

# Lovelock & Lewes

Chartered Accountants

The Board of Directors  
VISA Steel Limited  
VISA House,  
8/10 Alipore Road  
Kolkata 700027

1. We have reviewed the unaudited financial results of Visa Steel Limited (the "Company") for the quarter ended September 30, 2016 which are included in the accompanying "Statement of Standalone Unaudited Financial Results for the Quarter and Six Months Ended 30 September, 2016" and the statement of assets and liabilities on that date together with the notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015") and SEBI Circular dated July 5, 2016, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Further, the Management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company's opening unaudited Balance Sheet as at April 1, 2015 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. We draw your attention to Note 11 to the Statement with regard to non-recognition of interest expense amounting to Rs 11183.83 Lakhs and Rs 21098.12 Lakhs on the borrowings of the Company for the quarter and six months ended September 30, 2016 which is not in accordance with the requirements of Ind AS 23: Borrowing Costs read with Ind AS 109: Financial Instruments.

Had the aforesaid interest expense been recognised, Finance costs for the quarter and six months ended September 30, 2016 would have been Rs. 11,593.85 Lakhs and Rs 21,942.29 Lakhs instead of the reported amount of Rs. 410.01 Lakhs and Rs 844.16 Lakhs ; Profit/ ( Loss) from ordinary activities after finance costs but before exceptional items for the quarter and six months ended September 30, 2016 would have been Rs (13,944.26) Lakhs and Rs (26,883.33) Lakhs instead of the reported amount of Rs. (2760.43) Lakhs and Rs (5785.21) Lakhs ; Profit /(Loss) from ordinary activities before tax for the quarter and six months ended September 30, 2016 would have been Rs. (13,944.26) Lakhs and Rs (26,883.33) Lakhs instead of the reported amount of Rs. (2760.43) Lakhs and Rs (5785.21) Lakhs ; Net Profit /( Loss) from ordinary activities after tax for the quarter and six months ended September 30, 2016 would have been Rs . (13,944.26) Lakhs and Rs (26,883.33) Lakhs instead of the reported amount of Rs. (2760.43) Lakhs and Rs (5785.21) Lakhs; Total Comprehensive Income for the quarter and six months ended September 30, 2016 would have been

Lovelock & Lewes, Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar,  
Kolkata - 700 091

T: +91 (33) 2357 9260, +91 (33) 2357 7600, F: +91 (33) 2357 7496



# Lovelock & Lewes

Chartered Accountants

To the Board of Directors of Visa Steel Limited  
Report on review of Unaudited Financial Results for the quarter ended September 30, 2016  
Page 2 of 2

Rs. (13,941.05) Lakhs and Rs (26,876.91) Lakhs instead of the reported amount of Rs. (2,757.22) Lakhs and Rs (5,778.79) Lakhs and Earnings Per Share for the quarter and six months ended September 30, 2016 would have been Rs. (12.68) and Rs. (24.44) instead of the reported amount of Rs. (2.51) and Rs. (5.26) . Other Equity and Other Current Financial Liabilities as at September 30, 2016 would have been Rs (123,752.12) Lakhs and Rs 129,583.90 Lakhs instead of the reported amount of Rs (102,654.00) Lakhs and Rs 108,485.78 Lakhs respectively.

5. Based on our review conducted as above, except for the matter referred to in Paragraph 4 above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with Ind AS and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 and SEBI circular dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw your attention to the following matters:
  - a. Note 2 to the Statement which states that the Company has adopted Ind AS for the financial year commencing from April 1, 2016, and accordingly, the Statement has been prepared by the Company's Management in compliance with Ind AS.
  - b. We were neither engaged to review, nor have we reviewed the comparative figures including the reconciliation to the Total Comprehensive Income for the quarter ended on September 30, 2016 and accordingly, we do not express any conclusion on the results in the Statement for the quarter ended September 30, 2016. As set out in note 5 to the Statement, these figures have been furnished by the Management.

Our conclusion is not qualified in respect of these matters.

7. We also draw your attention to Note 9 to the Statement regarding the preparation of the same on going concern basis. The Company has incurred a net loss of Rs 2760.43 Lakhs during the quarter ended September 30, 2016 and, as of that date, the Company's current liabilities exceeded its current assets and the Company's net worth has also been eroded. These conditions along with other matters as set forth in the aforesaid Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

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



Pradip Law  
Partner  
Membership Number 51790

Place: Kolkata  
Date: November 18, 2016

# VISA STEEL

VISA STEEL LIMITED

CIN: L51109OR1996PLC004601

Registered Office : 11 Ekamra Kanan, Nayapalli, Bhubaneswar 751 015, Odisha

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Email ID for registering Investor Grievances: [investors@visasteel.com](mailto:investors@visasteel.com)

Statement of Standalone Unaudited Financial Results for the Quarter and Six Months Ended 30 September 2016

Part-I

(Rs. In Lakhs except EPS)

Sl. No.	Particulars	Quarter Ended			Six Months Ended	
		30 September	30 June	30 September	30 September	30 September
		2016	2016	2015	2016	2015
		Unaudited	Unaudited	(Not Subject to review/audit)	Unaudited	(Not Subject to review/audit)
1	<b>Income From Operations</b>					
	Net Sales/Income from Operations	30,848.03	26,194.77	22,905.37	57,042.80	49,563.10
	Less: Excise Duty	(1,938.64)	(1,667.62)	(1,302.62)	(3,606.26)	(3,329.10)
	(a) Net Sales/Income from Operations net of Excise Duty	28,909.39	24,527.15	21,602.75	53,436.54	46,234.00
	(b) Other Operating Income	570.63	295.87	288.37	866.50	506.90
	<b>Total Income from operations (net)</b>	<b>29,480.02</b>	<b>24,823.02</b>	<b>21,891.12</b>	<b>54,303.04</b>	<b>46,740.90</b>
2	<b>Expenses</b>					
	(a) Cost of materials consumed	18,369.75	15,936.35	13,814.65	34,306.10	33,243.50
	(b) Purchases of stock-in-trade	176.74	1,235.96	654.92	1,412.70	2,120.30
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(68.15)	(1,727.09)	1,631.12	(1,795.24)	(1,177.40)
	(d) Employee benefits expense	1,577.91	1,474.31	1,385.41	3,052.22	2,916.72
	(e) Depreciation and amortisation expense	3,179.58	3,183.26	3,079.72	6,362.84	6,159.62
	(f) Other expenses	9,367.98	8,097.55	5,753.07	17,465.53	10,792.90
	<b>Total expenses</b>	<b>32,603.81</b>	<b>28,200.34</b>	<b>26,318.89</b>	<b>60,804.15</b>	<b>54,055.64</b>
3	<b>Profit / (Loss) from Operations before other income, finance costs and exceptional items (1-2)</b>	<b>(3,123.79)</b>	<b>(3,377.32)</b>	<b>(4,427.77)</b>	<b>(6,501.11)</b>	<b>(7,314.74)</b>
4	Other Income	773.37	786.69	710.75	1,560.06	1,820.69
5	<b>Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>(2,350.42)</b>	<b>(2,590.63)</b>	<b>(3,717.02)</b>	<b>(4,941.05)</b>	<b>(5,494.05)</b>
6	Finance costs (Refer Note 11 below)	410.01	434.15	11,798.07	844.16	22,130.00
7	<b>Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>(2,760.43)</b>	<b>(3,024.78)</b>	<b>(15,515.09)</b>	<b>(5,785.21)</b>	<b>(27,624.05)</b>
8	Exceptional Items	-	-	-	-	-
9	<b>Profit / (Loss) from ordinary activities before tax (7+8)</b>	<b>(2,760.43)</b>	<b>(3,024.78)</b>	<b>(15,515.09)</b>	<b>(5,785.21)</b>	<b>(27,624.05)</b>
10	Tax expense	-	-	-	-	-
11	<b>Net Profit / (Loss) from ordinary activities after tax (9- 10)</b>	<b>(2,760.43)</b>	<b>(3,024.78)</b>	<b>(15,515.09)</b>	<b>(5,785.21)</b>	<b>(27,624.05)</b>
12	Other Comprehensive Income, Net of Income Tax					
	A. Items that will not be reclassified to Profit and Loss	3.21	3.21	3.21	6.42	6.42
	B. Items that will be reclassified to Profit and Loss	-	-	-	-	-
13	<b>Total Comprehensive Income for the period (11+12)</b>	<b>(2,757.22)</b>	<b>(3,021.57)</b>	<b>(15,511.88)</b>	<b>(5,778.79)</b>	<b>(27,617.63)</b>
14	Paid-up equity share capital (face value of Rs.10/- each)	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00
15	<b>Earnings Per Share</b>					
	(of Rs.10/-each) (not annualised)					
	(a) Basic	(2.51)	(2.75)	(14.10)	(5.26)	(25.11)
	(b) Diluted	(2.51)	(2.75)	(14.10)	(5.26)	(25.11)

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Notes:

(Rs. In Lakhs)

1 Standalone Statement of Assets and Liabilities	Particulars	As at
		30 September
		2016
		Unaudited
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant And equipment		256,373.86
Capital work-in-progress		28,864.24
Other intangible assets		23.22
<b>Financial Assets</b>		
i. Investments		8,035.33
ii. Trade receivables		-
iii. Loans		3,213.61
Other non-current assets		989.00
<b>Total non-current assets</b>		<b>297,499.26</b>
<b>Current assets</b>		
Inventories		14,537.50
<b>Financial assets</b>		
i. Investments		-
ii. Trade receivables		8,407.30
iii. Cash and cash equivalents		614.50
iv. Bank balances other than (iii) above		96.70
v. Loans		1,174.79
vi. Others (to be specified)		160.47
Current tax assets (net)		959.90
Other current assets		9,640.50
<b>Total current assets</b>		<b>35,591.66</b>
<b>Total assets</b>		<b>333,090.92</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital		11,000.00
Other Equity		(102,654.00)
<b>Total Equity</b>		<b>(91,654.00)</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
i. Borrowings		204,818.61
ii. Trade payables		-
iii. Other financial liabilities		7,975.33
Provisions		156.52
<b>Total non-current liabilities</b>		<b>212,950.46</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
i. Borrowings		77,354.10
ii. Trade payables		22,712.64
iii. Other financial liabilities		108,485.78
Other current liabilities		2,991.30
Provisions		250.64
<b>Total current liabilities</b>		<b>211,794.46</b>
<b>Total liabilities</b>		<b>424,744.92</b>
<b>Total equity and liabilities</b>		<b>333,090.92</b>



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- 2 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 18 November 2016.
- 3 This Statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Beginning 1 April 2016, the Company has for the first time adopted Ind AS with a transition date of 1 April 2015.
- 4 The format for Un-audited Quarterly and Half Yearly Results as prescribed in SEBI's circular CIR/CFD/CMD/15/2015 dated 30 November 2015 has been modified to comply with requirements of SEBI's circular dated 5 July 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013 applicable to Companies that are required to comply with Ind AS.
- 5 This Statement does not include Results for the previous year ended 31 March 2016 and Statement of Assets & Liabilities as on that date as the same is not mandatory as per SEBI's circular dated 5 July 2016.
- 6 The Ind AS compliant corresponding figures in the previous year have not been subjected to review/ audit. However, the Company's management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.
- 7 The Company has identified reportable business segments namely "Special Steel" and "Ferro Alloys" and has disclosed segment information accordingly.
- 8 The Board of Directors of the Company at its meeting held on 12 August 2013, had approved the transfer of its Special Steel Undertaking on a going concern basis to its wholly owned subsidiary VISA Special Steel Limited by way of Scheme of Arrangement (the Scheme) with effect from 1 April 2013 pursuant to provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956 and intimated the same to the respective stock exchanges. The Scheme is subject to sanction of Jurisdictional High Court. Pending such sanction, no accounting adjustment in respect of the Scheme has been considered for the compilation of the above results.
- 9 The Company has incurred net loss during the quarter and six months ended 30 September 2016 and the period end current liabilities exceeded the current assets as on 30 September 2016 which has adversely impacted the net worth of the Company. The Company's financial performance has been adversely affected due to non-availability of raw materials at viable prices, non-availability of working capital for operations, continued stress in steel sector with weak demand and prices, and other external factors beyond the Company's control. With the improvement in raw material availability, likely improvement in market scenario and debt restructuring as may be agreed with lenders, it is expected that the overall financial health of the Company would improve considerably. Considering the above developments and favorable impact thereof on the Company's operations and financials, the Company has prepared the financial results on the basis of going concern assumption to which the Statutory Auditors have also drawn attention without qualifying their opinion in their limited review report.
- 10 The Board of Directors of the Company at its meeting held on 21 August 2015 had approved the amalgamation of VISA BAO Limited with the Company by way of Scheme of Arrangement (the Scheme) with effect from 1 April 2015 pursuant to provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956 and intimated the same to the respective stock exchanges. The Scheme is subject to the sanctions/approval of Jurisdictional High Court, lenders and other concerned authorities, as may be applicable. Pending such sanction/approval, no accounting adjustment in respect of the Scheme has been considered for the compilation of the above results.
- 11 The majority of lenders have stopped charging interest on debts, since the dues from the Company have been categorised as Non-Performing Asset. The Company is in active discussion/negotiation with its lenders to restructure its debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of the restructuring plan, the Company has stopped providing interest accrued and unpaid effective 1 April 2016 in its books. The amount of such accrued and unpaid interest not so provided stands at Rs. 11183.83 Lakhs and Rs.21098.12 Lakhs for the quarter and six months ended 30 September 2016 and accordingly the same has not been considered for compilation of results of the said quarter and six months. The Statutory Auditors have qualified their limited review report in respect of this matter.



*[Handwritten signature]*



- 12 The reconciliation of Net Loss reported in accordance with Indian GAAP to Total Comprehensive Income in accordance with Ind AS is given below:

Particulars	Quarter ended 30 September 2015 (Rs. in Lakhs) (Not subject to review/audit)	Six Months ended 30 September 2015 (Rs. in Lakhs) (Not subject to review/audit)
<b>Net profit/(loss) after tax reported under previous GAAP (Indian GAAP)</b>	(15,286.82)	(27,222.31)
<b>Add/(Less): Adjustment on account of :</b>		
i. Fair Valuation of derivative financial instruments	(24.82)	5.74
ii. Application of effective interest method on borrowing cost	(187.96)	(373.05)
iii. Actuarial gain on defined benefit plans considered under Other Comprehensive Income	(3.21)	(6.42)
iv. Recognition of interest income on non-current financial asset at amortized cost	37.57	75.13
v. Recognition of interest expenses on non-current financial liabilities at amortized cost	(69.40)	(138.75)
vi. Amortization of deferred rent expenses	(40.29)	(80.54)
vii. Recognition of deferred rent income	57.46	114.97
viii. Depreciation on capitalization of spares	(1.22)	(2.42)
ix. Investment to VISA BAO Ltd.	3.60	3.60
<b>Net profit/(loss) as per Ind AS</b>	(15,515.09)	(27,624.05)
<b>Other Comprehensive Income</b>	3.21	6.42
<b>Total Comprehensive Income for the period</b>	(15,511.88)	(27,617.63)

Date: 18 November 2016  
Place: Kolkata



By Order of the Board  
For VISA Steel Limited  
*Vishal Agarwal*  
Vishal Agarwal  
Vice Chairman and Managing Director

