Parent Company by the weighted average number of equity shares outstanding during the year.

Diluted Earning per Share is calculated by dividing the profit attributable to equity holders (or owners) of the Parent Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

2.2.15 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer note 37 for details on segment information presented. Chief Operating Decision Making Group consists of the Executive Chairman, Vice Chairman & Managing Director, the CFO and the Director(Kalinganagar).

2.3 Critical accounting judgment and key sources of estimation uncertainty

a. Impairment of non-current assets – Ind AS 36 requires that the Group assesses conditions that could cause an asset or a Cash Generating Unit (CGU) to become impaired and to test recoverability of potentially impaired assets. These conditions include internal and external factors such as the Group's market capitalisation, significant changes in the Group's planned use of the assets or a significant adverse change in the expected prices, sales volumes or raw material cost. The identification of CGUs involves judgment, including assessment of where active markets exist, and the level of interdependency of cash inflows. CGU is usually the individual plant, unless the asset or asset group is an integral part of a value chain where no independent prices for the intermediate products exist, a group of plants is combined and managed to serve a common market, or where circumstances otherwise indicate significant interdependencies. In accordance with Ind AS 36, goodwill and certain intangible assets are reviewed at least annually for impairment. If a loss in value is indicated, the recoverable amount is estimated as the higher of the CGU's fair value less cost to sell, or its value in use. Directly observable market prices rarely exist for the Group's assets, however, fair value may be estimated based on recent transactions on comparable assets, internal models used by the Group for transactions involving the same type of assets or other relevant

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information. Calculation of value in use is a discounted cash flow calculation based on continued use of the assets in its present condition, excluding potential exploitation of improvement or expansion potential.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Group uses internal business plans, quoted market prices and the Group's best estimate of commodity prices, currency rates, discount rates and other relevant information. The Group does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes.

- b. Defined Benefit Plans** – The cost of the employment benefits such as gratuity, leave and provident fund obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 29.

- c. Environmental liabilities and Asset Retirement Obligation (ARO)** – Estimation of environmental liabilities and ARO require interpretation of scientific and legal data, in addition to assumptions about probability and future costs.

- d. Taxes** – The Group calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

- e. Leases** – The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. The lease payments that are not paid at the commencement date are discounted using the incremental borrowing rate. The lease payment includes fixed lease payment, variable lease payment, exercise price of purchase option, penalties for termination of contract and any amount expected to pay.

- f. Useful lives of depreciable/ amortisable assets (tangible and intangible)** – Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment

- g. Expected Credit Loss Model** – The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Financial Assets. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. As a practical expedient, the Group uses historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates to determine impairment loss allowance on portfolio of its trade receivables

2.4 New Standards / Amendments to Existing Standard issued but not yet effective –

The Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been applicable from 1st April, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

3A PROPERTY, PLANT & EQUIPMENT

| Particulars | Gross Carrying Amount | | | Accumulated Depreciation / Amortisation | | | Net Carrying Amount | | |
|----------------------------|-----------------------|---------------------------------|---|---|-----------------------|-----------------|---|---------------------------|---------------------------|
| | As at 1 April 2019 | Additions during the year | Disposals /Adjustments during the Year | As at 31 March 2020 | As at 1 April 2019 | For the year | Disposals /Adjustments during the Year | As at 31 March 2020 | As at 31 March 2019 |
| Owned | | | | | | | | | |
| Land- Freehold | 15.63 | - | - | 15.63 | - | - | - | 15.63 | 15.63 |
| Land- Leasehold | 313.42 | 6.20 | - | 319.62 | 18.94 | 4.18 | - | 23.12 | 296.50 |
| Factory Buildings | 5,837.13 | - | 7.45 | 5,829.68 | 755.29 | 191.33 | 1.75 | 944.87 | 4,884.81 |
| Buildings | 869.25 | - | - | 869.25 | 79.06 | 21.22 | - | 100.28 | 768.97 |
| Road | 411.32 | - | - | 411.32 | 376.90 | 2.35 | - | 379.25 | 34.42 |
| Plant and Machinery | 25,902.45 | 20.16 | 34.65 | 25,887.96 | 4,240.02 | 1,056.54 | 17.02 | 5,279.54 | 20,608.42 |
| Computers | 8.49 | 0.06 | - | 8.55 | 6.29 | 0.87 | - | 7.16 | 1.39 |
| Office Equipment | 4.39 | - | - | 4.39 | 3.33 | 0.28 | - | 3.61 | 0.78 |
| Furniture and Fixtures | 26.45 | - | - | 26.45 | 21.20 | 2.11 | - | 23.31 | 3.14 |
| Vehicles | 34.69 | - | 1.93 | 32.76 | 18.45 | 3.45 | 0.68 | 21.22 | 11.54 |
| Capital Spares | 10.65 | - | - | 10.65 | 2.11 | 0.69 | - | 2.80 | 7.85 |
| Right-of-use Assets | | | | | | | | | |
| Plant & Machinery | 237.28 | - | - | 237.28 | 109.61 | 17.86 | - | 127.47 | 109.81 |
| Vehicles | - | 135.05 | 57.83 | 77.22 | - | 39.29 | 12.35 | 26.94 | 50.28 |
| Total | 33,671.15 | 161.47 | 101.86 | 33,730.76 | 5,631.20 | 1,340.17 | 31.80 | 6,939.57 | 26,791.19 |
| Total 2018-19 | 33,631.65 | 43.76 | 4.26 | 33,671.15 | 4,300.45 | 1,333.55 | 2.80 | 5,631.20 | 28,039.95 |

3B INTANGIBLE ASSETS

| Particulars | Gross Carrying Amount | | | Accumulated Depreciation / Amortisation | | | Net Carrying Amount | | |
|------------------------------|-----------------------|---------------------------------|---|---|-----------------------|--------------|---|---------------------------|---------------------------|
| | As at 1 April 2019 | Additions during the year | Disposals /Adjustments during the Year | As at 31 March 2020 | As at 1 April 2019 | For the year | Disposals /Adjustments during the Year | As at 31 March 2020 | As at 31 March 2019 |
| Computer Software - acquired | 8.57 | - | - | 8.57 | 6.83 | 0.39 | - | 7.22 | 1.35 |
| Total | 8.57 | - | - | 8.57 | 6.83 | 0.39 | - | 7.22 | 1.74 |
| Total 2018-19 | 8.57 | - | - | 8.57 | 6.43 | 0.40 | - | 6.83 | 2.14 |

3C CAPITAL WORK-IN-PROGRESS (CONSISTING OF PLANT & MACHINERY, BUILDING ETC.)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Opening | 2,971.36 | 2,994.85 |
| Addition | 5.06 | 30.49 |
| Transferred to Property, Plant & Equipment | (73.70) | (37.74) |
| GML derecognition | - | (16.24) |
| Closing | 2,902.72 | 2,971.36 |

3D The Group has till date incurred pre-operative expenses and interest cost of ₹16,493.44 Million and allocated to respective assets.

3E Refer Note no. 40 for details of hypothecation/mortgaged of Property, Plant and Equipment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

Movements in Deferred Tax Assets during the year ended:

| 31 March 2020 | Opening Balance | Recognised in Profit/(Loss) | Closing Balance |
|---|-------------------|-----------------------------|-------------------|
| Deferred Tax Assets/(Liabilities) in relation to : | | | |
| Investments in Joint Ventures | 1.57 | 0.13 | 1.70 |
| Inventories | 3.72 | (1.06) | 2.66 |
| Trade Receivables | 17.12 | (14.31) | 2.81 |
| Allowance for Doubtful Advances | 33.70 | - | 33.70 |
| Liability as per IND AS 116 | 70.00 | 12.52 | 82.52 |
| Provisions for Employee Benefits | 20.23 | 3.20 | 23.43 |
| Interest Accrued | 1,433.08 | - | 1,433.08 |
| Disallowances allowable for Tax purpose on payment | 268.86 | 79.92 | 348.78 |
| Unabsorbed Depreciation | 1,475.88 | 106.42 | 1,582.30 |
| Business Loss Carried Forward | 2,341.26 | (88.20) | 2,253.06 |
| Total Deferred Tax Assets | 5,665.42 | 98.62 | 5,764.04 |
| Property Plant and Equipment and Intangible Assets | (5,663.39) | (99.35) | (5,762.74) |
| Processing fees on Borrowings | (2.03) | 0.73 | (1.30) |
| Total Deferred Tax Liabilities | (5,665.42) | (98.62) | (5,764.04) |
| Net (Charge)/Credit | - | - | - |

| 31 March 2019 | Opening Balance | Recognised in Profit/(Loss) | Closing Balance |
|---|-------------------|-----------------------------|-------------------|
| Deferred Tax Assets/(Liabilities) in relation to : | | | |
| Investments in Joint Ventures | 1.46 | 0.11 | 1.57 |
| Inventories | 3.72 | - | 3.72 |
| Trade Receivables | 21.17 | (4.05) | 17.12 |
| Allowance for Doubtful Advances | 39.04 | (5.34) | 33.70 |
| Liability as per IND AS 116 | 75.39 | (5.39) | 70.00 |
| Provisions for Employee Benefits | 18.41 | 1.82 | 20.23 |
| Interest Accrued | 1,433.11 | (0.03) | 1,433.08 |
| Disallowances allowable for Tax purpose on payment | 240.82 | 28.04 | 268.86 |
| Unabsorbed Depreciation | 1,340.73 | 135.15 | 1,475.88 |
| Business Loss Carried Forward | 2,326.64 | 14.62 | 2,341.26 |
| Total Deferred Tax Assets | 5,500.49 | 164.93 | 5,665.42 |
| Property Plant and Equipment and Intangible Assets | (5,497.64) | (165.75) | (5,663.39) |
| Processing fees on Borrowings | (2.85) | 0.82 | (2.03) |
| Total Deferred Tax Liabilities | (5,500.49) | (164.93) | (5,665.42) |
| Net (Charge)/Credit | - | - | - |

Note: The Taxation laws (Amendment) Ordinance 2019, amending the Income Tax Act 1961 and the Finance Act 2019 was promulgated on 20 September 2019. The Ordinance provides domestic companies with an option to opt for lower tax rates, subject to certain provisions. The Group has not exercised the option during the year and continues to recognise the taxes on income for year ended 31 March 2020 as per the normal tax rate. The Group will review the above position at each year end.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 7 INVENTORIES | | |
| (Refer Note 2.2.7) | | |
| Raw Materials [Refer (a) below] | 97.26 | 591.77 |
| Work-In-Progress | 8.71 | 14.99 |
| Finished Goods | 79.44 | 137.55 |
| Stores and Spares | 122.31 | 223.57 |
| By-Products | 20.26 | 52.91 |
| | 327.98 | 1,020.79 |
| (a) Raw Materials includes Goods in Transit ₹ Nil(31 March 2019 : ₹ 5.35 Million). | | |
| (b) See note 40 for details of hypothecation of inventories. | | |
| (c) Inventories have been stated at Net Realisable Value. An amount of ₹ 8.22 Million (31 March 2019 : 10.81 Million) have been charged off to statement of profit and loss and were recognised as an expense. | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 8 CURRENT - TRADE RECEIVABLES | | |
| Trade Receivable | | |
| - Secured, considered good | - | - |
| - Unsecured, considered good | 98.36 | 341.74 |
| - Unsecured, considered doubtful | 0.47 | 39.45 |
| | 98.83 | 381.19 |
| Less: Allowances (refer note - b below) | 8.04 | 48.98 |
| | 90.79 | 332.21 |
| (a) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Further no trade or other receivable are due from firms or private companies respectively in which any director is a partner, or director or member. | | |
| (b) Allowances Includes additional provision of ₹ 7.57 Millions (Previous Year ₹ 9.53 Millions) made on account of Expected Credit Loss on Trade Receivable. | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| 9 CASH AND CASH EQUIVALENTS | | |
| Balance with Banks | | |
| in Current Account (Refer Note (a) below) | 73.37 | 8.55 |
| Cash in hand | 0.17 | 0.25 |
| | 73.54 | 8.80 |
| (a) (a) The Jajpur District Court vide Order dated 22 July 2019 directed SBI to attach the Parent Company's Bank Account based on a case filed by Kohli Builders. The Parent Company filed a writ petition in Orissa High Court challenging the Order and was granted stay vide Order dated 22 August 2019, but despite the same, SBI did not allow operations in the account and hence, the Parent Company is taking support of related parties for making payments on behalf of the Parent Company to keep the plant operational. | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 10 OTHER BANK BALANCES [OTHER THAN CASH AND CASH EQUIVALENTS] | | |
| Fixed Deposit with banks | 20.51 | 36.58 |
| | 20.51 | 36.58 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 11 CURRENT - LOANS | | |
| Unsecured, considered good | | |
| Security Deposits with Related Parties | - | 24.74 |
| | - | 24.74 |

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 12 OTHER CURRENT FINANCIAL ASSETS | | |
| Interest Accrued on Fixed Deposits | 3.07 | 4.42 |
| | 3.07 | 4.42 |

| Particulars | As at | As at |
|------------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 13 CURRENT TAX ASSETS (NET) | | |
| Advance Payment of Income Tax | 90.66 | 125.01 |
| | 90.66 | 125.01 |

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 14 OTHER CURRENT ASSETS | | |
| Advances other than Capital Advances | | |
| Advances to Key Managerial Personnel | 0.27 | - |
| Employee Advance | 1.93 | 1.91 |
| Advances against Supply of Goods and Rendering Services | | |
| Considered Good | 72.88 | 120.16 |
| Considered Doubtful | 96.58 | 96.44 |
| Less: Allowances for Doubtful Advances | (96.58) | (96.44) |
| Others | | |
| Receivable from DGFT and Customs towards Export Incentive | | |
| Considered Good | 0.18 | 0.18 |
| Prepaid Expenses | 6.86 | 13.20 |
| Others Taxes Receivable / Adjustable | | |
| Considered Good | 165.24 | 177.06 |
| | 247.36 | 312.51 |

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 15 EQUITY SHARE CAPITAL AND OTHER EQUITY | | |
| A Equity Share Capital | | |
| Authorised | | |
| 252,000,000 Equity Shares (31 March 2019 : 252,000,000) of ₹ 10/- each | 2,520.00 | 2,520.00 |
| Issued, Subscribed and Paid-up | | |
| 115,789,500 Equity Shares (31 March 2019 : 115,789,500) of ₹ 10/- each fully paid up | 1,157.90 | 1,157.90 |

(a) Movements in Equity Share Capital

| Particulars | Year Ended 31 March 2020 | | Year Ended 31 March 2019 | |
|---|--------------------------|-----------------|--------------------------|-----------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Balance as at the beginning of the year | 115,789,500 | 1,157.90 | 115,789,500 | 1,157.90 |
| Add : Shares issued | - | - | - | - |
| Balance as at the end of the year | 115,789,500 | 1,157.90 | 115,789,500 | 1,157.90 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(b) Terms and Rights attached to Equity Shares

The Parent Company has only one class of equity shares referred to as equity shares having a par value of ₹ 10 per share. Each Shareholder is entitled to one vote per share held. The Parent Company declares and pays dividend in Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Parent after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of Shareholders holding more than 5 % shares in the Company

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--------------------------------|------------------|-----------------------|------------------|-----------------------|
| | Number of shares | Percentage of holding | Number of shares | Percentage of holding |
| VISA Infrastructure Limited | 44,387,167 | 38.34 | 44,387,167 | 38.34 |
| VISA International Limited | 23,787,833 | 20.54 | 23,787,833 | 20.54 |
| LTS Investment Fund Limited | 10,497,122 | 9.07 | 10,497,122 | 9.07 |
| ERISKA Investment Fund Limited | 9,912,036 | 8.56 | 9,912,036 | 8.56 |

| Particulars | As at | As at |
|-----------------------------|--------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| B Other Equity | | |
| Reserves and Surplus | | |
| Capital Reserve | 4,612.65 | 4,612.65 |
| Securities Premium | 1,645.00 | 1,645.00 |
| General Reserve | 60.33 | 60.33 |
| Retained Earnings | (18,953.85) | (17,028.38) |
| Total | (12,635.87) | (10,710.40) |

| Particulars | Year ended | Year ended |
|---|--------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| Capital Reserve [Refer (a) below] | | |
| Balance at the Beginning of the Year | 4,612.65 | 4,612.65 |
| Balance at the End of the Year | 4,612.65 | 4,612.65 |
| Securities Premium Reserve [Refer (b) below] | | |
| Balance at the Beginning of the Year | 1,645.00 | 1,645.00 |
| Balance at the End of the Year | 1,645.00 | 1,645.00 |
| General Reserve [Refer (c) below] | | |
| Balance at the Beginning of the Year | 60.33 | 60.33 |
| Add: Restatement | - | - |
| Balance at the End of the Year | 60.33 | 60.33 |
| Retained Earnings | | |
| Balance at the Beginning of the Year | (17,028.38) | (15,409.36) |
| Add : Net (Loss) / Profit after Tax transferred from Statement of Profit and Loss | (1,919.02) | (1,616.34) |
| Add : Adjustment of Extinguishment of Controlling Interest in GML | - | (1.50) |
| Add: Remeasurements of the Net Defined Benefit Plans | (6.45) | (1.18) |
| Net deficit | (18,953.85) | (17,028.38) |
| Balance at the End of the Year | (18,953.85) | (17,028.38) |
| Total | (12,635.87) | (10,710.40) |

Nature and purpose of Reserves

- Capital Reserve represents amount arisen pursuant to various Schemes of Amalgamation.
- Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the specific provisions of the Act.
- General Reserve represents free reserve not held for any specific purpose.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 LONG-TERM BORROWINGS

All amount in ₹ Million, unless otherwise stated

| Particulars | Non-current Portion | | Current Maturities | | Total | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
| Secured | | | | | | |
| Principal Term Loans | | | | | | |
| [Refer B(i) & B(ii) and C(i) & C(ii) below] | | | | | | |
| From Banks | 1,024.96 | 2,319.12 | 5,679.93 | 5,025.85 | 6,704.89 | 7,344.97 |
| From Other Parties | 693.44 | 1,218.28 | 3,491.41 | 2,364.07 | 4,184.85 | 3,582.35 |
| Fresh Loans | | | | | | |
| [Refer B(i) and C(i) below] | | | | | | |
| From Banks | 747.13 | 1,543.65 | 3,736.13 | 3,087.76 | 4,483.26 | 4,631.41 |
| From Other Parties | 198.36 | 347.33 | 994.67 | 698.03 | 1,193.03 | 1,045.36 |
| SMCF | | | | | | |
| [Refer B(i) and C(i) below] | | | | | | |
| From Banks | 187.13 | 393.92 | 686.40 | 666.90 | 873.53 | 1,060.82 |
| From Other Parties | 61.68 | 104.40 | 315.02 | 211.89 | 376.70 | 316.29 |
| Corporate Loan 1, Corporate Loan 2 and Sinter Loan | | | | | | |
| [Refer B(i) and C(iii) & C(iv) below] | | | | | | |
| From Banks | 2,010.87 | 2,503.25 | 1,437.16 | 1,123.18 | 3,448.03 | 3,626.43 |
| From Other Parties | 500.83 | 497.87 | 437.67 | 262.23 | 938.50 | 760.10 |
| Working Capital Term Loans | | | | | | |
| [Refer B(i) and C(v) below] | | | | | | |
| From Banks | - | - | 1,060.90 | 1,096.24 | 1,060.90 | 1,096.24 |
| From Other Parties | - | - | 283.13 | 247.79 | 283.13 | 247.79 |
| Funded Interest Term Loans | | | | | | |
| [Refer B(i) & B(ii) and C(vi) below] | | | | | | |
| From Banks | 398.94 | 854.74 | 1,566.30 | 1,248.60 | 1,965.24 | 2,103.34 |
| From Other Parties | 198.04 | 336.96 | 856.28 | 579.28 | 1,054.32 | 916.24 |
| Term Loans from Other Parties | | | | | | |
| [Refer B(ii) below] | | | | | | |
| Unsecured | | | | | | |
| Loans from Related Parties | - | - | 442.50 | 442.50 | 442.50 | 442.50 |
| [Refer C(vii) below] | | | | | | |
| Less: Amount disclosed under the head "Other Current Financial Liabilities" | | | | | | |
| [Refer Note 21] | 6,021.38 | 10,119.52 | 21,103.66 | 17,170.48 | 27,125.04 | 27,290.00 |
| | - | - | (21,103.66) | (17,170.48) | (21,103.66) | (17,170.48) |
| | 6,021.38 | 10,119.52 | - | - | 6,021.38 | 10,119.52 |

Loan assigned to ACRE-

During the current financial year, Vijaya Bank (since merged with Bank of Baroda) and SIDBI have assigned their Loans in favour of Assets Care & Reconstruction Enterprise Ltd. (ACRE). Accordingly, in the current financial year the assigned loan has been disclosed as loan from other parties. However, the corresponding figures of the last year have been kept unchanged in the loan schedule.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

A. Debt Restructuring

In respect of Group

The Group has been under financial stress due to various external factors beyond the control of the Group and its management which amongst others, include (i) failure of the State Government of Odisha to fulfil its obligation under the MoU executed with the Group for grant of Captive Iron Ore Mine, which has deprived the Group of assured supply of consistent quality iron ore at a reasonable cost, (ii) de-allocation of Coal Block by Ministry of Coal and Hon'ble Supreme Court judgement dated 24 September 2014, which has deprived the Group of assured supply of consistent quality coal at a reasonable cost, (iii) non-availability of vital raw materials at viable prices due to closure of Mines following the investigations by Shah Commission which commenced sometime in 2011 and the Hon'ble Supreme Court judgment dated 16 May 2014, (iv) dumping of Steel products by overseas manufacturers resulting in sharp drop in prices, (v) high cost of logistics for transportation of raw materials as these rates are fixed by Associations at rates much above the Government notified rates, (vi) non-disbursement of sanctioned loans for Plant operations and adjustment of disbursed loan with interest / principal repayment instead of plant operations, which resulted in complete depletion of working capital of the Group. The Group has also informed lenders that it reserves its right to claim losses suffered due to the actions and inactions of lenders arising out of breaches and violations of contractual and other arrangements and such claim amount shall be claimed as a right of set-off against any dues.

The Parent Company's debts have been restructured under the aegis of Corporate Debt Restructuring cell (CDR) and a Master Restructuring Agreement dated 19 December 2012 (MRA) was executed to give effect to the package approved by CDR cell with effect from 1 March 2012. Pursuant to the approval of the Parent Company's Business Re-organisation Plan by the CDR, a Common Loan Agreement (CLA) had also been executed on 28 March 2015 among the Parent Company, VISA Special Steel Limited (VSSL), and lenders. In terms of MRA and CLA the Debt portfolio of the Parent Company and VSSL was reorganised/reallocated and secured as under:

- i) Principal Term Loans
- ii) Fresh Loan (Loan pursuant to CDR package)
- iii) Working Capital Term Loans (WCTL) (Loan pursuant to CDR package)
- iv) Funded Interest Term Loans (FITL) (Loan pursuant to CDR package)
- v) Corporate Loan 1 & 2 and Sinter Loan (Loan pursuant to Debt Restructuring under CLA)

vi) Working Capital Loans [Indicated in Note 19]

vii) Structured Mezzanine Credit Facility [SMCF(Sub debt)]

Due to the aforesaid external factors, the EBITDA margins of the Parent Company and VSSL since 2011-12 have not been sufficient to service interest / principal repayment and whilst the outstanding principal term loan amount was only ₹ 10,078.72 Million as on 31 March 2011, during the period April 2011 to March 2016, the lenders have charged approx. ₹ 23,151.44 Million on account of interest/ repayment whereas EBITDA during this period was only approx. ₹ 990.78 Million. This has resulted in ballooning of liabilities of the Parent Company and VSSL towards its lenders, which are far in excess of hard cost of investments in the project for which the principal term loan had been taken from the lenders. For the purpose of these financial statements, the Group has followed reorganisation/reallocation and other terms and conditions of MRA/CLA as set out above.

SBI had filed an application before National Company Law Tribunal (NCLT) Kolkata Bench for initiating Corporate Insolvency Resolution Process(CIRP) under Insolvency and Bankruptcy Code (IBC), which stands dismissed by NCLT, Cuttack Bench. SBI has preferred an Appeal before National Company Law Appellate Tribunal (NCLAT) New Delhi which is pending. In the meantime lenders including Vijaya Bank (since merged with Bank of Baroda), SIDBI, Bank of Baroda, Dena Bank (since merged with Bank of Baroda), Indian Overseas Bank, Central Bank of India, UCO Bank and State Bank of Travancore (since merged with State Bank of India) have already implemented Resolution through sale of Debt to Asset Reconstruction Companies (ARC's).

The Group does not have working capital and is presently carrying its operation with the support of the operational creditors. There is panic among operational creditors whose financial support is necessary for plant operations, without which there is risk of plant closure, agitation and law and order problems from workers.

B. Details of Securities (Also refer note 40)

i. **Principal Term Loan, VBL Term Loan, Fresh Loan, SMCF (Sub debts), Working Capital Term Loans(WCTL), Funded Interest Term Loans (FITL), Corporate Term Loans (I & II), Fresh Term Loan (For Sinter Plant) and Working Capital facilities:**

- (a) First pari-passu charge by way of hypothecation of the Parent Company and VSSL's current assets and fixed assets (excluding land) including movable and immovable plant and machinery, machinery spares, tools and accessories, vehicles and other moveable assets ("Hypothecated Assets") of the Parent Company and VSSL, save and except specific assets charged to Banks, Financial Institutions and others.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

- (b) First pari-passu mortgage and charge on the immovable properties of the Parent Company and VSSL situated at Kalinganagar Industrial Complex, Jajpur (Odisha), Golagaon, Jajpur (Odisha), Raigarh (Chhattisgarh) and office premises of the Parent Company at Bhubaneswar (Odisha).
- (c) Pursuant to CDR, pledge of equity shares of the Parent Company with the CDR Lenders.
- (d) Pledge of entire equity shares held by the Parent Company in VISA Urban Infra Limited.
- (e) Lien on all Bank Accounts including the Trust and Retention Account.
- (f) The Lenders of SMCF are having a second pari-passu charge on the hypothecated assets and a second charge on the mortgaged assets of the Parent Company and VSSL.
- (g) SIDBI have assigned their exposure of ₹ 76.40 Million for bill discounting facility relating to working capital finance in favour of Assets Care & Reconstruction Enterprise Ltd. (ACRE) has a second charge on fixed assets.

Further, the above facilities were also covered by the following:

- The Corporate Guarantee of VISA International Limited (given pursuant to CDR). SBI had filed an application to initiate corporate insolvency resolution process (CIRP) under the Insolvency and Bankruptcy Code in VINL which was admitted on 7th August, 2019 and a resolutional professional has been appointed.
- The personal guarantee of Mr. Vishambhar Saran, Chairman and Mr. Vishal Agarwal, Vice Chairman and Managing Director of the Parent Company are invalid due to non-fulfilment of its obligation by lenders.

ii. Term Loans from Bank and Other Parties

(a) Term Loan from HUDCO -

Secured loan from other parties includes Term Loan (CDR) of ₹ 482.84 Million, Funded Interest Term Loan (FITL) of ₹ 100.53 Million and Term Loan (Non CDR) of ₹ 116.16 Million due and outstanding to HUDCO. The subsisting charge in respect of the Term Loan (CDR) and FITL became irrelevant and stood satisfied upon the Parent Company entering into Master Restructuring Agreement (MRA) dated 19 December 2012 with the CDR lenders and the same was substituted by the fresh charge created in favour of the lenders who became parties to the MRA.

HUDCO has disputed the satisfaction of the previous charge and creation of fresh charge by the CDR lenders pursuant to MRA dated 19 December 2012. The Parent Company and the State Bank of India, as the Lead Bank has since been calling upon HUDCO to execute a Deed of Accession so that the aforesaid charge substituted in favour of the CDR lenders could also be extended to HUDCO. HUDCO, however, has refused to do so despite specific order passed to the said effect by the Hon'ble High Court of Orissa at Cuttack.

C. Terms of Repayment of Loans

i. Terms of Repayment and outstanding balance as at the year end of Term Loans including Fresh Loan and SMCF (TL):

The loan is to be repaid in quarterly instalment as per the repayment schedule given below. The loan carries interest @ 2% above SBI's Base Rate. The due amount of this loan as on 31 March 2020 stands at ₹ 10,332.47 Million.

Repayment Schedule :

| Year | Percentage of TL (originally restructured) due for Repayment (%) |
|---------|--|
| 2020-21 | 15.50% |
| 2021-22 | 15.50% |

ii. Terms of Repayment and outstanding balances of VBL Term Loan

The loan is to be repaid in quarterly instalment as per the repayment schedule given below. The loan carries interest at (PNB BR + 2.5% + Term Premium i.e. 0.5%). The due amount of this loan as on 31 March 2020 stands at ₹ 1,384.55 Million.

Repayment Schedule :

| Year | Percentage of TL (originally restructured) due for Repayment (%) |
|---------|--|
| 2020-21 | 16.67% |
| 2021-22 | 4.16% |

Subsequently, a loan of ₹ 175.00 Million was sanctioned at SBI BR+2.5%. The due amount of this loan as on 31 March 2020 stands at ₹ 35.60 Million.

Repayment Schedule :

| Year | Percentage of TL (originally restructured) due for Repayment (%) |
|---------|--|
| 2020-21 | 16.67% |
| 2021-22 | 4.16% |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

iii. Terms of Repayment and outstanding balances of Corporate Loans :

The loan is to be repaid in quarterly instalment as per repayment schedule given below. The loan carries interest @ 2.5% above SBI's Base Rate. The due amount of this loan as on 31 March 2020 stands at ₹ 1,372.40 Million

Repayment Schedule :

| Year | Percentage of Corporate Loan due for Repayment (%) |
|---------|--|
| 2020-21 | 12.00% |
| 2021-22 | 16.00% |
| 2022-23 | 38.00% |

iv. Terms of Repayment and outstanding balances of Fresh Term Loan (For Sinter Plant):

The loan is to be repaid in quarterly instalment as per repayment schedule given below. The loan carries interest @ 2.5% above SBI's Base Rate. The due amount of this loan as on 31 March 2020 stands at ₹ 13.01 Million.

Repayment Schedule :

| Year | Percentage of FTL (originally restructured) due for Repayment (%) |
|---------|---|
| 2020-21 | 20.00% |
| 2021-22 | 32.00% |

v. Terms of Repayment and outstanding balance as at year end of Working Capital Term Loan (WCTL):

The loan carries interest @ 0.5% above SBI's Base Rate. The entire amount of this loan is due as on 31 March 2020 which stands at ₹ 1,344.03 Million.

vi. Terms of Repayment and outstanding balances of Funded Interest Term Loans (FITL):

The loan is to be repaid in quarterly instalment as per repayment schedule given below. The loan carries interest @ 10.00% p.a. throughout the tenure of the facility. The due amount of this loan as on 31 March 2020 stands at ₹ 1,827.88 Million.

Repayment Schedule :

| Year | Percentage of FITL (originally restructured) due for Repayment from September 2016 (%) |
|---------|--|
| 2020-21 | 15.00% |
| 2021-22 | 15.00% |

vii. Unsecured loan from related party is interest bearing and repayable on demand.

In view of proposed debt resolution, the rate of interest, terms of repayment and other terms and condition of debts will undergo changes.

D. The debts which were restructured pursuant to the MRA dated 19 December 2012 having cut-off date of 1 March 2012 could not be fully serviced and have since been categorised as Non-Performing Assets (NPA). State Bank of India, the lead bank has classified the debts as NPA with effect from 11 July 2012.

The Parent Company and VSSL stopped providing further interest in its books effective 1 April 2016. The amount of such interest not provided for in the financial year ended 31 March 2020 is estimated at ₹ 3,618.99 Million and the cumulative amount of such unprovided interest as on the said date is estimated at ₹ 15,001.78 Million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 17 OTHER NON CURRENT FINANCIAL LIABILITIES | | |
| Long Term Maturities of Lease Obligations | 190.15 | 183.30 |
| | 190.15 | 183.30 |
| Effective from 1 April 2019, the Group has adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1 April 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) for hiring of vehicles at an amount equal to the lease liability i.e. ₹ 135.05 Million. Gross lease liability recognised as on 1 April 2019 ₹ 156.94 Million without giving impact of discounting ₹ 21.89 Million | | |
| The operating cash flow for the year ended 31 March 2020 has increased by ₹ 45.68 Million and the financing cash flows have decreased by ₹ 45.68 Million as repayment of lease liabilities and related interest has been classified as cash flows from financing activities. | | |
| The Group has carried forward the amount of the Finance Lease Assets (reclassified as ROU asset) and Lease Liability recognised under Ind AS 17 immediately before the date of initial application. The Company has reviewed all its long term agreements and recognised the aforesaid ROU only as falling under the meaning of Ind AS116. | | |
| During the year, VSSL has entered into long term agreements to utilise its some of the facilities under conversion arrangement to keep the plant operational and continue as a going concern. The said agreements do not fall under the meaning of Ind AS 116. | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------------|------------------------|------------------------|
| 18 NON CURRENT PROVISIONS | | |
| Provision for Employee Benefits | 59.20 | 40.36 |
| | 59.20 | 40.36 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| 19 CURRENT - BORROWINGS | | |
| Secured | | |
| (i) Working Capital Loans | - | - |
| From Banks [Refer Note 16.B (i)] | 5,895.84 | 6,184.95 |
| From Other Parties [Refer Note 16.B (i)] | 1,660.55 | 1,371.43 |
| (ii) Other Working Capital Loan | | |
| From Other Parties [Refer Note 16.B (i)(g)] | 66.20 | 66.31 |
| Unsecured | | |
| Sales Bill Discounting | - | 239.26 |
| | 7,622.59 | 7,861.95 |
| During the current financial year, Vijaya Bank (since merged with Bank of Baroda) and SIDBI have assigned their Loan given to the Parent Company and VSSL in favour of Assets Care & Reconstruction Enterprise Ltd. (ACRE). Accordingly, in current financial year the assigned loan has been disclosed as loan from other parties. However, the corresponding figures of the last year has been kept unchanged in the loan schedule. | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 20 CURRENT - TRADE PAYABLES | | |
| Dues to Related Party [Refer Note 43] | 420.21 | 599.04 |
| Dues to Micro and Small Enterprises | - | 15.69 |
| Dues to other than Micro and Small Enterprises | 761.50 | 518.94 |
| | 1,181.71 | 1,133.67 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

Details of dues to Micro and Small enterprises (MSMED):

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--|---------------|----------|---------------|----------|
| | Principal | Interest | Principal | Interest |
| (i) The amount remaining unpaid to any supplier as at the end of the accounting year :- Principal | - | - | 15.69 | - |
| (ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year; | - | - | - | - |
| (iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | - | - | - | - |
| (iv) the amount of interest accrued and remaining unpaid at the end of accounting year; and | - | - | - | - |
| (v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23. | - | - | - | - |
| The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company. | | | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 21 OTHER CURRENT FINANCIAL LIABILITIES | | |
| Current Maturities of Long-Term Debt [Refer Note 16] | 20,661.16 | 16,727.98 |
| Current Maturities of Lease Obligations [Refer Note 17(a)] | 46.01 | 17.04 |
| Loan Repayable to Related Party [Refer Note 16] | 442.50 | 442.50 |
| Interest Accrued | 4,375.49 | 4,358.54 |
| Employee Related Liabilities | 190.78 | 95.61 |
| Other Liabilities | 279.38 | 311.16 |
| Capital Creditors | - | 175.78 |
| | 25,995.32 | 22,128.61 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------|------------------------|------------------------|
| 22 CONTRACT LIABILITIES | | |
| Contract Liabilities | 52.55 | 118.39 |
| | 52.55 | 118.39 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 23 OTHER CURRENT LIABILITIES | | |
| Statutory Liabilities (includes Goods and Service Tax, Excise Duty, Tax Deducted at Source, Provident Fund, Employee State Insurance etc.) | 288.70 | 442.07 |
| Electricity Duty# | 713.33 | 504.75 |
| | 1,002.03 | 946.82 |

This includes the amount of Electricity Duty levied on power generated from non-conventional sources which the Parent Company has disputed.

As per the provisions of Industrial Policy Resolution 2001, Government of Odisha (IPR 2001) dated 03.12.2001, 18.8 A power plant generating power from non-conventional sources set up after the effective date shall be deemed to be a new industrial unit and will be entitled to all the incentives under this policy. These plants will not be liable to pay electricity duty". The parent company has set up the power plant generating power from non-conventional sources after the effective date of IPR 2001 i.e. 03.12.2001 and hence is deemed to be a new industrial unit and not liable to pay electricity duty as per IPR 2001."

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---------------------------------|------------------------|------------------------|
| 24 CURRENT-PROVISIONS | | |
| Provision for Employee Benefits | 7.86 | 17.52 |
| | 7.86 | 17.52 |

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| 25 REVENUE FROM OPERATIONS | | |
| (a) Sale of Products | | |
| Manufactured Goods | 6,466.65 | 14,015.86 |
| Total | 6,466.65 | 14,015.86 |
| (b) Sale of services | | |
| Conversion Income | | |
| (i) For Materials | 223.87 | - |
| (ii) For Services | 76.49 | - |
| Total | 300.36 | - |
| | 6,767.01 | 14,015.86 |
| (c) Other Operating Revenues | | |
| Scrap Sales | 42.59 | 71.63 |
| Export Incentives | 2.59 | 0.78 |
| Liabilities no longer required written back | 19.02 | 52.93 |
| Allowances for Doubtful Debts, Advances etc. no longer required written back | 2.23 | 1.48 |
| Total | 66.43 | 126.82 |
| | 6,833.44 | 14,142.68 |
| (d) Disaggregation of revenue - Refer Note 37 for disaggregated Revenue information | | |
| (e) The Group recognises Revenue at a Point in Time. Contract with customers are of short-term duration and all sales are direct to customers. | | |
| (f) Contract balances | | |
| The following table provides information about receivables, contract assets and contract liabilities from contracts with customers. | | |
| Receivables, which are included in 'Trade and other receivables' | 98.83 | 381.19 |
| Contract assets | - | - |
| Contract liabilities | 52.55 | 118.39 |
| (g) Other Information | | |
| a. Transaction price allocated to the remaining performance obligations- NIL | | |
| b. The amount of revenue recognised in the current period that was included in the opening contract liability balance. - 118.39 Million | | |
| c. The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods – e.g. changes in transaction price- NIL | | |
| d. Performance obligations- The Company satisfy the performance obligation on shipment/delivery as per terms of contract. | | |
| e. Significant payment terms- The contract does not have any financing component and variable consideration. | | |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 26 OTHER INCOME | | |
| (a) Interest Income | | |
| On Bank Deposits | 2.43 | 3.18 |
| On Others | 10.74 | 24.43 |
| (b) Other non-operating income | | |
| Profit on Loss of Control of Subsidiary | - | 0.50 |
| Insurance Claim Received | 0.70 | 2.14 |
| Gain on Sale of Property Plant and Equipment | 0.78 | 0.42 |
| Income from Shared Services | 100.70 | 128.83 |
| Other Non Operating Income | 0.79 | 0.26 |
| | 116.14 | 159.76 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | As at | As at |
|--------------------------------------|-----------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| 27 COST OF MATERIALS CONSUMED | | |
| Chrome Ore | 1,314.24 | 3,182.45 |
| Iron Ore | 1,507.70 | 2,749.99 |
| Coal and Coke | 1,936.05 | 4,150.72 |
| Others | 149.63 | 243.53 |
| | 4,907.62 | 10,326.69 |

| Particulars | For the year ended | For the year ended |
|---|--------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| 28 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS | | |
| Opening Stock | | |
| Finished Goods | 137.55 | 296.88 |
| By-Products | 52.91 | 73.85 |
| Work-in-Progress | 14.99 | 53.85 |
| | 205.45 | 424.58 |
| Less : Closing Stock | | |
| Finished Goods | 79.44 | 137.55 |
| By-Products | 20.26 | 52.91 |
| Work-in-Progress | 8.71 | 14.99 |
| | 108.41 | 205.45 |
| (Increase)/Decrease in Stock | 97.04 | 219.13 |

| Particulars | For the year ended | For the year ended |
|---|--------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| 29 EMPLOYEE BENEFIT EXPENSES | | |
| Salaries and Wages | 467.75 | 638.44 |
| Contribution to Provident and Other Funds | 34.30 | 31.79 |
| Staff Welfare Expenses | 3.08 | 4.29 |
| | 505.13 | 674.52 |

Additional disclosures relating to Employee Benefits Obligations/ Expenses

(I) Post Employment Defined Contribution Plan

The Group contributes to the Provident Fund (PF) maintained by the Regional Provident Fund Commissioner. Under the PF scheme contributions are made by both the Group and its eligible employees to the Fund, based on the current salaries. An amount of ₹ 27.33 Million (31 March 2019 : ₹ 24.59 Million) has been charged to the Statement of Profit and Loss towards Group's contribution to the aforesaid PF scheme. Apart from making monthly contribution to the scheme, the Group has no other obligation.

(II) Post Employment Defined Benefit Plan-Gratuity (Funded)

The Group provides for Gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity Trust Funds managed by the Life Insurance Corporation of India (LICI) make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's eligible salary for specified number of days, as per provision of Gratuity Act depending upon the tenure of service subject to a maximum limit of ₹ 2.00 Million. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 2.2.11, based on which, the respected entities makes contributions to the Gratuity Fund.

The following Table sets forth the particulars in respect of the aforesaid Gratuity fund of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(III) Balance Sheet amounts - Post employment Defined Benefit Plan-Gratuity (Funded)

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|-----------------------------|---------------------------|--------------|
| 1 April 2018 | 44.73 | 17.07 | 27.66 |
| Current Service cost | 5.07 | - | 5.07 |
| Interest cost/Income | 3.44 | - | 3.44 |
| Past Service Cost | - | - | - |
| Investment Income | - | 1.31 | (1.31) |
| Total amount recognised in Profit or Loss | 8.51 | 1.31 | 7.20 |
| Remeasurements (gains)/losses | - | - | - |
| - Change in Demographic assumptions | - | - | - |
| - Change in Financial assumptions | 0.46 | - | 0.46 |
| - Experience Variance (i.e. Actual Experience vs assumptions) | 0.04 | - | 0.04 |
| - Return on plan asset, Excluding amount recognised in net interest expense | - | (0.68) | 0.68 |
| Total amount recognised in Other Comprehensive Income | 0.50 | (0.68) | 1.18 |
| Contributions by employer | - | - | - |
| Benefits paid | (8.92) | (8.92) | - |
| 1 April 2019 | 44.82 | 8.78 | 36.04 |
| Current Service cost | 4.26 | - | 4.26 |
| Interest cost/Income | 3.41 | - | 3.41 |
| Past Service Cost | - | - | - |
| Investment Income | - | 0.67 | (0.67) |
| Total amount recognised in profit or loss | 7.67 | 0.67 | 7.00 |
| Remeasurements (gains)/losses | - | - | - |
| - Change in Demographic assumptions | (0.03) | - | (0.03) |
| - Change in Financial assumptions | 4.58 | - | 4.58 |
| - Experience Variance (i.e. Actual Experience vs assumptions) | 1.28 | - | 1.28 |
| - Return on plan asset, Excluding amount recognised in net interest expense | - | (0.63) | 0.63 |
| Total amount recognised in Other Comprehensive Income | 5.83 | (0.63) | 6.46 |
| Contributions by employer | - | 0.35 | (0.35) |
| Benefits paid | (11.67) | (8.39) | (3.28) |
| 31 March 2020 | 46.65 | 0.78 | 45.87 |

(IV) The net liability disclosed above relates to the aforesaid Gratuity Plan (Funded) is as follows:

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets: | | |
| Present Value of funded obligation at the end of the year | 46.65 | 44.77 |
| Fair Value of Plan Assets at the end of the year | 0.78 | 8.76 |
| Net Asset /(Liability) recognised in the Balance Sheet | 45.87 | 36.01 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(V) Principal Actuarial Assumption Used:

| | As at 31 March 2020 | As at 31 March 2019 |
|---|-------------------------|-------------------------|
| Discount Rates | 6.60 % | 7.60 % |
| Expected Salary increase rates | 5.00 % | 5.00 % |
| Attrition Rate | 2 % depending on age | 2 % depending on age |
| Mortality | IALM(06-08) Ultimate | IALM(06-08) Ultimate |
| <p>The Group ensures that the investment positions are managed within an Asset - Liability Matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the Gratuity scheme. Within this framework the Group's ALM objective is to match asset with gratuity obligation. The Group actively monitor how the duration and the expected yield of instruments are matching the expected cash outflow arising from the gratuity obligations. The Group has not changed the process used to manage its risk from previous period. The Group does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.</p> | | |

(VI) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------|------------------------|------------------------|
| Insurer Managed Funds | 100% | 100% |

(VII) Category of Plan Assets

| | As at 31 March 2020 | As at 31 March 2019 |
|---------------|------------------------|------------------------|
| Fund with LIC | 0.76 | 8.76 |
| Total | 0.76 | 8.76 |

Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflow) is 11 Years.

The expected maturity analysis of undiscounted gratuity benefit is as follows:

| | 1 Year | 2 to 5 Year | 6 to 10 Year | > 10 Year | Total |
|----------------------------|--------|-------------|--------------|-----------|--------|
| As at 31 March 2020 | | | | | |
| Defined benefit obligation | 3.74 | 9.85 | 16.62 | 76.84 | 107.05 |
| As at 31 March 2019 | | | | | |
| Defined benefit obligation | 4.47 | 10.05 | 16.54 | 85.86 | 116.92 |

(VIII) Sensitivity Analysis

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

| | As at 31 March 2020 | | As at 31 March 2019 | |
|-----------------------------|---------------------|----------|---------------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (-/+1 %) | 52.01 | 42.07 | 49.81 | 40.58 |
| Salary Growth Rate (-/+1 %) | 41.96 | 52.06 | 40.44 | 49.91 |
| Attrition Rate(-/+50%) | 45.90 | 47.31 | 43.65 | 45.89 |
| Mortality Rate(-/+10 %) | 46.53 | 46.76 | 44.64 | 45.02 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(IX) The Group expects to contribute ₹ 28.54 Millions (Previous Year ₹ 19.92 Millions) to its gratuity fund in 2020-21.

Risk Exposure

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Group is exposed to various risks in providing the above gratuity benefit, the most significant of which are as follows:

Interest Rate risk: The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Group is not able to meet the short term gratuity pay-outs. This may arise due to non availability of enough cash/cash equivalents to meet the liabilities.

Salary Escalation Risk: The present value of the defined benefit plans calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972(as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹ 20,00,000) and Upward revision of maximum gratuity limit will result in gratuity plan obligation.

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| 30 FINANCE COSTS | | |
| Finance costs | | |
| Interest Expenses | 188.18 | 165.41 |
| Bank charges and amortisation of Processing Fees etc. | 7.24 | 21.23 |
| | 195.42 | 186.64 |

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| 31 DEPRECIATION AND AMORTISATION EXPENSES | | |
| Depreciation and Amortisation expenses on Property, Plant and Equipment | 1,340.17 | 1,333.56 |
| Amortisation Expense on Intangible Assets | 0.38 | 0.40 |
| | 1,340.55 | 1,333.96 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| 32 OTHER EXPENSES | | |
| Consumption of Stores and Spare Parts | 376.36 | 558.24 |
| Power and Fuel | 755.15 | 1,576.02 |
| Rent | 1.30 | 5.11 |
| Repairs to Buildings | 18.42 | 21.50 |
| Repairs to Machinery | 35.02 | 81.61 |
| Insurance Expenses | 8.81 | 9.89 |
| Rates and Taxes, excluding taxes on income | 164.12 | 266.48 |
| Material Handling Expenses | 80.78 | 162.20 |
| Freight and Selling Expenses | 105.57 | 222.62 |
| Loss on Exchange Fluctuation (net) | 0.74 | 0.10 |
| Miscellaneous Expenses | 276.62 | 273.95 |
| | 1,822.89 | 3,177.72 |

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| 33 OTHER COMPREHENSIVE INCOME | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of the Defined Benefit Plans | (6.45) | (1.18) |
| | (6.45) | (1.18) |

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| 34 EARNING / (LOSS) PER EQUITY SHARE | | |
| (I) Basic | | |
| a. Profit/(Loss) after Tax and Minority Interest | (1,919.02) | (1,616.34) |
| b. (i) Number of Equity Shares at the beginning of the year | 115,789,500 | 115,789,500 |
| (ii) Number of Equity Shares at the end of the year | 115,789,500 | 115,789,500 |
| (iii) Weighted average number of Equity Shares outstanding during the year | 115,789,500 | 115,789,500 |
| (iv) Face Value of each Equity Share (₹) | 10.00 | 10.00 |
| c. Basic Earning / (Loss) per Share [a / (b(iii))] (₹) | (16.57) | (13.96) |
| (II) Diluted | | |
| a. Dilutive potential Equity Shares | - | - |
| b. Weighted Average number of Equity Shares for computing Dilutive earning / (Loss) per Share | 115,789,500 | 115,789,500 |
| c. Diluted Earning / (Loss) per Share [same as (I)(c) above] (₹) | (16.57) | (13.96) |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| 35A CONTINGENT LIABILITIES | | |
| (a) Claims against the Group not acknowledged as debts : | | |
| (i) Sales / Customers and related matters | 191.90 | 191.90 |
| (ii) Purchases / Vendors and related matters | 4,807.66 | 5,027.36 |
| (iii) Other matters | 362.23 | 414.25 |
| (b) Other matters for which the Group is contingently liable: | | |
| (i) Disputed Income Tax matters under Appeal | 28.13 | 83.59 |
| (ii) Disputed Sales Tax matters under Appeal | 128.89 | 128.89 |
| (iii) Disputed Entry Tax matters under Appeal | 9.57 | 9.57 |
| (iv) Disputed Customs Duty matter on Imported Goods under Appeal | 61.34 | 61.34 |
| (v) Disputed Excise Duty matters under Appeal | 15.97 | 15.97 |
| (vi) Disputed Service Tax matters under Appeal | 54.63 | 54.63 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

- (c) In respect of the contingent liabilities mentioned in Note 35A(a) and 35A(b) above, pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any. The Group does not expect any reimbursements in respect of above contingent liability.

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 35B CAPITAL COMMITMENTS | | |
| Capital Commitments | | |
| Estimated amount of Contracts remaining to be executed on Capital Account and not provided for [Net of advance of ₹ Nil, (31 March 2019 : ₹ 0.33 Million)] | - | 40.46 |

- 36** The Group has incurred net loss during the year ended 31 March 2020 which has adversely impacted the net worth of the Group. The Group's financial performance has been adversely affected due to non-availability of working capital for operations, and other external factors beyond the Group's control including high prices of Chrome Ore during e - auction, high logistic cost, high duties/taxes/cess, high energy cost and delays in debt resolution etc. It is expected that the overall financial health of the Group would improve after debt resolution and improvement in working capital. Accordingly, the Group has prepared the financial statements on the basis of going concern assumption.

37 SEGMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2020

The Group's chief operating decision making group [CODMG] (as set out in Note 2.2.15), examines the Group's performance both from business (product) & geographical perspective and has identified two reportable business segments vis. "Special Steel" and "Ferro Alloys".

Segment disclosures are consistent with the information provided to CODMG which primarily uses operating profit/ loss of the respective segments to assess their performance. CODMG also periodically receives information about the segments revenue and assets.

Details of products included in each of the above Segments are given below:

| | |
|----------------------|--------------------------|
| Special Steel | Iron & Steel Products |
| Ferro Alloys | High Carbon Ferro Chrome |

Segment assets, liabilities, revenue and expenses are measured in the same way as in the standalone financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets. Sale between Segments are carried out at arm's length and are eliminated on consolidation.

(a) Summarised Segment information

| Primary Business Segment | As at 31 March 2020 | | | As at 31 March 2019 | | |
|---------------------------------------|---------------------|-----------------|------------------------------|---------------------|-----------------|------------------------------|
| | Special Steel | Ferro Alloys | Total of Reportable Segments | Special Steel | Ferro Alloys | Total of Reportable Segments |
| External Revenue from Operations | 3,354.65 | 3,478.79 | 6,833.44 | 6,089.57 | 8,053.11 | 14,142.68 |
| Inter Segment Revenue from Operations | 137.66 | - | 137.66 | 80.27 | - | 80.27 |
| Segment Revenues | 3,492.31 | 3,478.79 | 6,971.10 | 6,169.84 | 8,053.11 | 14,222.95 |
| Other Income | - | - | - | - | - | - |
| Segment Results | (1,018.81) | (704.79) | (1,723.60) | (879.77) | (549.93) | (1,429.70) |

(b) Specified amounts included in Segment Results

| Primary Business Segment | As at 31 March 2020 | | | As at 31 March 2019 | | |
|------------------------------------|---------------------|--------------|------------------------------|---------------------|--------------|------------------------------|
| | Special Steel | Ferro Alloys | Total of Reportable Segments | Special Steel | Ferro Alloys | Total of Reportable Segments |
| Depreciation & Amortisation | 857.40 | 483.15 | 1,340.55 | 878.56 | 455.40 | 1,333.96 |
| Net Foreign Exchange loss / (gain) | 0.38 | 0.36 | 0.75 | 0.05 | 0.05 | 0.10 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(c) Reconciliation of Segment Results with Profit after tax

| Primary Business Segment | As at 31 March 2020 | | | As at 31 March 2019 | | |
|--|---------------------|-----------------|------------------------------|---------------------|-----------------|------------------------------|
| | Special Steel | Ferro Alloys | Total of Reportable Segments | Special Steel | Ferro Alloys | Total of Reportable Segments |
| Segment Results | (1,018.81) | (704.79) | (1,723.60) | (879.77) | (549.93) | (1,429.70) |
| Corporate-Unallocated / Others (Net) | - | - | - | - | - | - |
| Less: Finance Costs | 51.70 | 143.72 | 195.42 | 55.41 | 131.23 | 186.64 |
| Profit/(Loss) after tax as per Financial Statements | (1,070.51) | (848.51) | (1,919.02) | (935.18) | (681.16) | (1,616.34) |

(d) Other information

Reconciliation of Reportable Segments with the Financial Statements

| Primary Business Segment | As at 31 March 2020 | | | As at 31 March 2019 | | |
|-----------------------------|---------------------|------------------|------------------|---------------------|------------------|------------------|
| | Special Steel | Ferro Alloys | Total | Special Steel | Ferro Alloys | Total |
| Segment Assets | 16,325.53 | 14,329.29 | 30,654.82 | 17,933.91 | 15,063.73 | 32,997.64 |
| Corporate Unallocated (net) | - | - | - | - | - | - |
| Total Assets | 16,325.53 | 14,329.29 | 30,654.82 | 17,933.91 | 15,063.73 | 32,997.64 |
| Segment Liabilities | 992.50 | 1,781.01 | 2,773.51 | 1,157.99 | 1,920.57 | 3,078.56 |
| Corporate Unallocated (net) | - | - | 39,359.28 | - | - | 39,471.58 |
| Total liabilities # | 992.50 | 1,781.01 | 42,132.79 | 1,157.99 | 1,920.57 | 42,550.14 |

Excluding Shareholder's Funds

The Group has its customer in India as well as outside India and thus segment information based on geographical location of its customers is as follows :

| Particulars | 31 March 2020 | | | 31 March 2019 | | |
|----------------------|---------------|---------------|-----------|---------------|---------------|-----------|
| | India | Outside India | Total | India | Outside India | Total |
| Revenue External* | 6619.50 | 221.09 | 6,840.58 | 13,769.70 | 397.89 | 14,167.59 |
| Total Segment Assets | 30654.82 | - | 30,654.82 | 32,997.64 | - | 32,997.64 |

* Represent INR export to Bhutan.

38 FAIR VALUE MEASUREMENTS

a) Financial instruments by category

| | 31 March 2020 | | | 31 March 2019 | | |
|------------------------------------|------------------|----------|--------------|------------------|----------|--------------|
| | Amortised cost | FVTOCI | FVTPL | Amortised cost | FVTOCI | FVTPL |
| Financial Assets | | | | | | |
| Investments* | - | - | 31.63 | - | - | 31.63 |
| Trade Receivables | 90.79 | - | - | 332.21 | - | - |
| Cash and Cash Equivalents | 73.54 | - | - | 8.80 | - | - |
| Other Bank Balances | 20.51 | - | - | 36.58 | - | - |
| Loans | 63.78 | - | - | 102.45 | - | - |
| Others Financial Assets | 3.07 | - | - | 4.42 | - | - |
| Total Financial Assets | 251.69 | - | 31.63 | 484.46 | - | 31.63 |
| Financial Liabilities | | | | | | |
| Non Current Borrowings | 6,021.38 | - | - | 10,302.81 | - | - |
| Current Borrowings | 7,622.59 | - | - | 7,861.95 | - | - |
| Other financial liability | 25,995.32 | - | - | 22,128.61 | - | - |
| Trade Payables | 1,181.71 | - | - | 1,133.67 | - | - |
| Total Financial Liabilities | 40,821.00 | - | - | 41,427.04 | - | - |

*Excludes investment measured at deemed cost/cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

b) Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| Financial Assets and Liabilities measured at fair value as at 31 March 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|--------------|---------|--------------|
| Financial Assets | | | | |
| Investments | - | 31.63 | - | 31.63 |
| Total Financial Assets | - | 31.63 | - | 31.63 |
| Financial Liabilities | | | | |
| Foreign exchange forward contracts (USD) | - | - | - | - |
| Total Financial Liabilities | - | - | - | - |

| Financial Assets and Liabilities measured at fair value as at 31 March 2019 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|--------------|---------|--------------|
| Financial Assets | | | | |
| Investments | - | 31.63 | - | 31.63 |
| Total Financial Assets | - | 31.63 | - | 31.63 |
| Financial Liabilities | | | | |
| Foreign exchange forward contracts (USD) | - | - | - | - |
| Total Financial Liabilities | - | - | - | - |

Notes

- (i) Current financial assets and liabilities are stated at amortised cost which is approximately equal to their fair value.
- (ii) Non-current financial assets and liabilities measured at amortised cost have same fair value as at 31 March 2020 and 31 March 2019.

c) Valuation techniques

The following methods and assumptions were used to estimate the fair values

Investment has been fair valued based on valuation carried out by independent valuer as on 31 March 2020.

Changes in level 2 and level 3 fair values are analysed at each reporting period

39 INTEREST IN OTHER ENTITIES

(a) Subsidiaries

The Group's subsidiaries at 31 March 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business

| Name of the entity | Place of business/ Country of Incorporation | Principal Activities | Ownership Interest held by the Group | | Ownership Interest held by non-controlling interests | |
|--|---|-------------------------|---|---------------|---|---------------|
| | | | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Kalinganagar Special Steel Private Limited | India | Steel Products | 100.00% | 100.00% | - | - |
| Kalinganagar Chrome Private Limited | India | Chrome Products | 100.00% | 100.00% | - | - |

(b) Interest in Joint Venture

Set out below is the joint venture of the Group as at 31 March 2020 which, in the opinion of the directors, are material to the Group. The entity listed below has share capital consisting solely of equity shares, which are held directly by the Group. The Country of incorporation or registration is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

| Name of the entity | Principal Activities | Place of Business | % of ownership interest | Relationship | Accounting Method | Carrying Amount | Carrying Amount |
|--------------------------|---|-------------------|-------------------------|---------------|-------------------|------------------------|------------------------|
| | | | | | | as on 31 March 2020 | as on 31 March 2019 |
| VISA Urban Infra Limited | Developing Star Hotel and Convention Centre project | India | 26% | Joint Venture | Equity Method | 10.24 | 10.19 |

(c) Summarised financial information for joint venture

The table below provide summarised financial information for the joint venture that is material to the Group.

| Summarised Balance Sheet | VISA Urban Infra Limited | |
|--------------------------------------|--------------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Current Assets | | |
| Cash and cash equivalents | 0.93 | 0.67 |
| Other Assets | 9.82 | 10.94 |
| Total Current Assets | 10.75 | 11.61 |
| Total Non Current Assets | 108.13 | 98.20 |
| Current Liabilities | | |
| Financial Liabilities | 0.88 | 0.04 |
| Other Liabilities | 0.08 | 0.09 |
| Total Current Liabilities | 0.96 | 0.13 |
| Non Current Liabilities | | |
| Financial Liabilities | 71.23 | 71.23 |
| Other Liabilities | 8.05 | - |
| Total Non Current Liabilities | 79.28 | 71.23 |
| Net Assets | 38.64 | 38.45 |

Reconciliation to Carrying Amounts

| Particulars | VISA Urban Infra Limited | |
|----------------------------|--------------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Opening Net Assets | 38.45 | 38.90 |
| Profit/(Loss) for the year | 0.19 | (0.45) |
| Closing Net Assets | 38.64 | 38.45 |
| Group's share in % | 26% | 26% |
| Group's share in ₹ | 10.05 | 10.00 |
| Inter company elimination | 0.19 | 0.19 |
| Carrying Amount | 10.24 | 10.19 |

Summarised Statement of Profit and Loss

| Particulars | VISA Urban Infra Limited | |
|---------------------------------------|--------------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Revenue | - | - |
| Interest income | 0.55 | 0.28 |
| Depreciation and amortisation expense | - | - |
| Interest Expense | 0.01 | 0.00 |
| Other Expenses | 0.13 | 0.73 |
| Income tax Expense | 0.22 | - |
| Profit from continuing operation | 0.19 | (0.45) |
| Profit from Discontinuing operation | - | - |
| Profit for the year | 0.19 | (0.45) |
| Other Comprehensive income | - | - |
| Total Comprehensive income | 0.19 | (0.45) |
| Group Share | 0.05 | (0.12) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

40 ASSETS HYPOTHECATED/MORTGAGED AS SECURITY (REFER NOTE 16)

The carrying amounts of certain categories of assets hypothecated/mortgaged as security for current and non-current borrowings pursuant to the requirements of Ind AS 2, Ind AS 16, Ind AS 38 and Ind AS 107 are as follows:

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Current Assets | | |
| Financial assets | 187.91 | 406.75 |
| Non-financial assets | | |
| Inventories | 327.98 | 1,020.79 |
| Total current assets hypothecated/mortgaged as security(A) | 515.89 | 1,427.54 |
| Non-current Assets | | |
| Property, Plant and Equipment | 26,631.10 | 27,912.28 |
| Capital Work-in-progress | 2,902.72 | 2,971.36 |
| Intangible Assets | 1.35 | 1.74 |
| Investment | 10.24 | 10.19 |
| Total non-currents assets hypothecated/mortgaged as security (B) | 29,545.41 | 30,895.57 |
| Total assets hypothecated/mortgaged as security (A+B) | 30,061.30 | 32,323.11 |

41 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings in domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks and how the Group is managing such risk.

(A) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and others. In addition, credit risk arises from financial guarantees.

The Group implements a credit risk management policy under which the Group only transacts business with counterparties that have a certain level of credit worthiness based on internal assessment of parties, financial condition, historical experience, and other factors. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness.

The Group follows an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component that are expected to occur. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Debt securities are analysed individually, and an expected loss shall be directly deducted from debt securities.

Credit risk also arises from transactions with financial institutions, and such transactions include transactions of cash and cash equivalents, various deposits, and financial instruments such as derivative contracts. The Group manages its exposure to this credit risk by only entering into transactions with banks that have high ratings. The Group's treasury department authorises, manages, and oversees new transactions with parties with whom the Group has no previous relationship.

Furthermore, the Group limits its exposure to credit risk of financial guarantee contracts by strictly evaluating their necessity based on internal decision making processes, such as the approval of the board of directors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(i) Credit risk exposure

The carrying amount of financial assets represents the Group's maximum exposure to credit risk. The maximum exposure to credit risk as of 31 March 2020 and 31 March 2019 are as follows:

| | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------------|------------------------|------------------------|
| Cash and cash equivalents | 73.54 | 8.80 |
| Other Bank balances | 20.51 | 36.58 |
| Loans and other receivables | 66.85 | 106.87 |
| Trade receivable (net) | 90.79 | 332.21 |
| | 251.69 | 484.46 |

(ii) Impairment losses on financial assets

Refer the table below for reconciliation of loss allowance in respect of Trade Receivables:

| | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Trade Receivables (measured under life time excepted credit loss model) | | |
| Loss Allowance at the beginning of the year | 48.98 | 60.59 |
| Add: Loss Allowance provided during the year | 5.18 | 6.50 |
| Less: Write Off | 39.45 | 1.33 |
| Less: Loss Allowance reversed during the year | 6.67 | 16.78 |
| Loss Allowance at the end of the year | 8.04 | 48.98 |

The aging of trade accounts and notes receivable as of 31 March 2020 and 31 March 2019 are as follows:

| | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Trade Receivables (measured under life time excepted credit loss model) | | |
| Not due | - | - |
| Over due less than 3 month | 98.36 | 324.71 |
| 3 months - 12 months | - | 17.03 |
| over 12 months | 0.47 | 39.44 |
| | 98.83 | 381.18 |

No significant changes in estimation techniques or assumptions were made during the reporting period

(B) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

However, in views of various unfavourable factors as set out in Note 38, the Group has been experiencing stressed liquidity condition. In order to overcome such situation, the Group has been taking measures to ensure that the Group's cash flow from business borrowing or financing is sufficient to meet the cash requirements for the Group's operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

Maturities of financial liabilities

Contractual maturities for non-derivative and derivative financial liabilities, including estimated interest, at undiscounted values are as follows:

| As at 31 March 2020 | upto 12 months | more than 1 year and upto 5 years | > 5 Years | Total |
|-----------------------------|------------------|-----------------------------------|--------------|------------------|
| Trade Payables | 1,181.71 | - | - | 1,181.71 |
| Non Current Borrowings @ | - | 6,021.38 | - | 6,021.38 |
| Lease Liabilities | 46.01 | 156.54 | 33.61 | 236.16 |
| Current Borrowings @ | 7,622.59 | - | - | 7,622.59 |
| Other financial liabilities | 25,949.31 | - | - | 25,949.31 |
| | 34,799.62 | 6,177.92 | 33.61 | 41,011.15 |

| As at 31 March 2019 | upto 12 months | more than 1 year and upto 5 years | > 5 Years | Total |
|-------------------------------|------------------|-----------------------------------|--------------|------------------|
| Trade Payables | 1,133.67 | - | - | 1,133.67 |
| Non Current Borrowings @ | - | 10,119.52 | - | 10,119.52 |
| Lease Liabilities | 17.04 | 117.86 | 65.44 | 200.34 |
| Current Borrowings @ | 7,861.95 | - | - | 7,861.95 |
| Other financial liabilities @ | 22,227.59 | - | - | 22,227.59 |
| | 31,240.25 | 10,237.38 | 65.44 | 41,543.07 |

@ The contractual maturity obligations in respect of borrowings as set out above may undergo changes upon debt resolution

(C) Market Risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The goal of market risk management is optimisation of profit and controlling the exposure to market risk within acceptable limits.

i) Interest rate risk

The Group manages the exposure to interest rate risk by monitoring interest rate risks regularly in order to avoid exposure to interest rate risk on borrowings at variable interest rate.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

a) Interest rate risk exposure

The carrying amount of interest-bearing financial instruments as of 31 March 2020 and 31 March 2019 are as follows:

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------------|---------------------|---------------------|
| Variable rate financial liabilities | 31,285.57 | 31,689.89 |
| Variable rate financial assets | - | - |

b) Sensitivity analysis on the fair value of financial instruments with fixed interest rate

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

c) Sensitivity analysis on the cash flows of financial instruments with variable interest rate

As of 31 March 2020 and 31 March 2019, provided that other factors remain the same and the interest rate of borrowings with floating rates increases or decreases by 1%, the changes in interest expense for the years ended 31 March 2020 and 31 March 2019 were as follows:

| | Impact on profit before tax | |
|---|-----------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| Interest rates - increase by 100 basis points [Refer (a) below] | 312.86 | 316.90 |
| Interest rates - decrease by 100 basis points [Refer (a) below] | (312.86) | (316.90) |

(a) The Group has stopped providing interest accrued and unpaid effective 1 April 2016 in its books. Refer note 16 (D).

ii) Foreign currency risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

a) The Group has exposure to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The exposure to currency risk as of 31 March 2020 and 31 March 2019 are as follows:

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--|---------------|-------------|---------------|-------------|
| | USD | EUR | USD | EUR |
| Financial Assets | | | | |
| Trade receivables | - | - | - | - |
| Capital Advance | - | - | - | - |
| Advance to supplier | - | - | - | - |
| Net exposure to foreign currency risk (assets) | - | - | - | - |
| Financial Liabilities | | | | |
| Trade payables | - | 0.07 | 0.06 | - |
| Capital Creditor | - | - | - | 0.07 |
| Net exposure to foreign currency risk (liabilities) | - | 0.07 | 0.06 | 0.07 |

| Particulars | As at | As at |
|-------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| USD | - | (0.06) |
| EUR | (0.07) | (0.07) |

b) As of 31 March 2020 and 31 March 2019, provided that functional currency against foreign currencies other than functional currency hypothetically strengthens or weakens by 10%, the changes in gain or loss for the years ended 31 March 2020 and 31 March 2019 were as follows:

| | Impact on profit before tax | |
|--------------|-----------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| USD | | |
| 10% increase | - | (0.40) |
| 10% decrease | - | 0.40 |
| EUR | | |
| 10% increase | (0.60) | (0.56) |
| 10% decrease | 0.60 | 0.56 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(D) Other Risk-Impact of the COVID 19 pandemic

The operations of the Group were temporarily impacted due to shutdown of its plant following nationwide lockdown imposed by the Government. The Group has since resumed its operations in a phased manner as per directives from the Government of India. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Group will continue to monitor any material changes to future economic conditions.

42 CAPITAL MANAGEMENT

a) Risk Management

The fundamental goal of capital management are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

For the purpose of Group's capital management, capital includes issued capital and all other equity reserves. The Group manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants.

However in view of certain adverse factors and challenges being faced by the Group over past few years as explained in Note 38, the net worth of the Group has been eroded. It is expected that the overall financial health of the Group would improve after debt resolution and availability of working capital. The Parent Company has not declared any dividend since financial year 2011-12.

The Group manages its capital on the basis of net debt to equity ratio which is net debt (non current borrowings) divided by total equity.

| | 31 March 2020 | 31 March 2019 |
|--------------------------|---------------|---------------|
| Net Debt | 39,359.28 | 39,710.81 |
| Total equity | (11,477.97) | (9,552.50) |
| Net debt to equity ratio | (3.43) | (4.16) |

b) Loan Covenants

The Group has been under financial stress since 2011-12 due to various external factors, the EBITDA margins of the Parent Company and VSSL since 2011-12 have not been sufficient to service interest / principal repayment and whilst the outstanding principal term loan amount was only ₹ 10,078.72 Million as on 31 March 2011. During the period April 2011 to March 2016, the lenders have charged approx. ₹ 23,151.44 Million on account of interest/ repayment whereas EBITDA in this period was only approx. ₹ 990.78 Million. This has resulted in ballooning of liabilities of the Parent Company and VSSL towards its lenders, which are far in excess of hard cost of investments in the project for which the principal term loan had been taken from the lenders. For the purpose of these financial statements, the Parent Company and VSSL has followed reorganisation/reallocation and other terms and conditions of MRA/CLA as set out above. (Also refer note 16A)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

43 RELATED PARTY DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 24

| (a) Related Parties | Names of the Related Parties |
|---|--|
| (i) Others | |
| Joint Venture Company | VISA Urban Infra Limited |
| Enterprise having significant influence | VISA Infrastructure Limited VISA International Limited |
| Key Managerial Personnel | Mr. Vishambhar Saran (Chairman) Mr. Vishal Agarwal (Vice Chairman & Managing Director) Mr. Manoj Kumar (Director-Kalinganagar) Mr. Pratip Chaudhuri (Non-executive Director) Mr. Manas Kumar Nag (Nominee Director) deceased on 31 March 2019 Mr. Kishore Kumar Mehrotra (Non-executive Director) up to 10 July 2018 Ms. Rupanjana De (Non-executive Director) Mr. Sheo Raj Rai (Non-executive Director) Mr. Dhanesh Ranjan (Non-executive Director) w.e.f 30 September 2018 |
| Relatives of Key Managerial Personnel | Mrs. Bhawna Agarwal (Wife of Mr. Vishal Agarwal) |
| Member of a Group of which Enterprise having significant influence is also a member | VISA Resources India Limited VISA Minmetal Limited VISA Coke Limited |

(b) Details of Transactions with Related Parties

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

| Nature of Transactions | Name of the Related Parties | 31 March 2020 | 31 March 2019 |
|---------------------------------------|---|---------------|---------------|
| Purchase of Goods | VISA Coke Limited | 540.30 | 1,078.63 |
| | VISA Minmetal Limited | 1,600.34 | 4,227.07 |
| Sale of Goods | VISA Minmetal Limited | 3,045.84 | 5,600.09 |
| Rent Charges | VISA Minmetal Limited | 1.20 | 1.55 |
| Hire Charges | VISA Resources India Limited | - | 13.07 |
| Shared Service Fees | VISA Coke Limited | 111.68 | 156.32 |
| Conversion Income | VISA Industries Ltd | 334.18 | - |
| Finance Cost | VISA Infrastructure Limited | 35.50 | 35.40 |
| | VISA Coke Limited | - | 6.72 |
| Lease Rental | VISA Coke Limited | 37.48 | 37.48 |
| Remuneration to KMP | Mr. Vishambhar Saran | 16.35 | 17.46 |
| | Mr. Vishal Agarwal | 17.34 | 18.40 |
| | Mr. Manoj Kumar | 7.26 | 7.65 |
| Sitting Fees | Mr. Pratip Chaudhuri (Independent Director) | 0.38 | 0.36 |
| | Mr. Manas Kumar Nag (Independent Director) | - | 0.16 |
| | Mr. Kishore Kumar Mehrotra (Independent Director) | - | 0.08 |
| | Ms. Rupanjana Dey (Independent Director) | 0.44 | 0.32 |
| | Mr. Dhanesh Ranjan (Independent Director) | 0.14 | 0.08 |
| | Mr. Sheo Raj Rai (Independent Director) | 0.36 | 0.28 |
| Re-imbursment of Expenses (Net) | VISA Minmetal Limited | 0.46 | 0.99 |
| | VISA Coke Limited | 32.85 | - |
| Recovery of Expenses (Net) | VISA Resources India Limited | - | 2.62 |
| | VISA Coke Limited | - | 3.29 |
| Receipt of Security Deposit (Net) | VISA Minmetal Limited | - | 163.95 |
| | VISA International Limited | - | 5.50 |
| Share of Profit/Loss of Joint Venture | VISA Urban Infra Limited | 0.05 | (0.12) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(c) Details of Transactions with Related Parties

| Nature of Transaction | 31 March 2020 | | | | | 31 March 2019 | | | | |
|---------------------------------------|-----------------------|---|--------------------------|---------------------------------------|---------------------|-----------------------|---|--------------------------|---------------------------------------|---------------------|
| | Joint Venture Company | Enterprise having significant influence | Key Managerial Personnel | Relatives of Key Managerial Personnel | Other Related Party | Joint Venture Company | Enterprise having significant influence | Key Managerial Personnel | Relatives of Key Managerial Personnel | Other Related Party |
| Purchase of Goods | - | - | - | - | 2,140.64 | - | - | - | - | 5,305.70 |
| Sale of Goods | - | - | - | - | 3,046.71 | - | - | - | - | 5,597.90 |
| Sale of Export Incentive Licences | - | - | - | - | 2.59 | - | - | - | - | 2.19 |
| Rent Charges | - | - | - | - | 1.20 | - | - | - | - | 1.55 |
| Hire Charges | - | - | - | - | - | - | - | - | - | 13.07 |
| Shared Service Fees | - | - | - | - | 111.68 | - | - | - | - | 156.32 |
| Conversion Income | - | - | - | - | 334.18 | - | - | - | - | - |
| Finance Cost | - | 35.50 | - | - | - | - | 35.40 | - | - | 6.72 |
| Lease Rental | - | - | - | - | 37.48 | - | - | - | - | 37.48 |
| Remuneration to KMP | - | - | 40.95 | 4.43 | - | - | - | 43.50 | 4.63 | - |
| Sitting Fees | - | - | 1.32 | - | - | - | - | 1.28 | - | - |
| Re-imbursment of Expenses (Net) | - | - | - | - | 0.31 | - | - | - | - | 1.79 |
| Recovery of Expenses (Net) | - | - | - | - | 33.00 | - | 0.05 | - | - | 6.72 |
| Receipt of Security Deposit (Net) | - | - | - | - | - | - | 5.50 | - | - | 163.95 |
| Share of Profit/Loss of Joint Venture | 0.05 | - | - | - | - | (0.12) | - | - | - | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(d) Details of Balances with Related Parties as at 31 March 2020

| Balance | Enterprise having significant influence | Key Managerial Personnel | Relatives of Key Managerial Personnel | Other Related Parties |
|-----------------------------|---|--------------------------|---------------------------------------|-----------------------|
| Receivable | - | - | - | 24.18 |
| Payable | - | 9.41 | 1.13 | 420.21 |
| Long Term Borrowing | 442.50 | - | - | - |
| Security Deposit Receivable | - | - | - | - |

Details of Balances with Related Parties as at 31 March 2019

| Balance | Enterprise having significant influence | Key Managerial Personnel | Relatives of Key Managerial Personnel | Other Related Parties |
|-----------------------------|---|--------------------------|---------------------------------------|-----------------------|
| Receivable | - | - | - | - |
| Payable | - | 3.44 | 1.13 | 599.04 |
| Long Term Borrowing | 442.50 | - | - | - |
| Security Deposit Receivable | 2.50 | - | - | 22.24 |

(e) Details of compensation paid to KMP

| KMP COMPENSATION | VISHAMBHAR SARAN | | VISHAL AGARWAL | | MANOJ KUMAR | |
|-------------------------------|------------------|---------------|----------------|---------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Short-Term Employee Benefits | 15.08 | 15.12 | 16.13 | 16.18 | 7.14 | 7.48 |
| Post-Employment Benefits | 1.27 | 2.34 | 1.21 | 2.22 | 0.12 | 0.17 |
| Long-Term Employee Benefits | - | - | - | - | - | - |
| Termination Benefits | - | - | - | - | - | - |
| Employee Share Based Payments | - | - | - | - | - | - |
| Total Compensation | 16.35 | 17.46 | 17.34 | 18.40 | 7.26 | 7.65 |

(f) The Parent Company is taking support of Related Parties for making payments on-behalf of the Parent Company for supply of essential goods and critical raw material to ensure that Plant is operational, and adjusting the receivable and payable amount, The transactions falling under the ambit of Section 188 of Companies Act are at Arm's length and in Ordinary Course of business.

44 Pursuant to sanction of the Scheme of Arrangement by National Company Law Tribunal, Cuttack bench vide Order dated 8 July 2019 (NCLT Order) and filing of the certified copy thereof with Registrar of Companies, Cuttack on 13 July 2019, the Scheme of Arrangement became effective on and from 13 July 2019 and the Parent 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 Parent Company prior to 17 January 2020, the Parent Company is dealing with the aforesaid Civil Appeal before the Hon'ble Supreme Court in consultation with its Advocates. The NCLT Order does not have any impact in the Consolidated Financial Statements of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

45 (A) ADDITIONAL INFORMATION PURSUANT TO THE REQUIREMENT OF SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSIDERED FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.

| | | 2019-20 | | | | | | | |
|----------------------|--|---|---|------------------------|---|--|---|--|---|
| SL No | Name of the Entity [Refer Note (a) below] | Net Assets i.e. Total Asset- Total Liabilities | | Share in profit/(loss) | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
| | | Amount | As a % of Consolidated Net Assets | Amount | As a % of Consolidated Profit or Loss | Amount | As a % of Consolidated Other Comprehensive Income | Amount | As a % of Consolidated Total Comprehensive Income |
| Parent | | | | | | | | | |
| 1 | VISA Steel Limited | (3,070.09) | 26.75 % | (848.46) | 44.21 % | (5.65) | 87.59 % | (854.11) | 44.36 % |
| Subsidiaries | | | | | | | | | |
| 2 | Kalinganagar Special Steel Private Limited | 0.06 | 0.00 % | (0.08) | 0.00 % | - | 0.00 % | (0.08) | 0.00 % |
| 3 | VISA Ferro Chrome Limited* | (0.02) | 0.00 % | (0.08) | 0.00 % | - | 0.00 % | (0.08) | 0.00 % |
| 4 | VISA Special Steel Limited* | (8,408.36) | 73.26 % | (1,070.43) | 55.77 % | (0.80) | 12.41 % | (1,071.23) | 55.63 % |
| 5 | Kalinganagar Chrome Private Limited | 0.20 | 0.00 % | (0.02) | 0.00 % | - | 0.00 % | (0.02) | 0.00 % |
| Joint Venture | | | | | | | | | |
| 8 | VISA Urban Infra Limited | 0.24 | 0.00 % | 0.05 | 0.00 % | - | 0.00 % | 0.05 | 0.00 % |
| | | (11,477.97) | 100.00 % | (1,919.02) | 100.00 % | (6.45) | 100.00 % | (1,925.47) | 100.00 % |

45 (B) ADDITIONAL INFORMATION PURSUANT TO THE REQUIREMENT OF SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSIDERED FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.

| | | 2018-19 | | | | | | | |
|----------------------|--|---|---|------------------------|---|--|---|--|---|
| SL No | Name of the Entity [Refer Note (a) below] | Net Assets i.e. Total Asset- Total Liabilities | | Share in profit/(loss) | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
| | | Amount | As a % of Consolidated Net Assets | Amount | As a % of Consolidated Profit or Loss | Amount | As a % of Consolidated Other Comprehensive Income | Amount | As a % of Consolidated Total Comprehensive Income |
| Parent | | | | | | | | | |
| 1 | VISA Steel Limited | (2,513.68) | 26.31 % | (681.05) | 42.14 % | (1.18) | 100.00 % | (682.23) | 42.18 % |
| Subsidiaries | | | | | | | | | |
| 2 | Kalinganagar Special Steel Private Limited | 0.05 | 0.00 % | (0.01) | 0.00 % | - | 0.00 % | (0.01) | 0.00 % |
| 3 | VISA Ferro Chrome Limited* | (0.01) | 0.00 % | (0.01) | 0.00 % | - | 0.00 % | (0.01) | 0.00 % |
| 4 | VISA Special Steel Limited* | (7,039.26) | 73.69 % | (935.14) | 57.86 % | - | 0.00 % | (935.14) | 57.81 % |
| 5 | Kalinganagar Chrome Private Limited | 0.21 | 0.00 % | (0.01) | 0.00 % | - | 0.00 % | (0.01) | 0.00 % |
| Joint Venture | | | | | | | | | |
| 6 | VISA Urban Infra Limited | 0.19 | 0.00 % | (0.12) | 0.01 % | - | 0.00 % | (0.12) | 0.01 % |
| | | (9,552.50) | 100.00 % | (1,616.34) | 100.00 % | (1.18) | 100.00 % | (1,617.52) | 100.00 % |

(a) All entities specified above have been incorporated in India.

(b) The Net Asset position / Net Profit of the entity considered above is after considering elimination if any, for determining the Profit for the Year in the Consolidated Statement of Profit and Loss

(c) * Represents Step down Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

- 46** i) Balances of certain debtors and creditors are subject to confirmation and reconciliation. In the opinion of the management, current assets and advances will have value on realisation in the ordinary course of business at least equal to the amount at which they are stated and also the current liabilities and advances will not have claims more than at which they are stated. ii) Balances of banks/financial institutions are subject to confirmation. iii) Some winding up petitions filed against the Parent Company are pending and the Parent Company and VSSL are contesting the same.

47 PREVIOUS YEAR FIGURES

The previous year figures are reclassified where considered necessary to conform to this year's classification.

For Singhi & Co.
Chartered Accountants
Firm Registration Number - 302049E

For and on behalf of the Board of Directors

Pradeep Kumar Singhi
Partner
Membership Number-50773

Vishal Agarwal
Vice Chairman & Managing Director
DIN 00121539

Manoj Kumar
Director (Kalinganagar)
DIN 06823891

Place: Kolkata
Date: 30 July 2020

Sudhir Kumar Banthiya
Company Secretary

Surinder Kumar Singhal
Chief Financial Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amount in ₹ Million, unless otherwise stated

(PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013 READ WITH RULES 5 OF THE COMPANIES (ACCOUNTS) RULES 2014)

Statement containing salient features of the financial statement of subsidiaries/joint venture for the year ended on 31 March 2020

PART A - Subsidiary Company

(Amount in Million.)

| Name of the Subsidiary | Kalinganagar Special Steel Private Limited | Kalinganagar Chrome Private Limited |
|--|--|---|
| | 31 March 2020 | 31 March 2020 |
| Financial Year Ending on | | |
| Reporting Currency | INR | INR |
| Share Capital | 0.70 | 0.60 |
| Reserves & Surplus | (11,830.53) | (0.12) |
| Total Assets | 16,646.89 | 0.51 |
| Total Liabilities | 28,476.73 | 0.02 |
| Details of Investment (Except in case of Subsidiaries) | - | - |
| Turnover (including Other Income) | 3,517.52 | - |
| Profit/(Loss) Before Taxation | (1,070.60) | (0.03) |
| Provision for Taxation | - | - |
| Profit/(Loss) after Taxation | (1,070.60) | (0.03) |
| Proposed Dividend | - | - |
| Percentage of Shareholding | 100% | 100% |

Notes:

Name of the Subsidiary yet to commence operations : Kalinganagar Special Steel Private Limited and Kalinganagar Chrome Private Limited.

PART B - Joint Venture

| Name of the Joint Venture | VISA Urban Infra Limited |
|---|-------------------------------|
| | 31 March 2020 |
| Latest Audited Balance Sheet Date | |
| Number of Shares held as on 31 March 2020 | 1.00 |
| Amount of Investment in Joint Venture as on 31 March 2019 | 10.00 |
| Extent of Shareholding % as on 31 March 2020 | 26% |
| Description of how there is a significant influence | By virtue of Share Holding |
| Reason why Joint venture is not consolidated | Not Applicable |
| Net worth attributable to Shareholding | 10.00 |
| Profit/(Loss) for the year (Consolidated) | 0.19 |
| a) considered in Consolidation | 0.05 |
| b) Not Considered in Consolidation | 0.14 |

For and on behalf of the Board of Directors

Vishal Agarwal

Vice Chairman & Managing Director
DIN 00121539

Manoj Kumar

Director (Kalinganagar)
DIN 06823891

Place: Kolkata

Date: 30 July 2020

Sudhir Kumar Banthiya

Company Secretary

Surinder Kumar Singhal

Chief Financial Officer

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020,
 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] (Consolidated basis)

| I. Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) (₹ In Million) | Adjusted Figures (audited figures after adjusting for qualifications) (₹ In Million) |
|---|---|---|--|
| 1 | Total income | 6,949.58 | 6,949.58 |
| 2 | Total Expenditure | 8,868.65 | 12,487.65 |
| 3 | Net Profit/(Loss) | (1,919.02) | (5,538.02) |
| 4 | Earnings Per Share | (16.57) | (47.83) |
| 5 | Total Assets | 30,654.82 | 30,654.82 |
| 6 | Total Liabilities | 42,132.79 | 57,134.57 |
| 7 | Net Worth | (11,477.97) | (26,479.75) |
| 8. | Any other financial item(s) (as felt appropriate by the management) | - | - |
| II. Audit Qualification (each audit qualification separately): | | | |
| a. Details of Audit Qualification: As per Annexure A | | | |
| b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion | | | |
| c. Frequency of qualification: since how long continuing - FY 2017 | | | |
| d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: As per Annexure A | | | |
| e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable | | | |
| (i) Management's estimation on the impact of audit qualification: | | | |
| (ii) If management is unable to estimate the impact, reasons for the same: | | | |
| (iii) Auditors' Comments on (i) or (ii) above: | | | |
| III. Signatories: | | | |
| • Managing Director | | Vishal Agarwal | |
| • CFO | | Surinder Kumar Singhal | |
| • Audit Committee Chairperson | | Rupanjana De | |
| • Statutory Auditor | | For Singhi & Co. Firm Registration Number:302049E Chartered Accountants Pradeep Kumar Singhi Partner Membership Number 50773 | |

Place: Kolkata

Date: 30 July 2020

ANNEXURE – A

| Sl. No | Details of Audit Qualification (s) | Management's Views |
|---|---|--|
| 1 | <p>Auditors in their Consolidated Audit Report has stated that:</p> <p>Basis of Qualified Opinion</p> <p>We draw attention to Note 5 of the accompanying CFS statement with regard to non-recognition of interest expense on the borrowings of the Holding Company and its subsidiary. The accumulated interest not provided as on 31 March 2020 is ₹ 15,001.78 Million (including ₹ 3,840.96 Million for FY 2016-17, ₹ 3,874.55 Million for FY 2017-18, ₹ 3,667.27 Million for the FY 2018-19 and ₹ 860.38 Million and ₹ 3,619.00 Million for the quarter and year ended 31 March 2020 respectively) which is not in accordance with the requirement of Ind AS 23: 'Borrowing Cost' read with Ind AS 109: 'Financial Instruments'.</p> <p>Had the aforesaid interest expense been recognized, finance cost for the quarter and year ended 31 March 2020 would have been ₹ 904.44 Million and ₹ 3,814.42 Million instead of the reported amount of ₹ 44.06 Million and ₹ 195.42 Million respectively. Total expenses for the quarter and year ended 31 March 2020 would have been ₹ 3,383.28 Million and ₹ 12,487.65 Million instead of the reported amount of ₹ 2,522.90 Million and ₹ 8,868.65 Million. Net loss after tax for the quarter and year ended 31 March 2020 would have been ₹ 1,266.81 Million and ₹ 5,538.02 Million instead of the reported amount of ₹ 406.43 Million and ₹ 1,919.02 Million. Total Comprehensive Income for the quarter and year ended 31 March 2020 would have been ₹ (1,272.37) Million and ₹ (5,544.47) Million instead of the reported amount of ₹ (411.99) Million and ₹ (1,925.47) Million, other equity would have been ₹ (27,637.65) Million against reported ₹ (12,635.87) Million, other current financial liability would have been ₹ 40,997.10 Million instead of reported amount of ₹ 25,995.32 millions and Loss per share for the quarter and year ended 31 March 2020 would have been ₹ 10.94 and ₹ 47.83 instead of the reported amount of ₹ 3.51 and ₹ 16.57.</p> <p>The above reported interest has been calculated using Simple Interest rate.</p> | <p>The majority of lenders of the Parent Company and VISA Special Steel Limited (VSSL) have stopped charging interest on debts, since the dues have been categorised as Non-Performing Asset. The amount of interest expenses not provided for is estimated at ₹ 860.38 Million the quarter ended 31 March 2020 and the accumulated interest not provided as on 31 March 2020 is estimated at ₹ 15,001.78 Million.</p> |
| <p>Vishal Agarwal Managing Director</p> | <p>Surinder Kumar Singhal Chief Financial Officer</p> | <p>Rupanjana De Chairperson, Audit Committee</p> <p>For Singhi & Co. Firm Registration Number: 302049E Chartered Accountants</p> <p>Pradeep Kumar Singhi Partner Membership Number 50773</p> |

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vishambhar Saran, Chairman
Mr. Vishal Agarwal, Vice Chairman & Managing Director
Mr. Pratip Chaudhuri, Independent Director
Mr. Dhanesh Ranjan, Independent Director
Mr. Sheo Raj Rai, Independent Director
Ms. Rupanjana De, Independent Director
Mr. Manoj Kumar, Wholetime Director designated as Director (Kalinganagar)

CHIEF FINANCIAL OFFICER

Mr. Surinder Kumar Singhal (w.e.f. 30 June 2020)

COMPANY SECRETARY

CS Sudhir Kumar Banthiya

STATUTORY AUDITORS

M/S. Singhi & Co., Chartered Accountants

INTERNAL AUDITORS

M/S. L. B. Jha & Co., Chartered Accountants

SECRETARIAL AUDITORS

M/S. MKB & Associates, Company Secretaries

COST AUDITORS

M/S. DGM & Associates, Cost Accountants

BANKERS & FINANCIAL INSTITUTIONS

Asset Care & Reconstruction Enterprise Ltd.
Bank of India
Canara Bank
Edelweiss Asset Reconstruction Company Limited
Export Import Bank of India
HUDCO
Punjab National Bank
Punjab & Sind Bank
State Bank of India
Union Bank of India

REGISTRARS

KFin Technologies Private Limited

REGISTERED OFFICE

Bhubaneswar

11 Ekamra Kanan, Nayapalli,
Bhubaneswar – 751015.
Tel: +91 (674) 2552 479,
Fax: +91 (674) 2554 661

CORPORATE OFFICE

Kolkata

VISA House,
8/10 Alipore Road,
Kolkata – 700027
Tel: +91 (33) 3011 9000
Fax: +91 (33) 3011 9002

Plant Offices

Kalinganagar Plant Site

Kalinganagar Industrial Complex,
P.O. Jakhapura,
Jajpur 755 026,
Tel: +91 (6726) 242 441
Fax: +91 (6726) 242 442

Corporate Identification Number

L51109OR1996PLC004601



VISA STEEL
www.visasteel.com

VISA STEEL

VISA Steel Limited

CIN: L51109OR1996PLC004601

Registered Office: 11 Ekamra Kanan, Nayapalli, Bhubaneswar 751 015

Tel: +91 674 2552 479: Fax: +91 674 2554 661

Website: www.visasteel.com

Email ID for registering Investor Grievances: cs@visasteel.com

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of VISA Steel Limited will be held on Tuesday, 22 December 2020 at 1200 hours through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) for which purpose Registered Office situated at 11, Ekamra Kanan, Nayapalli, Bhubaneswar - 751015 shall be deemed as venue for the meeting and proceedings of the AGM shall be deemed to be made thereat, to transact following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt Standalone and Consolidated Audited Financial Statements of the Company for year ended on 31 March 2020, Reports of the Board of Directors and Auditors thereon.
2. To consider appointment of Mr. Vishal Agarwal (DIN: 00121539), as a Director who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. To ratify the remuneration of the Cost Auditors for the Financial Year ending 31 March 2021 and in this regard to consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the remuneration of ₹ 25,000/- (Rupees Twenty Five Thousand Only) plus applicable taxes and actual out-of-pocket expenses payable to M/s. DGM & Associates, Cost Accountants (Firm Registration No. 00038), appointed as the Cost Auditors of the Company by the Board of Directors to conduct audit of the cost records maintained by the Company for the Financial Year 2020-21.

RESOLVED FURTHER THAT the Board of Directors of the Company (which shall be deemed to include, unless the context otherwise requires, any Committee of the Board or any Director/s or officer/s authorised by the Board to exercise the powers conferred on the Board under this resolution) be and is hereby authorised to alter and/or vary the terms of appointment, as they may deem fit, proper and desirable, in best interest of the Company and to take all such steps as may be necessary, proper and expedient to give effect to this resolution.

4. To approve related party transactions and in this regard to consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with relevant Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 23 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and as approved by the Audit Committee and Board of Directors of the Company, consent and approval of the Members of the Company be and is hereby accorded to one or more contract(s) / arrangement(s) / transaction(s) / agreement(s) entered into or to be entered into from time to time with the related parties by the Company, up to the maximum amounts and other terms and conditions as detailed in the explanatory statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby, authorised to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, including delegation of powers, in the best interest of the Company.”

By Order of the Board of Directors
For VISA Steel Limited

Place: Kolkata
Date: 10 November 2020

Sudhir Kumar Banthiya
(Company Secretary)

Registered Office:
11 Ekamra Kanan, Nayapalli
Bhubaneswar 751 015

NOTES:

1. In view of continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA'), Government of India, permitted conduct of Annual General Meeting ('AGM') through video conferencing (VC) or other audio visual means (OAVM) and dispensed personal presence of the members at the meeting vide its circular No. 14/2020 dated 8 April 2020, Circular No.17/2020 dated 13 April 2020 and Circular No. 20/2020 dated 5 May 2020, prescribed the specified procedures to be followed for conducting the AGM through VC/OAVM. Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 ("Act") read with the said Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company has decided to convene its 24th AGM on Tuesday, 22 December 2020 at 1200 hours through VC/OAVM and the shareholders can attend and participate in the ensuing AGM through VC/OAVM. The deemed venue for the meeting shall be registered office of the Company at 11 Ekamra Kanan, Nayapalli, Bhubaneswar 751015.
2. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA circulars, the 24th AGM of the members will be held through video conferencing ('VC') or other audio visual means ('OAVM'). Hence, Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC/OAVM is annexed herewith (Refer serial no. 35) and the same will also be available at the website of the Company at www.visasteel.com.
3. The Company has appointed M/s. KFin Technologies Private Limited, Registrars and Transfer Agent ('RTA') of the Company, to provide VC/OVAM facility for the AGM of the Company.
4. **Pursuant to the provisions of Section 91 of the Act read with Rule 10 of the Companies (Management and Administration) Rules, 2014 and pursuant to Regulation 42 of Listing Regulations, the Register of Members of the company will remain closed from 15 December 2020 to 22 December 2020 (both days inclusive) in connection with the AGM.**
5. The helpline number regarding any query/assistance for participation in the AGM through VC/OAVM is 1800 345 4001 (toll free).
6. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, where physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
7. The facility for joining AGM through VC/OVAM will be available for up to 1,000 Members and members may join on first come first serve basis. However, the above restriction shall not be applicable to members holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel(s), the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizers etc. Members can login and join 15 (fifteen) minutes prior to the schedule time of meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time.
8. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. The explanatory statement pursuant to Section 102(1) of the Act, which sets out details relating to Special Businesses at the meeting, is annexed hereto.
10. Institutional/Corporate members are encouraged to attend and vote at the meeting through VC/OVAM. We also request them to send, a duly certified copy of the Board Resolution authorising their representative to attend the AGM through VC/OAVM and vote through remote e-voting on its behalf at cs@visasteel.com and suresh.d@kfinotech.com pursuant to Section 113 of the Companies Act, 2013.
11. In case of Joint Holders attending the AGM, only such Joint Holder whose name appears first in the order of names will be entitled to vote.
12. The Notice is being sent to all the members of the Company, whose name appear in the Register of Members as on 6 November 2020. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
13. Only bona fide members of the Company, whose name appear first on the Register of Members, will be permitted to attend the meeting through VC/OAVM. The Company reserves its right to take all necessary steps as may be deemed necessary to restrict non-members from attending the meeting.
14. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Act will be available for inspection by the Members in electronic mode during the AGM. Members who wish to seek inspect, may send their request through an email at cs@visasteel.com up to the date of AGM.
15. Members holding shares in Electronic (Demat) form are advised to inform the particulars of their bank account, change of postal address and email IDs to their respective Depository Participants only. The Company or its RTA i.e. KFin Technologies Private Limited, cannot act on any request received directly from the members holding shares in demat mode for changes in any bank mandates or other particulars.
16. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to inform the particulars of their bank account, change of postal address and email IDs to our RTA i.e. KFin Technologies Private Limited (Unit: VISA Steel Limited), Plot 31-32, Karvy Selenium, Tower

B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or the Secretarial Department of the Company.

17. Members holding shares in Electronic (demat) form or in physical mode are requested to quote their DPID & Client ID or Folio details respectively in all correspondences, including dividend matters to the RTA i.e. KFin Technologies Private Limited (Unit: VISA Steel Limited), Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.
18. Members who have not registered their email ID with the depository participants, are requested to register their email ID with their depository participants in respect of shares held in electronic form and in respect of shares held in physical form, are requested to submit their request with their valid email ID to our RTA at suresh.d@kfintech.com for receiving all communications including annual report, notices, letters etc., in electronic mode from the Company. For more details, please refer Pt. 36 of "Instructions for E-Voting and Poll" section below.
19. Pursuant to Section 101 and Section 136 of the Act, read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation Disclosures Requirement) Regulation, 2015 ("SEBI Listing Regulations"), companies can serve Annual Report and other communications through electronic mode to those Members who have registered their email ID either with the Company or with the Depository Participants.
20. In compliance with the provisions of MCA vide its Circular No. 14/2020 dated 8 April 2020, Circular No.17/2020 dated 13 April 2020 and Circular No. 20/2020 dated 5 May 2020 and SEBI circular dated 12 May 2020, Notice of the AGM along with the Annual Report 2019-20, are being sent only through electronic mode to those Members whose email IDs are available with the Company/Depositories/RTA.
21. Members may note that the Notice of the AGM and Annual Report 2019-20 will also be available on the Company's website www.visasteel.com and website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFin Technologies Private Limited at URL: <https://evoting.karvy.com/>.
22. Since the AGM will be held through VC/OAVM, the Route Map is not required to be annexed with this Notice.
23. M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), was appointed as Statutory Auditors of the Company at the 21st Annual General Meeting held on 14 December 2017, for a period of 5 years. Pursuant to Notification issued by the Ministry of Corporate Affairs on 7 May 2018 amending section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.
24. **AGM Live Webcast Facility:**
Pursuant to Regulation 44 of SEBI Listing Regulations and para 3 Clause A (III) of Circular No. 14/2020 dated 8 April 2020 issued by MCA, Government of India, the Company has made arrangements for two-way live webcast for the proceedings of the AGM. The details of the webcast link shall be made available on the website of the Company at www.visasteel.com.
25. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company/Electronic mode during normal business hours on all working days except Saturdays and Sundays, up to and including the date of the AGM of the Company.
26. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in prescribed Form SH-13 with the Company's Registrar, M/s. Kfin Technologies Private Limited & in respect of shares held in Electronic/Demat form, members may please contact their respective Depository Participants.
27. In line with the measures of "Green Initiatives", the Act provides for sending Notice of the AGM and all other correspondences through electronic mode. **Hence, Members who have not registered their mail IDs so far with their depository participants are requested to register their email ID for receiving all the communications including Annual Report, Notices etc., electronically.**
28. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can only be transferred in demat form with effect from 1 April 2019, except in case of request for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to demat form. Members can contact the RTA for assistance in this regard.
29. In accordance with Companies (Significant Beneficial Owners) Rules, 2018, an individual person (including non-members of the Company) if holding the ultimate beneficial interest in any shares of the Company which is not registered in his/her name are requested to provide to the Company at its registered office or its RTA, a declaration of his/her being a Significant Beneficial Owner (i.e holding ultimate beneficial holding of 10% or more of the shares of the Company) in Form No. BEN-1. Further, in case of any change in significant beneficial ownership, the declaration in Form BEN-1 has to be submitted within 30 days of such change.
30. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit their PAN to our RTA.

31. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1 April 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ KFin Technologies Private Limited (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Shareholders having valid PAN 7.5% or as notified by the Government of India Shareholders not having PAN / valid PAN 20% or as notified by the Government of India. However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during the Financial Year 2020-21 does not exceed ₹ 5,000 and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the Income Tax Act. Resident shareholders may also submit any other document as prescribed under the Income Tax Act to claim a lower / Nil withholding tax. Registered members may also submit any other document as prescribed under the Income Tax Act to claim a lower / Nil withholding tax.

PAN is mandatory for members providing Form 15G / 15H or any other document as mentioned above. A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to einward.ris@kfintech.com

32. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to einward.ris@kfintech.com. The aforesaid declarations and documents need to be submitted by the shareholders.

33. Members who hold shares in physical mode in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to our RTA, for consolidation into a single folio.

34. Non-Resident Indian Members are requested to inform our RTA / respective depository participants, immediately of any:

- a) Change in their residential status on return to India for permanent settlement.
- b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

35. The process and manner of participating in Annual General Meeting through VC/OAVM is explained herein below:

- a) Members may attend the AGM through video conferencing platform provided by M/s. KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com> and click on the "video conference" and access members login by using the remote e-voting credentials. The link for AGM will be available in members login where the EVENT and the name of the company can be selected.
- b) Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
- c) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches and Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- d) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- e) Shareholders queries
Members who wish to seek any clarification on Annual Report from the Company may visit <https://emeetings.kfintech.com> and click on the tab "Post Your Queries Here" to write their queries in the window provided, by mentioning your name, demat account number/folio number, email ID and mobile number. Please note that, members' questions will be answered during the meeting or subsequently via email, only if, the shareholder continues to hold the shares as on the cut-off date i.e. 15 December 2020. The window shall remain active during the remote e-voting period.
- f) Speaker Registration
Members who wish to speak at the AGM may register themselves as a speaker by visiting <https://emeetings.kfintech.com> and click on 'Speaker Registration' during the remote e-voting period starting Saturday, 19 December 2020 to Monday, 21 December 2020. Members shall be provided a 'queue number' before the AGM. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves and depending on the availability of time at the AGM.
- g) Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC platform. Members may click on the voting icon ('vote now') on the left side of the screen to cast their votes.

- h) Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Private Limited at toll free number 1800-345-4001 or write at evoting@kfintech.com

36. Procedure for Remote E-Voting and E-Voting at the AGM:

Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of SEBI Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is providing to its members, facility to exercise their right to vote on Resolutions proposed to be passed at AGM by electronic means ("e-voting"). Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting"). Further, the facility for voting through electronic voting system will also be made available at the Meeting ("Poll") and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Poll. The Company has engaged the services of KFinTech as the agency to provide e-voting facility.

The manner of voting remotely by members holding shares in dematerialised mode, physical mode and for members who have not registered their email addresses is provided in the instructions given below.

The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting: 9:00 a.m. on Saturday, 19 December 2020

End of remote e-voting: 5:00 p.m. on Monday, 21 December 2020

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by KFinTech upon expiry of the aforesaid period.

Voting rights of a member / beneficial owner (in case of electronic shareholding) shall be in proportion to his share in the paid-up equity share capital of the Company as on the Cut-off date, i.e., Tuesday, 15 December 2020.

Members of the Company under the category of Institutional Investors are encouraged to attend & vote at the AGM.

The Company has appointed CS Debendra Raut, Practicing Company Secretary, (Membership No. A16626/CP-5232) of M/s. D Raut & Associates, Company Secretaries as Scrutiniser to scrutinise the e-voting process in fair and transparent manner. The Scrutiniser shall after conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting and shall make Consolidated Scrutiniser Report of the votes cast in favour or against, if any and submit the same to the Chairman or person authorised by him in writing, who shall countersign the same

and declare the result of the voting therewith. The Results shall be declared within 48 hours of the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolution.

Information and instructions relating to e-voting are as under:

- i. The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
- ii. A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Poll). If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID".
- iii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the Cut-off date, i.e., Tuesday, 15 December 2020 only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Poll. A person who is not a member as on the Cut-off date, should treat the Notice for information purpose only.
- iv. Any person who becomes a member of the Company after despatch of the Notice of the Meeting and holding shares as on the Cut-off date may obtain the User ID and password from KFinTech in the manner as mentioned below:
 - (a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number + Folio No. or DP ID Client ID to 9212993399

Example for NSDL: MYEPWD
<SPACE> IN12345612345678
Example for CDSL: MYEPWD
<SPACE> 1402345612345678
Example for Physical: MYEPWD
<SPACE> XXXX1234567890
 - (b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - (c) Member may call on KFinTech's toll-free numbers 040-6716 2222 /1800-345-4001 (from 9:00 a.m. to 6:00 p.m.)
 - (d) Member may send an e-mail request to evoting@kfintech.com If the member is already registered

with KFinTech's e-voting platform, then he can use his existing password for logging in.

- v. The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the members holding shares as on the Cut-off date who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

vi. Information and instructions for remote e-voting:

I. A. In case a member receives an e-mail from the Company / KFinTech [for members whose e-mail addresses are registered with the Company / Depository Participant(s)]:

- (a) Launch internet browser by typing the URL: <https://evoting.karvy.com>
- (b) Enter the login credentials (User ID and password given in the e-mail). The E-Voting Event Number + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with KFinTech for e-voting, you can use the existing password for logging in. If required, please visit <https://evoting.karvy.com> or contact toll-free numbers 040-67162222 / 1800-345-4001 (from 9:00 a.m. to 6:00 p.m.) for your existing password.
- (c) After entering these details appropriately, click on "LOGIN". (d) You will now reach Password Change Menu wherein you are required to mandatorily change your password upon logging in for the first time. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (e) You need to login again with the new credentials.
- (f) On successful login, the system will prompt you to select the E-Voting Event Number (EVEN) for VISA Steel Limited.
- (g) On the voting page, enter the number of shares as on the cutoff date under either "FOR" or "AGAINST" or alternatively, you may partially enter any number under "FOR" / "AGAINST", but the total number under "FOR" / "AGAINST" taken together should not exceed your total shareholding as on the Cut-off date. You may also choose to "ABSTAIN" and vote will not be counted under either head.

- (h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as "ABSTAINED".
- (j) You may then cast your vote by selecting an appropriate option and click on "SUBMIT".
- (k) A confirmation box will be displayed. Click "OK" to confirm, else "CANCEL" to modify.
- (l) Once you confirm, you will not be allowed to modify your vote.
- (m) Corporate / Institutional Members (i.e., other than Individuals, HUFs, NRIs, etc.) are also required to send legible scanned certified true copy (in PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail id: csdraut@gmail.com with a copy marked to evoting@kfintech.com It is also requested to upload the same in the e-voting module in their login. The naming format of the aforesaid legible scanned document shall be "Corporate Name EVENT NO."

(B) In case of a member whose e-mail address is not registered / updated with the Company / KFinTech / Depository Participant(s), please follow the following steps to generate your login credentials:

- (a) Members holding shares in physical mode, who have not registered / updated their email addresses with the Company, are requested to register /update the same by clicking on https://ris.kfintech.com/email_registration/ or by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at cs@visasteel.com or to KFinTech at einward.ris@kfintech.com
 - (b) Members holding shares in dematerialised mode who have not registered their e-mail addresses with their Depository Participant(s) are requested to register / update their email addresses with the Depository Participant(s) with whom they maintain their demat accounts.
 - (c) After due verification, the Company / KFinTech will forward your login credentials to your registered email address.
 - (d) Follow the instructions at I.(A). (a) to (m) to cast your vote.
- II. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending further communication(s).
- III. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
- IV. In case of any query pertaining to e-voting, members may refer to the "Help" and "FAQs" sections / E-voting user manual available through a dropdown menu in the "Downloads" section of KFinTech's website for e-voting: <https://evoting.kfintech.com> or contact KFinTech as per

the details given under sub-point no. V below. V. Members are requested to note the following contact details for addressing e-voting grievances:

KFin Technologies Private Limited (Unit – VISA STEEL LIMITED)
Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad 500 032
Phone No.: +91 0406716 2222
Toll-free No.: 1800-345-4001
E-mail: evoting@kfintech.com

vii. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting (Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company: www.visasteel.com and on the website of KFinTech at: <https://evoting.karvy.com>. The result will simultaneously be communicated to the stock exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

The Company is directed, under Section 148 of the Companies Act, 2013 ("the Act") to have the audit of its cost records conducted by a Cost Accountant in practice. Accordingly, the Board of the Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. DGM & Associates as the Cost Auditors of the Company to conduct audit of the cost records of the Company for the year ending 31 March 2021, at a remuneration of ₹ 25,000 plus applicable taxes and out of pocket expenses, at actuals.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board, has to be ratified by the members of the Company. Accordingly, ratification by the members is sought for the remuneration payable to the Cost Auditors for the financial year ending 31 March 2021 by passing an Ordinary Resolution as set out at Item No. 3 of the Notice.

The Board recommends the Resolutions set out at Item No. 3 of the Notice for consent of the members of the Company.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested, financially or otherwise, in the resolution, except to the extent of their shareholding.

ITEM NO. 4

Pursuant to the provisions of Section 188 of the Companies Act, 2013 (the Act) read with Rules made thereunder and as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment for the time being in force), all Related Party Transactions beyond the prescribed threshold limit require shareholders approval.

In terms of the above, approval of the Members is sought on the transaction(s), which are material in terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore, the Board has proposed the same to be placed before the shareholders for their approval as a Special Resolution.

The key details as required under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as below:

| Sl. No | Name of the related party | Name of the Director or KMP who is related | Nature of Relationship | Nature, Material terms and particulars of the contract or arrangements | Estimated Monetary Value in ₹ (Crores) |
|--------|---------------------------|--|---|--|--|
| 1 | VISA Coke Limited | Mr. Vishal Agarwal | Enterprises over which KMP or Relatives of KMP exercise significant influence | Sale and purchase of manufactured goods, trading of raw materials & finished goods, scraps and capital goods, hire or lease of property / Plant & machinery, rent charges, freight, Commissions, Finance charges/ Interests, Shared services charges, reimbursements or any other transactions. Arm's length pricing as agreed in Audit Committee Meeting | 200 |
| 2 | VISA Minmetal Limited | Mr. Vishambhar Saran | Enterprises over which KMP or Relatives of KMP exercise significant influence | Sale and purchase of manufactured goods, trading of raw materials & finished goods, scraps and capital goods, hire or lease of property / Plant & machinery, rent charges, freight, Commissions, Finance charges/ Interests, Shared services charges, reimbursements or any other transactions. Arm's length pricing as agreed in Audit Committee Meeting | 1000 |

The aforesaid proposed contract(s) / transaction(s) / arrangement(s) have been approved by the Audit Committee and recommended by the Board of Directors of the Company to the members for their approval. Except Mr. Vishambhar Saran, Wholetime Director designated as Chairman and Mr. Vishal Agarwal, Vice Chairman & Managing Director of the Company and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the resolution, except to the extent of their shareholding.

