

# NARAYANI STEELS LIMITED

23A, N S ROAD, ROOM NO.31,7<sup>TH</sup> FLOOR, KOLKATA-700001

PH-03346025371

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[WWW.NARAYANISTEELS.CO.IN](http://WWW.NARAYANISTEELS.CO.IN)

GSTIN:37AAACN8563G1Z8

CIN: L27109WB1996PLC082021

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To  
The Manager  
Department of Corporate Services  
BSE Limited  
Phiroze Jeejeeboy Towers  
Dalal Street, Fort,  
Mumbai - 400 001

Dt.14.02.2022

**BSE Scrip Code: 540080**

**Sub: Outcome of Monitoring Committee Meeting held on February Monday 14, 2022**

**Dear Sir/Madam,**

This is further to our letter dated February 5, 2022, intimating the date of Monitoring Committee Meeting for consideration of unaudited standalone and consolidated financial results for the quarter ended 31st December, 2021.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), we would like to inform you that the Monitoring Committee in their meeting held today have approved:

1. Compliances under SEBI Regulations for the quarter ended 31st December, 2021
2. Unaudited standalone and consolidated financial results for the quarter ended 31st December, 2021
3. A certified Limited Review Report on Standalone and Consolidated Financial Results for the quarter ended December 31,2021
4. the resignation of Statutory Auditor from the Company.

In terms of Regulation 30 read with regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we are enclosing a copy of said unaudited financial results along with a copy of Limited Review Report issued by Statutory Auditors of the Company.

We are arranging to publish these results in the newspapers as per Regulation 47 of Listing Regulations. The said results along with the independent limited review report is available on the website of the Company at [www.narayanisteels.co.in](http://www.narayanisteels.co.in)

The meeting commenced at 07.30 PM and ended at 11.30 PM.

Please take the above information on record.

**Yours Faithfully**

**For NARAYANI STEELS LIMITED**

ARUN  
KUMAR  
MEHER  
Digitally signed by  
ARUN KUMAR  
MEHER  
Date: 2022.02.14  
23:41:24 +05'30'

**Arun Kumar Meher**  
**Company Secretary and Compliance Officer**

Encl.: As above

Independent Auditor's Report on Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended.

Review Report to  
The Monitoring Committee  
Narayani Steels Limited

We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of Narayani Steels Limited ("the Company"), for the quarter ended December 31<sup>st</sup>, 2021 ("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 Requirement) Regulations, 2015, as amended (the "Listing Regulations 2015").

This Statement, which is the responsibility of the Company's Management which includes Resolution Professional & Key Managerial Personnel, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("IND AS 34"), prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

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. A review is limited primarily to inquire of the Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

#### Emphasis of Matter

We draw attention to the following matters –

1. As stated in Note 1 and 2 to the standalone financial results, the Bankers have classified its advance to Company as NPA and issued notices under SARFAESI Act, 2002. The ICICI Bank, one of the financial creditor who is unsecured, has filed an application CP(IB) No. 986/KB/2020 before NCLT u/s 7 of the Insolvency & Bankruptcy Code, 2016 (The Code) for initiating Corporate Insolvency Resolution Process(CIRP) against the Company and the same has been admitted by NCLT at its hearing dated 16.03.2021 and pronounced order on 24.03.2021 to initiate CIRP In Narayani Steels Limited.

The RP has invited Expression of Interest (EOI) from prospective resolution applicants as per 2nd COC conducted by RP on 18-06-2021. The accounts are presented based on the assumption of the Going Concern Concept as plant is working and the CIRP is at its preliminary stage. Consequently, 5 applicants have shown interest in submission of their Resolution plans for the company to Resolution Professional. Further, Resolution Professional mandated to submit their plans by 24th August 2021.



In response to the paper notification for EOI dated 24.06.2021 issued by the Resolution Professional, the company is in receipt of bids from two Resolution Applicants namely 1. M/s. Rishikunj Vincom Private Limited 2. M/s. Duddu Fin-Lease Private Limited. After negotiations with them, these resolution Plans were considered at 6th CoC Meeting held on 18.10.2021 and put for E-Voting Process during 19.10.2021 to 30.10.2021. On 30.10.2021, E-voting is concluded with 100 % Voting Share in favour of highest Bid Application received from M/s. Rishikunj Vincom Private Limited For Rs. 27.72 Crores. Accordingly, an Application under Section 30(6) and Section 31 of IBC, 2016 was filed with NCLT, Kolkata on 02.11.2021.

2. As stated in Note 3 to the standalone financial results which explain that the Trading & Manufacturing operations of the company has been suspended. The Plant is presently being operated on Conversion basis.
3. As stated in Note 12 to the standalone financial results, the total Contingent Liabilities amounting to Rs.109.68 Crores is disclosed on account of Collaterals given on behalf of Associates / group companies of the Company and other liabilities.

Our opinion is not modified in respect of these above matters.

#### **Material Uncertainty Related to Going Concern**

4. As stated in Note 14 in the Standalone Financial results which indicate that as the Net worth has become negative, and the realisability of the debtors is in doubt, the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going Concern .

#### **Basis of Qualified Conclusion:**

1. We draw attention to Note 9 and 10 to the Standalone financial results that there has been no realization from Trade Receivables amounting to Rs. 137.78 Crores during past 30 months. Therefore we express that there is no reasonable certainty of realization as to its timing and collection of Sundry Debtors of Rs. 168.92Cr. as on 31.12.2021. We are also unable to quantify the amount of doubtful debtors and the sufficiency or otherwise of Provision made therefore in the given circumstances. Further, the legal documentation for the balance transfer of Rs. 87.15Cr. from Steel Exchange India Limited (SEIL) to its group company Vizag Profiles Private Limited (VPPL) is not sufficient and Legally binding.

The Non-Realization of Sundry Debtors has resulted in Bank loans becoming NPA in the Banks. The annual interests accrued on Bank outstanding continues to be the reason for the Financial Loss and has dented the net worth of the Company. The ICICI bank approached NCLT. Consequently, the company went into Corporate Insolvency Resolution Process (CIRP) as per NCLT order dated 24.03.2021. Therefore, No further ECL and Provision on Sundry Debtors are made in the accounts.



2. The RP has concluded the CIRP Process and filed an application for confirmation in NCLT, Kolkata. The orders are awaited from the NCLT. The Management has presented accounts based on the assumption of the Going Concern Concept since the plant is working and the CIRP is at its preliminary stage. However, since the Net worth has become negative, and the realisibility of the debtors is in doubt, the Company ceases to be a Going concern and the Assets & Liabilities are to be adjusted in the books.
3. The Differed tax of Rs. 10.18 cr for the period of December 2021 cannot be considered as an Liability since the Company ceases to be a Going concern. As a result, the loss will further be reduced by the Deferred Tax amount.

**4. Qualified Conclusion:**

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Statement read with notes thereon, prepared in accordance with aforesaid Indian Accounting Standards and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Date: 14.02.2022  
Place: Visakhapatnam

For RAMAMOORTHY (N) & CO.,  
Chartered Accountants  
FRN: 02899S



(K. Ramachandra Rao)  
Partner  
Membership No: 201334  
UDIN: 22201334ACGOOA8641



**NARAYANI STEELS LIMITED**

(CIN: L27109WB1996PLC082021)

Registered office : 23A, N.S.Road 7th Floor, Kolkata - 700001

**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2021**

| Sl. No. | PARTICULARS  | 3 Months ended<br>31-12-2021 | Preceding 3<br>Months ended<br>30-09-2021 | Corresponding 3<br>months ended<br>31-12-2020 | 9 months ended<br>31-12-2021 | 9 Months ended<br>31-12-2020 | Year ended<br>31-03-2021 |
|---------|--|------------------------------|---|---|------------------------------|------------------------------|--------------------------|
|         |  | (Unaudited)                  | (Unaudited)                               | (Unaudited)                                   | (Unaudited)                  | (Unaudited)                  | (Audited)                |
| I       | Revenue from operations  | 335.61                       | 205.59                                    | 3,051.33                                      | 712.61                       | 7478.73                      | 7,793.26                 |
| II      | Other income   | 4.60                         | 5.39                                      | 15.71   | 72.76                        | 230.94                       | 491.04                   |
| III     | <b>Total Revenue (I + II)</b>  | <b>340.21</b>                | <b>210.98</b>                             | <b>3,067.04</b>                               | <b>785.37</b>                | <b>7,709.67</b>              | <b>8,284.29</b>          |
| IV      | <b>EXPENSES:</b>   |                              |   |   |                              |                              |                          |
|         | Cost of Materials Consumed   | 82.53                        | 58.30                                     | 263.63  | 182.53                       | 1979.06                      | 3,807.30                 |
|         | Purchase of Traded Goods   | -                            | -   | 2,238.87                                      | -                            | 4254.04                      | 2,304.81                 |
|         | Changes in Inventories of Finished & Traded Goods                                    | -                            | -   | 344.87  | -                            | 495.84                       | 1,001.66                 |
|         | Impairment loss allowance  | -                            | -   | -   | -                            | -                            | -                        |
|         | Employee benefits expenses   | 81.98                        | 75.52                                     | 136.26  | 223.25                       | 396.33                       | 531.11                   |
|         | Finance Costs  | 1.01                         | 1.15                                      | 969.17  | 9.11                         | 2302.14                      | 2,690.21                 |
|         | Depreciation and amortisation expenses   | 27.55                        | 28.00                                     | 31.25   | 81.88                        | 102.44                       | 133.59                   |
|         | Other expenses   | 121.09                       | 121.26                                    | 1,028.27                                      | 423.45                       | 1715.29                      | 5,821.50                 |
|         | <b>Total Expenses (IV)</b>   | <b>314.16</b>                | <b>284.23</b>                             | <b>5,012.32</b>                               | <b>920.22</b>                | <b>11,245.14</b>             | <b>16,290.19</b>         |
| V       | <b>PROFIT BEFORE PRIOR PERIOD ITEMS, EXCEPTIONAL ITEMS AND TAX (III-IV)</b>          | <b>26.04</b>                 | <b>(73.26)</b>                            | <b>(1,945.29)</b>                             | <b>(134.86)</b>              | <b>(3,535.48)</b>            | <b>(8,005.90)</b>        |
| VI      | Prior period items before tax  | -                            | -   | -   | -                            | -                            | -                        |
| VII     | Exceptional Item   | -                            | -   | -   | -                            | -                            | -                        |
|         | <b>PROFIT BEFORE TAX (V-VI-VII)</b>  | <b>-</b>                     | <b>-</b>                                  | <b>-</b>                                      | <b>-</b>                     | <b>-</b>                     | <b>-</b>                 |
| VIII    | <b>PROFIT BEFORE TAX (V-VI-VII)</b>  | <b>26.04</b>                 | <b>(73.26)</b>                            | <b>(1,945.29)</b>                             | <b>(134.86)</b>              | <b>(3,535.48)</b>            | <b>(8,005.90)</b>        |
| IX      | Tax Expenses   |                              |   |   |                              |                              |                          |
|         | Current Tax  | -                            | -   | -   | -                            | -                            | -                        |
|         | Earlier Year Tax   | -                            | -   | -   | -                            | -                            | -                        |
|         | Deferred Tax   | (122.71)                     | 257.12                                    | (649.90)                                      | 1,018.94                     | (1,176.20)                   | (2,809.12)               |
|         | <b>Net Tax Expense</b>   | <b>(122.71)</b>              | <b>257.12</b>                             | <b>(649.90)</b>                               | <b>1,018.94</b>              | <b>(1,176.20)</b>            | <b>(2,809.12)</b>        |
| X       | <b>Profit for the period / year (VIII-IX)</b>  | <b>148.79</b>                | <b>(330.38)</b>                           | <b>(1,295.39)</b>                             | <b>(1,153.80)</b>            | <b>(2,359.28)</b>            | <b>(5,196.77)</b>        |
|         | Other Comprehensive Income (net of tax)  |                              |   |   |                              |                              |                          |
|         | Items that will not be reclassified to profit or loss                                | 0.05                         | (0.02)                                    | 0.05  | 0.06                         | 0.02                         | 0.04                     |
|         | Items that will be reclassified to profit or loss                                    | -                            | -   | -   | -                            | -                            | -                        |
| XI      | <b>Total Other Comprehensive Income for the period / year (net of tax)</b>           | <b>0.05</b>                  | <b>(0.02)</b>                             | <b>0.05</b>                                   | <b>0.06</b>                  | <b>0.02</b>                  | <b>0.04</b>              |
| XIII    | <b>PROFIT FOR THE PERIOD (X+XI)</b>  | <b>148.85</b>                | <b>(330.40)</b>                           | <b>(1,295.34)</b>                             | <b>(1,153.73)</b>            | <b>(2,359.26)</b>            | <b>(5,196.74)</b>        |
|         | Paid up equity share capital (in lakhs)<br>(Face Value of Share - Rs 10/- per share) | 1,090.90                     | 1,090.90                                  | 1,090.90                                      | 1,090.90                     | 1,090.90                     | 1,090.90                 |
|         | Other Equity (excluding Revaluation Reserves)  | -                            | -   | -   | -                            | -                            | (5,202.87)               |
|         | Earnings Per Equity Share of Rs. 10/- each<br>Basic & Diluted (in Rs.)               | 1.36                         | (3.03)                                    | (11.87)                                       | (10.58)                      | (21.63)                      | (47.64)                  |
|         | See accompanying notes to the financial results                                      |                              |   |   |                              |                              |                          |

For and on behalf of the Board of Directors of Narayani Steels Limited

KRISHNA KOMARAVOLU  
Resolution Professional

Arun Kumar Meher  
Company Secretary  
M.NO.: ACS48598

Place of Signature: Visakhapatnam  
Date: The 14th day of February, 2022



**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)  
Registered office: 23A, N.S.Road 7<sup>th</sup> floor, Kolkata-700 001

**Notes to the Unaudited Standalone Financial Results:**

1. The Company has been facing various disruptions, in addition to the pandemic situation, since last year such as stoppage of supply of materials by its largest Vendor i.e., RINL, fall in demand and volatility in iron & steel industry and stress over Channel finance and other borrowing accounts. One of major lender bank, Union Bank of India has issued notice dated 24th August 2020 u/s 13(2) of the SARFAESI Act of 2002 and sought to realize the entire outstanding amounts alleged to be Rs. 174.17 Cr. owing to them by the Company. There are 5 Channel Finance Lenders who are unsecured creditors whose liability after adjustment of Margin available with them is approx. Rs.34 Cr. in the Company Books before providing the provision for interest. The balance in the Books after providing interest is Rs. 37 Cr. One of the 5 Lenders, namely Andhra Bank, got merged with Union Bank. The default can be attributed to non-realization of Debtors, substantial decrease in volume of business and sales on account of major disruption of supply. The company has deposited an amount of Rs.4.01 Cr. to the loan account of Union Bank of India and requested the bank to revalue the properties and to liquidate the properties during the quarter ending March 2021. Finally, One of the Unsecured creditor Namely, ICICI Bank has approached NCLT, and got an order to initiate the Corporate Insolvency Resolution Process (CIRP).
2. The ICICI Bank, one of the financial creditor who is unsecured, has filed an application CP(IB) No. 986/KB/2020 before NCLT u/s 7 of the Insolvency & Bankruptcy Code, 2016 (The Code) for initiating Corporate Insolvency Resolution Process (CIRP) against the Company and the same has been admitted by NCLT at its hearing dated 16.03.2021 and pronounced order on 24.03.2021 to initiate CIRP in Narayani Steels Limited. There by, the order prohibits action under SARFAESI Act, 2002 and declares Moratorium as per sec 14 of the Code-2016.

Further, Mr. Krishna Komaravolu, registered with Insolvency and Bankruptcy Board of India, having Registration No. IBBI/IPA-002/IP-N00562/2017-2018/11699 has been appointed as Interim Resolution Professional, for ascertaining the particulars of creditors and to convening a meeting of Committee of Creditors for evolving a resolution plan. The IRP has been confirmed and made as Resolution Professional (RP).

The Resolution Professional has convened the first meeting of COC meeting on 23-04-21 and subsequently received the claims. He has examined and admitted the claims from Financial Creditors amounting to Rs. 296.13 Cr. The differences between balance as per books and amount claimed by the financial creditors needs reconciliation. A claim from State GST, Operational Creditor, amounting to Rs. 35.68 Crores was rejected by RP as the order is issued after commencement of CIRP.

The RP has invited Expression of Interest (EOI) from prospective resolution applicants as per 2nd COC conducted by RP on 18-06-2021.

Consequently, FIVE applicants have shown interest in submission of their Resolution plans for the company to Resolution Professional. Further, Resolution Professional mandated to submit their plans by 24<sup>th</sup> August 2021.



In response to the paper notification for EOI dated 24.06.2021 issued by the Resolution Professional, the company is in receipt of bids from two Resolution Applicants namely 1. M/s. RishikunjVincom Private Limited 2. M/s. Duddu Fin-Lease Private Limited. After negotiations with them, these resolution Plans were considered at 6th CoC Meeting held on 19.10.2021 and put for E-Voting Process during 19.10.2021 to 30.10.2021. On 30.10.2021, E-voting is concluded with 100 % Voting Share in favour of highest Bid Application received from M/s. RishikunjVincom Private Limited For Rs. 27.72 Crores. Accordingly, an Application under Section 30(6) and Section 31 of IBC, 2016 was filed with NCLT, Kolkata on 02.11.2021.

The salient features of the Resolution Plan approved by the NCLT kolkata vide order dated 11.01.2022 are:

**i. Settlement to Creditors :**

- i. Resolution Applicant approved : RishikunjVincom Private Limited  
 ii. Amount in Rs : 27.72 Crores  
 iii. Period : 3 months

**iv. Amount proposed to be settled as below**

| Details of Stakeholder        | (Rs In Crores)              |                  |                             |
|-------------------------------|-----------------------------|------------------|-----------------------------|
|                               | Amount claimed and admitted | Payment Proposed | % payment to amount claimed |
| CIRP COST                     | 0.10                        | 0.10             | 100%                        |
| SECURED FINANCIAL CREDITORS   | 195.52                      | 26.81            | 13.71%                      |
| UNSECURED FINANCIAL CREDITORS | 103.60                      | 0.81             | 0.78%                       |
| Total                         | 296.13                      | 27.72            | 14.49%                      |

- v. After the NCLT order approving the resolution plan by the adjudicating authority , all such claims which are not part of the resolution plan shall stand extinguished. All other claims shall be dealt with in accordance with the plan above shown .( Refer para 18 (xix) of the NCLT order)
- vi. As per the minutes of the Meeting of Monitoring Committee in M/s Narayani Steels Limited held on 22/01/2022, the timeline and distribution is planned as under. The funds brought in by RA shall be utilized for settling the dues of various stakeholders as per the approved resolution plan document which is detailed hereunder:

| On or before 10 <sup>th</sup> February 2022 | On or before 12 <sup>th</sup> March 2022 | On or before 31 <sup>st</sup> March 2022 | Total |
|---|--|--|-------|
| 1391  | 690                                      | 690                                      | 2772  |



II. Other Points:

- i. Approval for change in the Face Value of the shares from Rs 10/- per share to Rs. 0.50 /- paise per share (Para No. 18 (v) of NCLT order).
  - ii. Approval for Reduction of quantity of the shares with existing share holders(Para No. 18 (viii) of NCLT order).
  - iii. Approval for increase in the authorised capital (para no. 18 (x) of NCLT order).
  - iv. Approval for shifting of registered office of the corporate debtor (Para No. 18 (xiii) of NCLT order).
3. COVID-19 Pandemic has substantially impacted. Consequently, activity in Company's manufacturing plants during the Quarter ended 31<sup>st</sup>December, 2021. As a result of the lockdown, the likely revenue from the month of April to September 2021 has also been impacted. Consequently, the results of this quarter are not comparable with the results of the preceding quarter or corresponding quarter in the previous financial year and that of previous year. Over and above the impact of COVID-19 and other disruptions such as issues with RINL etc., Presently , Only One plant( Unit-ii) is running out of Company's two plants and the production is stopped from 06-01-2021 at the other plant (Unit-i)and is vacated from its leased premises while equipment therein is shifted to Unit-2. The Company has stopped its Trading and Manufacturing activity.In order to keep the plant (Unit-2) running, the company has entered into an agreement with M/s Elegant Metals and Minerals Private Limited, to operate the plant on conversion basis at a cost of Rs. 3000 per metric ton ( Revised to Rs. 5000/- Per metric ton W.e.f. 01-10-2021). The total gross income earned from conversion is Rs. 3.35 Crores during the quarter.

Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of groups liquidity and going concern, recoverable values of its property, plant and equipment , intangible assets and the realizable values of other assets. However, given the effect of this lockdown on the overall economic activity and in particular on the Iron and Steel related items Industry, the impact assessment of COVID-19 on the above mentioned financial statement captions is subject-to significant estimation uncertainties given its nature and duration and accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements.

4. The above unaudited financial results of the company have been prepared in accordance with Indian Accounting Standards(Ind AS) notified under the Companies(Indian Accounting Standards) Rules, 2015 as amended by the companies with (Indian Accounting Standards) (Amendment) Rules , 2016. The company adopted Ind AS from 1<sup>st</sup> April 2018, accordingly these financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under section 133 of The Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.
5. The above Standalone Financial Results for the quarter ended December 31<sup>st</sup>, 2021 were reviewed and approved at the joint meeting of the Resolution Professional (RP) and Key Managerial Person (KMP) under the directions of Monitoring Committee of the Company held on 14th February,2022. The Statutory Auditors have reviewed above standalone financial results for the quarter ended 31<sup>st</sup>December, 2021 and have expressed a modified opinion on the aforesaid results.





6. Gratuity is not provided as per actuarial calculations as required to be done as per IND AS. However the same has been continued as per last year amounting to Rs. 8.46 Lakhs
7. The Plant (Unit-2) is running purely on Conversion basis as per the Agreement entered with M/s. Elegant Metals and Minerals Private Limited. During the quarter the Revenue generated as per Conversion Agreement is Rs. 3.35 Cr.
8. The Company is principally engaged in a single business segment of Manufacturing and Trading of Iron & Steel and its related products, accordingly there is no separate reportable segment as per Ind AS 108 "Operating Segment". However, as explained in Note 7 the Plant is now running on Conversion basis.
9. None of the Confirmation of the Balances as on 31.03.2021 reached the office of Statutory Auditors till the quarter ended December 2021. The total debtors as on 31.12.2021 available in books is Rs. 168.92 Cr. As per the earlier confirmations available at the company, the Company has obtained Confirmation of Balances from its major Trade Receivables of approx. Rs. 98.93 Cr. (58.47%) as on 31.03.2021. This includes Rs. 87.15 crores (Net confirmation given by Vizag Profiles Private Limited and available on record is Rs. 74.15 Cr.) transferred from M/s. Steel Exchange India Limited to its associate company M/s. Vizag Profiles Private Limited by virtue of Joint understanding agreed in this regard. For this purpose, Mail Confirmation from SEIL and Balance Confirmation from VFPL are obtained. The Company has agreed for transfer in order to improvise the early recovery of the dues from the major Trade Debtor. Company has provided for the Expected Credit Risk amounting to Rs.46.95 Cr. in addition to the Provision for Doubtful Debts amounting to Rs.11.91 Cr as on 31/03/2021as per Prudence, general practice and IND AS. The same balance is continued for the quarter ending 31.12.2021.
10. The total Sundry Debtors are amounting to Rs. 168.92 Cr. as on 31.12.2021. Company is hopeful of recovering the major portion of Sundry Debtors as promised by the major group of Debtors. The ageing of Sundry Debtors is as under:

(Rs. In crores)

| Period                   | Bal O/s as on 31.03.2021 | Balance O/s as on 31.12.2021 |
|--------------------------|--------------------------|------------------------------|
| Upto 180 days            | 2.32                     | 1.90                         |
| >180 days to < two Years | 29.12                    | 29.24                        |
| >Two years               | 112.79                   | 112.79                       |
| >Three years             | 24.99                    | 24.99                        |
| Total                    | 169.22                   | 168.92                       |



11. The Company did not conduct the Internal Audit during the quarter of 2021-22 in view of Corporate Insolvency Resolution Process and appointment of Resolution Professional. Forensic Audit Report is received by the Banker and is placed before 6<sup>th</sup> COC meeting held on 18.10.2021. Transaction Audit was also got completed by the RP for the period 2020-21.
12. The Company has given Corporate Guarantees and given collaterals on behalf of its Associate Companies to the Lending institutions. On default by those associate companies, the Banks have issued possession Notices to the Company for liquidating the Assets. The claims as admitted by the Resolution Professional after the company went into CIRP is Rs.67.23 Crores. On account of corporate guarantees given by this company to its associates. Thus, the total contingent liability including above as per the disclosures is amounting to Rs. 109.68 Cr. This however will get modified in line with NCLT order and on Completion of Resolution Plan .
13. The Company has recognized Deferred Tax Assets/Liabilities on unabsorbed depreciation and business losses as the management is confident on its realisability.
14. The accounts are presented based on the assumption of the Going Concern Concept as plant Unit-II is working on conversion basis continuously. The Company is able to manage its Cash Flows. Resolution Professional (RP) is appointed on 24.03.2021 for 180days and the period can be extended to complete the Resolution Plan. .The Resolution Professional has invited Expression of Interest (EOI) from prospective resolution applicants and the process is about to be concluded. An Application filed with NCLT for approval and order dated 11.01.2022 as stated in Note No. 2 . Hence, the Going Concern basis is adopted by the Company.
15. Previous period/year figures have been re-grouped/ rearranged, wherever necessary.

For and on behalf of Narayani Steels Limited

Place of Signature: Visakhapatnam  
Dated: The 14<sup>TH</sup> Day of February, 2021



*Arun Kumar Meher*  
Arun Kumar Meher  
Company Secretary  
M.No. ACS 48598

*Kg*  
Krishna Komaravolu  
Resolution  
Professional



Independent Auditor's Report on Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended.

Review Report to  
The Monitoring Committee  
Narayani Steels Limited

We have reviewed the accompanying statement of Unaudited Consolidated Financial Results of **Narayani Steels Limited** ("the Company"), and its share of the net loss after tax and total comprehensive income of its associate company for the **quarter ended December 31, 2021** ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

This Statement, which is the responsibility of the Company's Management which includes Resolution Professional & Key Managerial Personnel, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the , read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Emphasis of Matter**

We draw attention to the following matters –

1. As stated in Note 1 and 2 to the Consolidated financial results, the Bankers have classified its advance to Company as NPA and issued notices under SARFAESI Act, 2002. The ICICI Bank, one of the financial creditor who is unsecured, has filed an application CP(IB) No. 986/KB/2020 before NCLT u/s 7 of the Insolvency & Bankruptcy Code, 2016 (The Code) for initiating Corporate Insolvency Resolution Process(CIRP) against the Company and the same has been admitted by NCLT at its hearing dated 16.03.2021 and pronounced order on 24.03.2021 to initiate CIRP In Narayani Steels Limited.

The RP has invited Expression of Interest (EOI) from prospective resolution applicants as per 2nd COC conducted by RP on 18-06-2021. The accounts are presented based on the assumption of the Going Concern Concept as plant is working and the CIRP is at its preliminary stage. Consequently, 5 applicants have shown interest in submission of



their Resolution plans for the company to Resolution Professional. Further, Resolution Professional mandated to submit their plans by 24th August 2021.

In response to the paper notification for EOI dated 24.06.2021 issued by the Resolution Professional, the company is in receipt of bids from two Resolution Applicants namely 1. M/s. Rishikunj Vincom Private Limited 2. M/s. Duddu Fin-Lease Private Limited. After negotiations with them, these resolution Plans were considered at 6th CoC Meeting held on 18.10.2021 and put for E-Voting Process during 19.10.2021 to 30.10.2021. On 30.10.2021, E-voting is concluded with 100 % Voting Share in favour of highest Bid Application received from M/s. Rishikunj Vincom Private Limited For Rs. 27.72 Crores. Accordingly, an Application under Section 30(6) and Section 31 of IBC, 2016 was filed with NCLT, Kolkata on 02.11.2021. The Resolution Plan was approved by NCLT, Kolkata vide its order dated 11.01.2022. The impact of the order is as given in Note No. 2.

2. As stated in Note 3 to the Consolidated financial results which explain that the Trading & Manufacturing operations of the company has been suspended. The Plant is presently being operated on Conversion basis.
3. As stated in Note 12 to the Consolidated financial results, the total Contingent Liabilities amounting to Rs.109.68 Crores is disclosed on account of Collaterals given on behalf of Associates / group companies of the Company and other liabilities. Consequent to the NCLT order for approving the RP, the liabilities will undergo change on completion of implementation of the Resolution Plan.

Our opinion is not modified in respect of these above matters.

#### **Material Uncertainty Related to Going Concern**

4. As stated in Note 16 in the Consolidated Financial results which indicate that as the Net worth has become negative, and the realisibility of the debtors is in doubt, the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going Concern . This However, will undergo a change on completion of the implementation of the Resolution Plan.

#### **Basis of Qualified Conclusion:**

1. We draw attention to Note 9 and 10 to the Consolidated financial results that there has been no realization from Trade Receivables amounting to Rs. 137.78 Crores during past 30 months. Therefore we express that there is no reasonable certainty of realization as to its timing and collection of Sundry Debtors of Rs. 168.92Cr. as on 31.12.2021. We are also unable to quantify the amount of doubtful debtors and the sufficiency or otherwise of Provision made therefore in the given circumstances. Further, the legal documentation for the balance transfer of Rs. 87.15Cr. from Steel Exchange India Limited (SEIL) to its group company Vizag Profiles Private Limited (VPPL) is not sufficient and Legally binding.

The Non-Realization of Sundry Debtors has resulted in Bank loans becoming NPA in the Banks. The annual interests accrued on Bank outstanding continues to be the reason



for the Financial Loss and has dented the net worth of the Company. The ICICI bank approached NCLT. Consequently, the company went into Corporate Insolvency Resolution Process (CIRP) as per NCLT order dated 24.03.2021. Therefore, No further ECL and Provision on Sundry Debtors are made in the accounts.

2. The RP has concluded the CIRP Process and filed an application for confirmation in NCLT, Kolkata. Resolution Plan is approved by the Honourable NCLT. The Management has presented accounts based on the assumption of the Going Concern Concept since the plant is working and the CIRP is about to be completed. However, since the Net worth has become negative, and the realisibility of the debtors is in doubt, the Company ceases to be a Going concern and the Assets & Liabilities are to be adjusted in the books.
3. The deferred taxes of Rs. 10.18 Cr for the period of December 2021 cannot be considered as an Liability since the Company ceases to be a Going concern. As a result, the loss will further be reduced by the Deferred Tax amount

#### **Qualified Conclusion:**

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Statement read with notes thereon, prepared in accordance with aforesaid Indian Accounting Standards and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

The Statement includes the results of the following entity:

- I. Hari Equipments Private Limited

Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

The Consolidated unaudited financial results also include the Company's share of net loss after tax (and total comprehensive income) of **Rs. Nil** for the quarter ended 31<sup>st</sup> December, 2021 in respect of an associate, whose financial results have not been reviewed by us. The unaudited financial statements of such associate has been furnished to us by the management and our opinion on the consolidated unaudited financial results for the quarter ended 31<sup>st</sup> December, 2021, is unmodified to the extent that have been derived from such unaudited financial statements.



Our opinion on the consolidated quarter ended 31<sup>st</sup> December 2021 results is unmodified in respect of the above matters with respect to our reliance on the unaudited financial statements provided by the management.

For RAMAMOORTHY (N) & CO.,  
Chartered Accountants  
FRN: 02899S



(K. Ramachandra Rao)  
Partner  
Membership No: 201334  
UDIN: 22201334ACGOOA8641

Date: 14.02.2022  
Place: Visakhapatnam



**NARAYANI STEELS LIMITED**

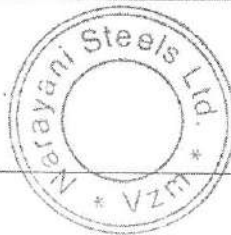
(CIN: L27109WB1996PLC082021)

Registered office : 23A, N.S. Road 7th Floor, Kolkata - 700001

**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2021**

| Sl. NO. | PARTICULARS  | 3 Months ended  | Preceding 3     | Corresponding 3   | 9 months ended    | 9 Months ended    | Year ended        |
|---------|--|-----------------|-----------------|-------------------|-------------------|-------------------|-------------------|
|         |  | 31-12-2021      | Months ended    | months ended      | 31-12-2021        | 31-12-2020        | 31-03-2021        |
|         |  | (Unaudited)     | (Unaudited)     | (Unaudited)       | (Unaudited)       | (Unaudited)       | (Audited)         |
| I       | Revenue from operations  | 335.61          | 205.59          | 3,051.33          | 712.61            | 7478.73           | 7,793.26          |
| II      | Other Income   | 4.60            | 5.39            | 15.71             | 72.76             | 230.94            | 491.04            |
| III     | <b>Total Revenue (I + II)</b>  | <b>340.21</b>   | <b>210.98</b>   | <b>3,067.04</b>   | <b>785.37</b>     | <b>7,709.67</b>   | <b>8,284.29</b>   |
| IV      | <b>EXPENSES:</b>   |                 |                 |                   |                   |                   |                   |
|         | Cost of Materials Consumed   | 82.53           | 58.30           | 263.63            | 182.53            | 1979.06           | 3,807.30          |
|         | Purchase of Traded Goods   | -               | -               | 2,238.87          | -                 | 4254.04           | 2,304.81          |
|         | Changes in Inventories of Finished & Traded Goods                                    | -               | -               | 344.87            | -                 | 495.84            | 1,001.66          |
|         | Employee benefits expenses   | 81.98           | 75.52           | 136.26            | 223.25            | 396.33            | 531.11            |
|         | Finance Costs  | 1.01            | 1.15            | 969.17            | 9.11              | 2302.14           | 2,690.21          |
|         | Depreciation and amortisation expenses   | 27.55           | 28.00           | 31.25             | 81.88             | 102.44            | 133.59            |
|         | Other expenses   | 121.09          | 121.26          | 1,028.27          | 423.45            | 1715.29           | 5,821.50          |
|         | <b>Total Expenses (IV)</b>   | <b>314.16</b>   | <b>284.23</b>   | <b>5,012.32</b>   | <b>920.22</b>     | <b>11,245.14</b>  | <b>16,290.19</b>  |
| V       | <b>PROFIT BEFORE PRIOR PERIOD ITEMS, EXCEPTIONAL ITEMS AND TAX (III-IV)</b>          | <b>26.04</b>    | <b>(73.26)</b>  | <b>(1,945.29)</b> | <b>(134.86)</b>   | <b>(3,535.48)</b> | <b>(8,005.90)</b> |
| VI      | Prior period items before tax  | -               | -               | -                 | -                 | -                 | -                 |
| VII     | Exceptional item   | -               | -               | -                 | -                 | -                 | -                 |
|         | <b>PROFIT BEFORE TAX (V-VI-VII)</b>  | <b>-</b>        | <b>-</b>        | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| VIII    | <b>PROFIT BEFORE TAX [V-VI-VII]</b>  | <b>26.04</b>    | <b>(73.26)</b>  | <b>(1,945.29)</b> | <b>(134.86)</b>   | <b>(3,535.48)</b> | <b>(8,005.90)</b> |
| IX      | <b>Tax Expenses</b>  |                 |                 |                   |                   |                   |                   |
|         | Current Tax  | -               | -               | -                 | -                 | -                 | -                 |
|         | Earlier Year Tax   | -               | -               | -                 | -                 | -                 | -                 |
|         | Deferred Tax   | (122.71)        | 257.12          | (649.90)          | 1,018.94          | (1,176.20)        | (2,809.12)        |
|         | <b>Net Tax Expense</b>   | <b>(122.71)</b> | <b>257.12</b>   | <b>(649.90)</b>   | <b>1,018.94</b>   | <b>(1,176.20)</b> | <b>(2,809.12)</b> |
| X       | <b>Profit for the period / year (VIII-IX)</b>  | <b>148.79</b>   | <b>(330.38)</b> | <b>(1,295.39)</b> | <b>(1,153.80)</b> | <b>(2,359.28)</b> | <b>(5,196.77)</b> |
|         | Other Comprehensive Income (net of tax)  |                 |                 |                   |                   |                   |                   |
|         | Items that will not be reclassified to profit or loss                                | 0.05            | (0.02)          | 0.05              | 0.06              | 0.02              | 0.04              |
|         | Items that will be reclassified to profit or loss                                    | -               | -               | -                 | -                 | -                 | -                 |
| XI      | <b>Total Other Comprehensive Income for the period / year (net of tax)</b>           | <b>0.05</b>     | <b>(0.02)</b>   | <b>0.05</b>       | <b>0.06</b>       | <b>0.02</b>       | <b>0.04</b>       |
| XII     | Share of profit / (loss) of Associate (net of tax)                                   | -               | -               | -                 | -                 | -                 | -                 |
| XIII    | <b>PROFIT FOR THE PERIOD (X+XI)</b>  | <b>148.85</b>   | <b>(330.40)</b> | <b>(1,295.34)</b> | <b>(1,153.73)</b> | <b>(2,359.26)</b> | <b>(5,196.74)</b> |
|         | Paid up equity share capital (in lakhs)<br>(Face Value of Share - Rs 10/- per share) | 1,090.90        | 1,090.90        | 1,090.90          | 1,090.90          | 1,090.90          | 1,090.90          |
|         | Other Equity (excluding Revaluation Reserves)  | -               | -               | -                 | -                 | -                 | (5,202.87)        |
|         | <b>Earnings Per Equity Share of Rs. 20/- each<br/>Basic &amp; Diluted (in Rs.)</b>   | <b>1.36</b>     | <b>(3.03)</b>   | <b>(11.87)</b>    | <b>(10.58)</b>    | <b>(21.63)</b>    | <b>(47.64)</b>    |
|         | See accompanying notes to the financial results                                      |                 |                 |                   |                   |                   |                   |

Place of Signature: Visakhapatnam  
Dated: The 14th day of February, 2022



For and on behalf of the Board of Directors of Narayani Steels Limited

*Krisna Komaravolu*  
KRISNA KOMARAVOLU  
Resolution Professional

*Arun Kumar Meher*  
Arun Kumar Meher  
Company Secretary  
M.NO.: ACS48598

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)  
Registered office: 23A, N.S.Road 7<sup>th</sup> floor, Kolkata-700 001

**Notes to the Unaudited Consolidated Financial Results:**

1. The Company has been facing various disruptions, in addition to the pandemic situation, since last year such as stoppage of supply of materials by its largest Vendor i.e., RINL, fall in demand and volatility in iron & steel industry and stress over Channel finance and other borrowing accounts. One of major lender bank, Union Bank of India has issued notice dated 24th August 2020 u/s 13(2) of the SARFAESI Act of 2002 and sought to realize the entire outstanding amounts alleged to be Rs. 174.17 Cr. owing to them by the Company. There are 5 Channel Finance Lenders who are unsecured creditors whose liability after adjustment of Margin available with them is approx. Rs.34 Cr. in the Company Books before providing the provision for interest. The balance in the Books after providing interest is Rs. 37 Cr. One of the 5 Lenders, namely Andhra Bank, got merged with Union Bank. The default can be attributed to non-realization of Debtors, substantial decrease in volume of business and sales on account of major disruption of supply. The company has deposited an amount of Rs.4.01 Cr. to the loan account of Union Bank of India and requested the bank to revalue the properties and to liquidate the properties during the quarter ending March 2021. Finally, One of the Unsecured creditor Namely, ICICI Bank has approached NCLT, and got an order to initiate the Corporate Insolvency Resolution Process (CIRP).
2. The ICICI Bank, one of the financial creditor who is unsecured, has filed an application CP(IB) No. 986/KB/2020 before NCLT u/s 7 of the Insolvency & Bankruptcy Code, 2016 (The Code) for initiating Corporate Insolvency Resolution Process(CIRP) against the Company and the same has been admitted by NCLT at its hearing dated 16.03.2021 and pronounced order on 24.03.2021 to initiate CIRP In Narayani Steels Limited. There by, the order prohibits action under SARFAESI Act, 2002 and declares Moratorium as per sec 14 of the Code-2016.

Further, Mr. Krishna Komaravolu, registered with Insolvency and Bankruptcy Board of India, having Registration No. IBBI/IPA-002/IP-N00562/2017-2018/11699 has been appointed as Interim Resolution Professional, for ascertaining the particulars of creditors and to convening a meeting of Committee of Creditors for evolving a resolution plan. The IRP has been confirmed and made as Resolution Professional (RP) .

The Resolution Professional has convened the first meeting of COC meeting on 23-04-21 and subsequently received the claims. He has examined and admitted the claims from Financial Creditors amounting to Rs. 296.13 Cr. The differences between balance as per books and amount claimed by the financial creditors needs reconciliation. A claim from State GST, Operational Creditor, amounting to Rs. 35.68 Crores was rejected by RP as the order is issued after commencement of CIRP.

The RP has invited Expression of Interest (EOI) from prospective resolution applicants as per 2nd COC conducted by RP on 18-06-2021.

Consequently, FIVE applicants have shown interest in submission of their Resolution plans for the company to Resolution Professional. Further, Resolution Professional mandated to submit their plans by 24<sup>th</sup> August 2021.





In response to the paper notification for EOI dated 24.06.2021 issued by the Resolution Professional, the company is in receipt of bids from two Resolution Applicants namely 1. M/s. Rishikunj Vincom Private Limited 2. M/s. Duddu Fin-Lease Private Limited. After negotiations with them, these resolution Plans were considered at 6th CoC Meeting held on 19.10.2021 and put for E-Voting Process during 19.10.2021 to 30.10.2021. On 30.10.2021, E-voting is concluded with 100 % Voting Share in favour of highest Bid Application received from M/s. Rishikunj Vincom Private Limited For Rs. 27.72 Crores. Accordingly, an Application under Section 30(6) and Section 31 of IBC, 2016 was filed with NCLT, Kolkata on 02.11.2021.

The salient features of the Resolution Plan approved by the NCLT kolkata vide order dated 11.01.2022 are:

**I. Settlement to Creditors :**

- i. Resolution Applicant approved : Rishikunj Vincom Private Limited
- ii. Amount in Rs : 27.72 Crores
- iii. Period : 3 months

iv. Amount proposed to be settled as below

| (Rs In Crores)                |                             |                  |                             |
|-------------------------------|-----------------------------|------------------|-----------------------------|
| Details of Stakeholder        | Amount claimed and admitted | Payment Proposed | % payment to amount claimed |
| CIRP COST                     | 0.10                        | 0.10             | 100%                        |
| SECURED FINANCIAL CREDITORS   | 195.52                      | 26.81            | 13.71%                      |
| UNSECURED FINANCIAL CREDITORS | 103.60                      | 0.81             | 0.78%                       |
| Total                         | 296.13                      | 27.72            | 14.49%                      |

- v. After the NCLT order approving the resolution plan by the adjudicating authority , all such claims which are not part of the resolution plan shall stand extinguished. All other claims shall be dealt with in accordance with the plan above shown .( Refer para 18 (xix) of the NCLT order)
- vi. As per the minutes of the Meeting of Monitoring Committee in M/s Narayani Steels Limited held on 22/01/2022, the timeline and distribution is planned as under.The funds brought in by RA shall be utilized for settling the dues of various stakeholders as per the approved resolution plan document which is detailed hereunder:

| On or before 10 <sup>th</sup> February 2022 | On or before 12 <sup>th</sup> March 2022 | On or before 31 <sup>st</sup> March 2022 | Total |
|---|--|--|-------|
| 1391  | 690                                      | 690                                      | 2772  |



## II. Other Points:

- i. Approval for change in the Face Value of the shares from Rs 10/- per share to Rs. 0.50 /- paise per share (Para No. 18 (v) of NCLT order).
  - ii. Approval for Reduction of quantity of the shares with existing share holders(Para No. 18 (viii) of NCLT order).
  - iii. Approval for increase in the authorised capital (para no. 18 (x) of NCLT order).
  - iv. Approval for shifting of registered office of the corporate debtor (Para No. 18 (xiii) of NCLT order).
3. COVID-19 Pandemic has substantially impacted. Consequently, activity in Company's manufacturing plants during the Quarter ended 31<sup>st</sup> December, 2021. As a result of the lockdown, the likely revenue from the month of April to September 2021 has also been impacted. Consequently, the results of this quarter are not comparable with the results of the preceding quarter or corresponding quarter in the previous financial year and that of previous year. Over and above the impact of COVID-19 and other disruptions such as issues with RINL etc., Presently , Only One plant( Unit-ii) is running out of Company's two plants and the production is stopped from 06-01-2021 at the other plant (Unit-i)and is vacated from its leased premises while equipment therein is shifted to Unit-2. The Company has stopped its Trading and Manufacturing activity.In order tokeep the plant (Unit-2) running, the company has entered into an agreement with M/s Elegant Metals and Minerals Private Limited, to operate the plant on conversion basis at a cost of Rs. 3000 per metric ton( Revised to Rs. 5000/- Per metric ton W.e.f. 01-10-2021). The total gross income earned from conversion is Rs. 3.35 Crores during the quarter.

Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of groups liquidity and going concern, recoverable values of its property, plant and equipment , intangible assets and the realizable values of other assets. However, given the effect of this lockdown on the overall economic activity and in particular on the Iron and Steel related items Industry, the impact assessment of COVID-19 on the above mentioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements.

4. The above unaudited financial results of the company have been prepared in accordance with Indian Accounting Standards(Ind AS) notified under the Companies(Indian Accounting Standards) Rules, 2015 as amended by the companies with (Indian Accounting Standards) (Amendment) Rules , 2016. The company adopted Ind AS from 1<sup>st</sup> April 2018, accordingly these financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under section 133 of The Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.
5. The above Standalone Financial Results for the quarter ended December 31<sup>st</sup>, 2021 were reviewed and approved at the joint meeting of the Resolution Professional (RP) and Key Managerial Person (KMP) under the directions of Monitoring Committee of the Company held on 14th February,2022. The Statutory Auditors have reviewed above standalone financial results for the quarter ended 31<sup>st</sup> December, 2021 and have expressed a modified opinion on the aforesaid results.



6. Gratuity is not provided as per actuarial calculations as required to be done as per IND AS. However the same has been continued as per last year amounting to Rs. 8.46 Lakhs
7. The Plant (Unit-2) is running purely on Conversion basis as per the Agreement entered with M/s. Elegant Metals and Minerals Private Limited. During the quarter the Revenue generated as per Conversion Agreement is Rs. 3.35Cr.
8. The Company is principally engaged in a single business segment of Manufacturing and Trading of Iron & Steel and its related products, accordingly there is no separate reportable segment as per Ind AS 108 "Operating Segment". However, as explained in Note 7 the Plant is now running on Conversion basis.
9. None of the Confirmation of the Balances as on 31.03.2021 reached the office of Statutory Auditors till the quarter ended December 2021. The total debtors as on 31.12.2021 available in books is Rs. 168.92 Cr. As per the earlier confirmations available at the company, the Company has obtained Confirmation of Balances from its major Trade Receivables of approx. Rs. 98.93 Cr. (58.47%) as on 31.03.2021. This includes Rs. 87.15 crores (Net confirmation given by Vizag Profiles Private Limited and available on record is Rs. 74.15 Cr.) transferred from M/s. Steel Exchange India Limited to its associate company M/s. Vizag Profiles Private Limited by virtue of Joint understanding agreed in this regard. For this purpose, Mail Confirmation from SEIL and Balance Confirmation from VFPL are obtained. The Company has agreed for transfer in order to improvise the early recovery of the dues from the major Trade Debtor. Company has provided for the Expected Credit Risk amounting to Rs.46.95 Cr. in addition to the Provision for Doubtful Debts amounting to Rs.11.91 Cr as on 31/03/2021as per Prudence, general practice and IND AS. The same balance is continued for the quarter ending 31.12.2021.
10. The total Sundry Debtors are amounting to Rs. 168.92 Cr. as on 31.12.2021. Company is hopeful of recovering the major portion of Sundry Debtors as promised by the major group of Debtors. The ageing of Sundry Debtors is as under:

(Rs. In crores)

| Period                   | Bal O/s as on 31.03.2021 | Balance O/s as on 31.12.2021 |
|--------------------------|--------------------------|------------------------------|
| Upto 180 days            | 2.32                     | 1.90                         |
| >180 days to < two Years | 29.12                    | 29.24                        |
| >Two years               | 112.79                   | 112.79                       |
| >Three years             | 24.99                    | 24.99                        |
| Total                    | 169.22                   | 168.92                       |



11. The Company did not conduct the Internal Audit during the quarter of 2021-22 in view of Corporate Insolvency Resolution Process and appointment of Resolution Professional. Forensic Audit Report is received by the Banker and is placed before 6<sup>th</sup> COC meeting held on 18.10.2021. Transaction Audit was also got completed by the RP for the period 2020-21.
12. The Company has given Corporate Guarantees and given collaterals on behalf of its Associate Companies to the Lending Institutions. On default by those associate companies, the Banks have issued possession Notices to the Company for liquidating the Assets. The claims as admitted by the Resolution Professional after the company went into CIRP is Rs.67.23 Crores. On account of corporate guarantees given by this company to its associates. Thus, the total contingent liability including above as per the disclosures is amounting to Rs. 109.68 Cr. This however will get modified in line with NCLT order and on Completion of Resolution Plan .
13. The Company has recognized Deferred Tax Assets/Liabilities on unabsorbed depreciation and business losses as the management is confident on its realisability.
14. The Unaudited consolidated quarterly financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated accounts as set out in IND AS 110 "Consolidated Financial Statements" notified by Ministry of Corporate Affairs. The unaudited consolidated quarterly financial statements of the Company "Narayani Steels Limited", include its associate namely "Hari Equipments Private Limited" combined as per Equity Method under Ind AS. The consolidated financial statements are prepared applying uniform accounting policies on all material items.
15. The associate of the company has suffered substantial losses in the previous financial year as well as in the quarter ended 31<sup>ST</sup> December 2021 and has resulted in complete erosion of the net worth of the associate., M/s Hari Equipments Private Limited. In fact 100% Impairment was provided in the Books of NSL as on 31.03.2020. The Company, however, has prepared the accounts of the associate on a "going concern" basis as the management is hopeful that the disruption in the operations of the associate is mainly on account of paucity of finance and they are exploring options to raise additional finance to revive the operations.
16. The accounts are presented based on the assumption of the Going Concern Concept as plant Unit-II is working on conversion basis continuously. The Company is able to manage its Cash Flows. Resolution Professional (RP) is appointed on 24.03.2021 for 180days and the period can be extended to complete the Resolution Plan. .The Resolution Professional has invited Expression of Interest (EOI) from prospective resolution applicants and the process is about to be concluded. An Application filed with NCLT for approval and order dated 11.01.2022 as stated in Note No. 2 . Hence, the Going Concern basis is adopted by the Company.



17. Previous period/year figures have been re-grouped/ rearranged, wherever necessary.

For and on behalf of Narayani Steels Limited

Place of Signature: Visakhapatnam  
Dated: The 14<sup>TH</sup> Day of February, 2021



*Arun Kumar Meher*  
Arun Kumar Meher  
Company Secretary  
M.No. ACS 48598

*Krishna Komaravolu*  
Krishna Komaravolu  
Resolution  
Professional

