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Lenders to loss-making Visa Steel are readying to sell their loans of close to R3,000 crore to asset reconstruction companies (ARCs), senior bankers told FE.

By: [Shayan Ghosh](#) | Mumbai | Published: November 18, 2016 6:34 AM

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Visa Steel reported a net loss of R584 crore in 2015-16 on the back of R1,011 crore in revenues; the gross debt at the end of March 2016 stood at R2,987 crore. (Source: Reuters)

Lenders to loss-making Visa Steel are readying to sell their loans of close to R3,000 crore to asset reconstruction companies (ARCs), senior bankers told FE. While the consortium had given the company till end-November to rope in an investor, it has not come up with anyone so far, they said.

Visa Steel reported a net loss of R584 crore in 2015-16 on the back of R1,011 crore in revenues; the gross debt at the end of March 2016 stood at R2,987 crore. According to a banker, the company has been scouting for buyers in China and Singapore and will meet lenders later to update them on the status of the search. He added that Visa Steel had earlier got an investment proposal from Singapore-based One Asia Investment Partners but the deal had fallen through.

“Visa Steel is already a non-performing asset (NPA) on our books and has been adequately provided for. Therefore we could sell it to ARCs if no investors show interest,”

A banker said that with coking coal prices rising from \$90 a tonne to \$300 a tonne in the last three months, the already-stressed steel industry has been further hit. He added that the increase in costs have been accentuated by the near-stagnancy in domestic steel prices. An email sent to Visa Steel remained unanswered till the time of going to press.

Under the current Reserve Bank of India (RBI) guidelines, ARCs have to pay 15% of the total asset value upfront while the rest is paid in security receipts (SRs). The SRs can be redeemed by the bank as and when the ARC recovers from the company after deducting a 1-2% annual asset management fee.

Visa's debt of around R3,000 crore was restructured under the corporate debt restructuring (CDR) mechanism in FY13. Visa Steel is promoted by Visa Infrastructure and Visa International, which hold 40.35% and 21.63% of the company, respectively. Vishal Agarwal is the vice-chairman and managing director of the company. In September 2015, lenders had decided to convert a large portion of their loans into equity via the SDR scheme. Among the lenders are Bank of Baroda, [Punjab National Bank](#), Bank of India, Canara Bank a few banks from the State Bank of India group and Syndicate Bank.

According to the FY15 annual report (latest available), the company plans to expand capacity from 0.5 million tonnes per annum to 1 mtpa special steel at Kalinganagar in Odisha. The 0.5 mtpa special steel business includes production of hot metal, pig iron and other materials for supply to the automobile, construction, infrastructure, engineering, railway and

defence sectors.

Visa Steel ended Thursday at R15.20 each on the BSE, down 5.9% from its previous close.