

VISA STEEL LIMITED

VISA STEEL

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Website : www.visasteel.com
CIN NO : L51109OR1996PLC004601

10 February 2017

BSE Limited 25 Floor P J Towers Dalal Street, Mumbai 400 001 <u>BSE Scrip Code: 532721</u>	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block Bandra – Kurla Complex, Bandra (E) Mumbai 400 051 <u>NSE SYMBOL: VISASTEEL</u>
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Sub: Standalone Unaudited Financial Results of the Company for the quarter and nine months ended 31 December 2016

Dear Sir / Madam,

Pursuant to the provisions of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 "SEBI (LODR)", please find enclosed the Standalone Unaudited Financial Results of the Company for the quarter and nine months ended 31 December 2016, duly reviewed by the Statutory Auditors together with a copy of the Limited Review Report for the quarter ended 31 December 2016, issued by them.

The meeting commenced at 1700 hours and concluded at 2100 hours.

This is for your information.

Thanking You,

For VISA Steel Limited



Sudhir Kumar Banthiya
Company Secretary &
Compliance Officer

Encl: As stated

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 December 31, 2016 which are included in the accompanying "Statement of Standalone Unaudited Financial Results for the Quarter and Nine Months Ended 31 December, 2016" 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 9 to the Statement with regard to non-recognition of interest expense amounting to Rs 11,904.53 Lakhs and Rs 33,002.65 Lakhs on the borrowings of the Company for the quarter and nine months ended December 31, 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 nine months ended December 31, 2016 would have been Rs. 12,615.34 Lakhs and Rs 34,557.62 Lakhs instead of the reported amount of Rs. 710.81 Lakhs and Rs 1,554.97 Lakhs; Profit/ (Loss) from ordinary activities after finance costs but before exceptional items for the quarter and nine months ended December 31, 2016 would have been Rs (15,051.22) Lakhs and Rs (41,934.55) Lakhs instead of the reported amount of Rs. (3,146.69) Lakhs and Rs (8,931.90) Lakhs; Profit/(Loss) from ordinary activities before tax for the quarter and nine months ended December 31, 2016 would have been Rs. (15,051.22) Lakhs and Rs (41,934.55) Lakhs instead of the reported amount of Rs. (3,146.69) Lakhs and Rs (8,931.90) Lakhs; Net Profit/(Loss) from ordinary activities after tax for the quarter and nine months ended December 31, 2016 would have been Rs(15,051.22) Lakhs and Rs (41,934.55) Lakhs instead of the reported amount of Rs. (3,146.69) Lakhs and Rs (8,931.90) Lakhs; Total Comprehensive Income for the quarter and nine months ended December 31, 2016 would have been Rs. (15,048.00) Lakhs and Rs (41,924.91) Lakhs instead of the reported amount of Rs. (3,143.47) Lakhs and Rs (8,922.26) Lakhs and Earnings Per Share for the quarter and nine months ended December 31, 2016 would have been Rs (13.68) and Rs (38.12) instead of the reported amount of Rs. (2.86) and Rs (8.12) respectively.

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

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Lovelock & Lewes

Chartered Accountants

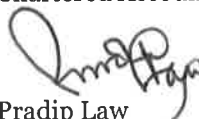
To the Board of Directors of Visa Steel Limited
Report on review of Unaudited Financial Results for the quarter ended December 31, 2016
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5. Based on our review conducted as above, except for the matter referred to in Paragraph 4 above, nothing has come 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 attention to the following matter:
 - 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.

Our conclusion is not qualified in respect of this matter.

7. We also draw your attention to Note 7 to the Statement regarding the preparation of the same on going concern basis. The Company has incurred a net loss of Rs 3,146.69 Lakhs during the quarter ended December 31, 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: February 10, 2017

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Email ID for registering Investor Grievances: investors@visasteel.com

Statement of Standalone Unaudited Financial Results for the Quarter and Nine Months Ended 31 December 2016

Part-I

Sl. No.	Particulars	(Rs. in Lakhs except EPS)				
		Quarter Ended			Nine Months Ended	
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	Income From Operations					
	Net Sales/Income from Operations	36,511.30	30,848.03	28,621.42	93,554.10	78,184.52
	Less: Excise Duty	(2,689.66)	(1,938.64)	(2,135.87)	(6,295.92)	(5,464.97)
	(a) Net Sales/Income from Operations net of Excise Duty	33,821.64	28,909.39	26,485.55	87,258.18	72,719.55
	(b) Other Operating Income	131.80	570.63	46.85	998.30	553.75
	Total Income from operations (net)	33,953.44	29,480.02	26,532.40	88,256.48	73,273.30
2	Expenses					
	(a) Cost of materials consumed	23,922.05	18,369.75	19,695.70	58,228.15	52,939.20
	(b) Purchases of stock-in-trade	23.38	176.74	22.64	1,436.08	2,142.94
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,177.81)	(68.15)	43.38	(2,973.05)	(1,134.02)
	(d) Employee benefits expense	1,672.94	1,577.91	1,560.72	4,725.16	4,477.44
	(e) Depreciation and amortisation expense	3,179.45	3,179.58	3,077.37	9,542.29	9,236.99
	(f) Other expenses	9,326.57	9,367.98	5,805.54	26,792.10	16,598.44
	Total expenses	36,946.58	32,603.81	30,205.35	97,750.73	84,260.99
3	Profit / (Loss) from Operations before other Income, finance costs and exceptional Items (1-2)	(2,993.14)	(3,123.79)	(3,672.95)	(9,494.25)	(10,987.69)
4	Other Income	557.26	773.37	672.04	2,117.32	2,492.73
5	Profit / (Loss) from ordinary activities before finance costs and exceptional Items (3+4)	(2,435.88)	(2,350.42)	(3,000.91)	(7,376.93)	(8,494.96)
6	Finance costs	710.81	410.01	11,319.10	1,554.97	33,449.10
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional Items (5-6)	(3,146.69)	(2,760.43)	(14,320.01)	(8,931.90)	(41,944.06)
8	Exceptional Items	-	-	-	-	-
9	Profit / (Loss) from ordinary activities before tax (7+8)	(3,146.69)	(2,760.43)	(14,320.01)	(8,931.90)	(41,944.06)
10	Tax expense	-	-	-	-	-
11	Net Profit / (Loss) from ordinary activities after tax (9- 10)	(3,146.69)	(2,760.43)	(14,320.01)	(8,931.90)	(41,944.06)
12	Other Comprehensive Income, Net of Income Tax					
	A. Items that will not be reclassified to Profit and Loss	3.22	3.21	3.22	9.64	9.64
	B. Items that will be reclassified to Profit and Loss	-	-	-	-	-
13	Total Comprehensive Income for the period (11+12)	(3,143.47)	(2,757.22)	(14,316.79)	(8,922.26)	(41,934.42)
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	Earnings Per Share (of Rs.10/-each) (not annualised)					
	(a) Basic	(2.86)	(2.51)	(13.02)	(8.12)	(38.13)
	(b) Diluted	(2.86)	(2.51)	(13.02)	(8.12)	(38.13)



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**Standalone Segment Wise Revenue, Results, Assets and Liabilities.
For the Quarter and Nine Months Ended 31 December 2016 (Refer Note 5 below)**

(Rs. In Lakhs)

Sl. No.	Particulars	Quarter Ended			Nine Months Ended	
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1)	Segment Revenue					
	a) Special Steel	17,632.56	13,382.14	13,690.48	41,674.46	38,345.50
	b) Ferro Chrome	17,095.21	16,692.64	13,111.84	48,141.50	35,766.08
	Total	34,727.77	30,074.78	26,802.32	89,815.96	74,111.58
	Less: Inter-Segment Revenue	774.33	594.76	269.92	1,559.48	838.28
	Net Sales / Income From Operations	33,953.44	29,480.02	26,532.40	88,256.48	73,273.30
2)	Segment Results					
	Profit / (Loss) before tax and interest from Each segment					
	a) Special Steel	(2,169.45)	(3,248.20)	(2,303.12)	(8,637.85)	(5,109.57)
	b) Ferro Chrome	565.33	1,647.30	1,482.19	3,591.68	2,322.09
	Total	(1,604.12)	(1,600.90)	(820.93)	(5,046.17)	(2,787.48)
	Less: i) Finance Costs	710.81	410.01	11,319.10	1,554.97	33,449.10
	ii) Other Un-allocable Expenditure (Net off Un-allocable Income)	831.76	749.52	2,179.98	2,330.76	5,707.48
	Total Profit / (Loss) Before Tax	(3,146.69)	(2,760.43)	(14,320.01)	(8,931.90)	(41,944.06)
3)	Segment Assets					
	a) Special Steel	218,658.04	214,777.31	218,148.19	218,658.04	218,148.19
	b) Ferro Chrome	54,765.99	54,433.46	54,087.22	54,765.99	54,087.22
	c) Unallocated	63,407.24	63,880.15	71,896.62	63,407.24	71,896.62
	Total Assets	336,831.27	333,090.92	344,132.03	336,831.27	344,132.03
4)	Segment Liabilities					
	a) Special Steel	20,882.61	13,424.52	14,565.64	20,882.61	14,565.64
	b) Ferro Chrome	7,405.60	8,455.91	7,993.12	7,405.60	7,993.12
	c) Unallocated	403,340.63	402,864.49	390,312.78	403,340.63	390,312.78
	Total Liabilities	431,628.84	424,744.92	412,871.54	431,628.84	412,871.54



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Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 10 February 2017.
- 2 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.
- 3 The format for Un-audited three months and nine months ended 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.
- 4 This Statement does not include Results for the previous year ended 31 March 2016 as the same is not mandatory as per SEBI's circular dated 5 July 2016.
- 5 The Company has identified reportable business segments namely "Special Steel" and "Ferro Alloys" and has disclosed segment information accordingly.
- 6 The Board of Directors of the Company at its meeting held on 12 August 2013 had approved transfer of its Special Steel Undertaking on going concern basis to its wholly owned subsidiary, VISA Special Steel Limited with effect from 1 April 2013 under a Scheme of Arrangement (the Scheme) pursuant to provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956. Pursuant to the application made by the Company for sanction of the Scheme, the Hon'ble High Court of Orissa at Cuttack directed holding of the meeting of the shareholders of the Company for consideration and approval of the Scheme. The Scheme was approved by the requisite majority of the shareholders by special resolution on 10 June 2014. While the Scheme was pending sanction of the High Court, the jurisdiction for sanction of the same has in the meantime with the promulgation of the respective provisions on schemes of arrangement under the Companies Act, 2013 has now shifted to National Company Law Tribunal (NCLT). Accordingly, the Company will now be approaching the NCLT at Kolkata which has jurisdiction over the State of Odisha for taking up the matter. Pending the sanction of the Scheme, accounting adjustments necessary pursuant to the Scheme have not been considered at the time of the compilation of the above results.
- 7 The Company has incurred net loss during the three and nine months ended 31 December 2016 and the period end current liabilities exceeded the current assets as on 31 December 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.
- 8 The Board of Directors of the Company at its meeting held on 21 August 2015 had approved amalgamation of VISA BAO Limited with the Company with effect from 1 April 2015 under a Scheme of Arrangement (the Scheme) pursuant to provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956. The Scheme was approved by the requisite majority of the shareholders by special resolution on 8 July 2016. While the Scheme was pending sanction of the High Court, the jurisdiction for sanction of the same has in the meantime with the promulgation of the respective provisions on schemes of arrangement under the Companies Act, 2013 has now shifted to National Company Law Tribunal (NCLT). Accordingly, the Company will now be approaching the NCLT at Kolkata which has jurisdiction over the State of Odisha for taking up the matter. Pending the sanction of the Scheme, accounting adjustments necessary pursuant to the Scheme have not been considered at the time of the compilation of the above results.



- 9 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 provided stands at Rs. 11,904.53 Lakhs and Rs.33,002.65 Lakhs for the quarter and nine months ended 31 December 2016 and accordingly the same has not been considered for compilation of results of the said quarter and nine months. The Statutory Auditors have qualified their limited review report in respect of this matter.
- 10 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 ended 31 December 2015 (Rs. in Lakhs) (Unaudited)	Nine Months ended 31 December 2015 (Rs. in Lakhs) (Unaudited)
Net profit/(loss) after tax reported under previous GAAP (Indian GAAP)	(14,121.99)	(41,344.30)
Add/(Less): Adjustment on account of :		
i. Fair Valuation of derivative financial instruments	(9.80)	(4.06)
ii. Application of effective interest method on borrowing cost	(167.57)	(540.62)
iii. Actuarial gain on defined benefit plans considered under Other Comprehensive	(3.22)	(9.64)
iv. Recognition of interest income on non-current financial asset at amortized cost	37.56	112.69
v. Recognition of interest expenses on non-current financial liabilities at amortized cost	(72.78)	(211.53)
vi. Amortization of deferred rent expenses	(40.27)	(120.81)
vii. Recognition of deferred rent income	57.48	172.45
viii. Depreciation on capitalization of spares	(1.22)	(3.64)
ix. Investment to VISA BAO Ltd.	1.80	5.40
Net profit/(loss) as per Ind AS	(14,320.01)	(41,944.06)
Other Comprehensive Income	3.22	9.64
Total Comprehensive Income for the period	(14,316.79)	(41,934.42)

Date: 10 February 2017
Place: Kolkata



By Order of the Board
For VISA Steel Limited

[Handwritten Signature]
Vishal Agarwal
Vice Chairman and Managing Director

