

MIDEAST INTEGRATED STEELS LIMITED



MESCO STEEL
Partnering Progress

23rd ANNUAL REPORT
2015-2016



MESCO STEEL
Partnering Progress

23rd Annual Report 2015-2016

**MIDEAST INTEGRATED STEELS LIMITED
NEW DELHI**

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CORPORATE INFORMATION

<p><u>Board of Directors</u></p> <p><i>Chairperson cum Managing Director:</i> Mrs. Rita Singh (DIN 00082263)</p> <p><i>Director (Finance) & CFO :</i> Mrs. Natasha Sinha (DIN 00812380)</p> <p><i>Whole Time Directors:</i></p> <ol style="list-style-type: none"> 1) Mr. Jitendra Kumar Singh* (DIN: 00090649) 2) Mr. Hanumantha Rao Ravipati (DIN:00044028) 3) Mr. Priyabrata Patnaik (DIN:01709955) 4) Mr. Purna Chandra Sahu (DIN: 01262687) <p><i>Independent Directors:</i></p> <ol style="list-style-type: none"> 1) Mr. Debiprasad Bagchi (DIN:00061648) 2) Mr. Dipak Chatterjee (DIN:03048625) 3) Mr. Gurjeet Singh Jawandha (DIN:00213573) 4) Mr. Madhukar (DIN:00558818) 5) Mr. Nandanadan Mishra (DIN:00031342) 6) Mr. Sanjiv Batra (DIN:00602669) <p><u>Company Information</u></p> <p>CIN: L74899DL1992PLC050216 H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi-110048 Tel: +91 (11) 40587085 Website: www.mescosteel.com</p>	<p><u>Joint Statutory Auditors</u></p> <ol style="list-style-type: none"> 1) M/s Todarwal & Todarwal, Chartered Accountants 12, Maker Bhavan No.3, 1st Floor, 21, New Marine Lines, Mumbai - 400 020. Tel: +91 (22) 22083115 2) Sangram Paul & Co. Chartered Accountants 754-15 Jayadev Vihar. Bhubaneswar - 75 1 013 Ph.: 0674-2360863. <p><u>Registrar and Transfer Agent</u></p> <p>M/s Skyline Financials Services Pvt. Ltd Address: D-153A, Okhla Industrial Area, Phase-II Tel: +91 (11) 26812682 Email: admin@sklylinerta.com</p> <p><u>Plant Location</u></p> <p>Kalinga Nagar Industrial Complex, Khurunti, P. O. Danagadi - 755026 Dist. Jajpur, Odisha</p> <p><u>Mines Location</u></p> <p>Panchvati, P.O: Barbil Road, Barbil, Keonjhar: 758035, Odisha</p> <p><u>Other Offices</u></p> <ol style="list-style-type: none"> 1) Mesco Towers, 3915, Lewis Road, Kedar Gauri Square, Bhubaneswar-751014 2) 16, Strand Road, Diamond Heritage, 14th Floor, Room-1412, Kolkata- 700001 3) 401, Silver Pearl Opp. China Gate Restaurants, Waterfield Road Bandra (W), Mumbai - 400 050
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*Mr. Jitendra Kumar Singh (DIN: 00090649), Whole Time Director resigned with effect from the close of business hours of May 30, 2015..

CHAIRPERSON SPEECH

Dear Shareholders,

On behalf of the Board of Directors, I welcome you all at the 23rd Annual General Meeting of the Company. I am delighted to share my views with the esteemed shareholders on this occasion.

A host of domestic and global factors have combined in adversely impacting business performance of the companies in the steel and mining sectors. Steel Sector was badly hit due to overcapacity and slowdown in China, which led to enormous strain on the Indian Steel. Despite these challenges, your company has come out stronger from the second successive challenging year.

Financial Performance

The turnover for the year 2015-16 was Rs.4880 Million, a little lower than in the previous year. This is partly due to the lower prices of pig iron in comparison to the prices in the previous year.

However in terms of profitability, your company was able to show a better performance in the year under review. Profit Before Tax (PBT), was up from Rs. 41.41 Million to Rs. 116.89 Million in the year. I strongly believe that as soon as the business cycles turns up, your company is well placed to outperform and create enhanced value for its shareholders.

Operational Results

In this period of turmoil, your company adopted prudent and cautious approach with a focus on retaining profitable operations.

The capital expenditure on the steel plant during the year was at Rs. 184.91 Million. Major work on complete revamp of one blast furnace was completed during the year. The other blast furnace was revamped last year. Due to falling prices of pig iron, the full advantage of this major capital expenditure on blast furnaces in terms of production could not be achieved during the year. Increased volatility in the prices of steel including pig iron constrained production at the plant. Work on wagon tippler was also taken up during the year.

Expansion Plans

Your company has taken both the inorganic and organic routes to expansion of capacities for achieving growth in the topline and the bottom line. I am very pleased to inform that due to the strong financials of your company, several opportunities for inorganic growth are on the table. As you are aware, last year your company completed the acquisition of Maithan Ispat Ltd. This was the first major acquisition of a steel plant by your company enhancing its capabilities to manufacture billet, sponge iron and heavy sections. In the current year, equity contribution of Rs. 563.90 Million was made in the newly acquired company as per the terms of the acquisition and revamp and modernization of this plant is also being taken up.

Given the inherent advantages of land, location and ready supportive infrastructure at the steel plant, your company is poised for a major brown-field expansion to raise the capacity to 3.50 MTPA in phases from the current capacity of 0.59 MTPA.

Corporate Social Responsibility

Welfare of the communities living in the periphery areas of your company has been integral to the philosophy of Mesco over the decades. In affirmation of our good work your company has bagged Gold Award under CSR category for running anti-malaria and anti-dengue campaigns in its project sites in Barbil and Jajpur.

Your company has contributed significantly in the areas of education, infrastructure, women's empowerment, sports and culture, drinking water and environment. During the year your company has spent Rs.31.06 Million on a range of CSR programs. The expenditure is well above the minimum required. We would continue to work for the welfare and development of our local communities.

New Delhi
August 25, 2016

Rita Singh
Chairperson cum Managing Director
DIN: 00082263



NOTICE

MIDEAST INTEGRATED STEELS LIMITED

CIN: L74899DL1992PLC050216

Registered Office: H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi-110048

Website: www.mescosteel.com, Tel No.: 011-40587085

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of the Company will be held on Tuesday, September 27, 2016 at 11.30 a.m. at Kamani Auditorium, 1, Copernicus Marg, New Delhi-110001 to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements including audited consolidated financial statements of the Company for the financial year ended March 31, 2016 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Priyabrata Patnaik (DIN 01709955), Director of the Company, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors of the Company, and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rule, 2014 the members of the company do hereby ratify the appointment of M/s. Todarwal&Todarwal (Registration No.111009W) Chartered Accountants & M/s Sangram Paul & Co (Registration No. 308001E) Chartered Accountants as Statutory Auditors of the Company to hold office upto the conclusion of 24th Annual General Meeting, who were appointed in the 21st Annual General Meeting (held on September 20, 2014) to hold office for a period of 3 years until the conclusion of the 24th Annual General Meeting, on a remuneration plus reimbursement of out-of-pocket expenses, as may be decided by the board of directors.”

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the payment of remuneration of Rs.1,00,000 (Rupees One Lakh only) plus applicable service tax and reimbursement of out of pocket expenses subject to maximum of Rs.15,000 (Rupees Fifteen Thousand Only) to M/s S.S. Sonthalia & Co, Cost Accountants, (Firm Registration No 00167) who were re-appointed by the Board of Directors of the Company as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, be and is hereby approved.
“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is here by authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act,2013 (“the Act”) and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations 2015) (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the Audit Committee and the Board of Directors to authorize the management of the Company to enter into below mentioned transactions, with Maithan Ispat Limited and Mesco Steels Limited, ‘Related Parties’ as defined under Section 2(76) of the Act and SEBI (LODR) Regulations 2015 and such other transactions as required in connection to efficiently carry out the operations of the Company.
 - a) **Sale, Purchase & Services to be received from Maithan Ispat Limited (Limit of Rs. 350 Crore from September 30, 2016 till September 30,2017)**
 - i) Purchase and Sale of Blooms, Billets, Sponge Iron, Pig Iron, Scrap, Coal or any other goods.
 - ii) All other types of services to be received in connection with the business of the Company.

b) Sale and Purchase to be done with Mesco Steels Limited (Limit of Rs. 250 Crore from September 30, 2016 till September 30, 2017)

i) Purchase and Sale of Sponge Iron, Pig Iron, Scrap, Coke, Coal or any other goods.

ii) All other types of services to be received in connection with the business of the Company.

RESOLVED FURTHER THAT the Board and audit committee be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed purchase, sale or supply of goods or materials (the "transactions"), either in part or in full, as it may, in its absolute discretion, deem appropriate, subject to the specified limits for effecting the aforesaid transactions and to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith.

RESOLVED FURTHER THAT any director of the Company be and is hereby authorized to negotiate, finalize and execute and sign the abovementioned agreements and schedules, attachments, documents, appendixes and other writings in respect thereof, including any amendment thereto for and on behalf of the Company."

By order of the Board
For and on behalf of Mideast Integrated Steels Limited

New Delhi
August 25, 2016

Rita Singh
Chairperson Cum Managing Director
DIN:00082263

NOTES:

1. An Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the ensuing Annual General Meeting is appended hereto.
2. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company. The instrument appointing a proxy in order to be effective should be duly stamped, filled, signed and must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting. A Proxy form is sent herewith. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
3. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Annual Report and AGM Notice is available at the website of the Company at www.mescosteel.com in the Investor Relation Section.
6. The Notice of AGM along with the Annual Report 2015-16 is being sent by electronic mode to those members whose email address is registered with the Company / Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies are being sent by the permitted mode.
7. The Company has engaged the services of CDSL as Agency to provide e-voting facility.
8. The Register of Members and Share Transfer Books of the Company will remain closed from September 22, 2016 to September 27, 2016 (both days inclusive). Relevant documents referred to in the accompanying Notice and the Statement including Register of Members and Share Transfer Books are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
9. Shareholders who are yet to encash their earlier dividend warrants for the years from 2011-12 to 2013-14 (Final Dividend) are requested to contact the Company Secretary immediately for revalidation of the dividend warrant or

issue of fresh demand draft as the dividend amount remaining unclaimed/ unpaid at the expiry of 7 years from the date that becomes due for payment are required to be transferred by the Company to the Investor Education and Protection Fund.

10. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to their depository participant only and not to the Company or its Registrar and Share Transfer Agent.
11. A person who has acquired shares & become a member of the company after the dispatch of notice of AGM & holding shares as of cut-off date, may obtain the login ID & password by sending a request at investors@mescosteel.com. However, if the person is already registered with the CDSL for remote e-voting then the existing user ID & password can be used for casting vote.
12. Members seeking further information about the accounts are requested to write at least 7 days before the date of the meeting so that it may be convenient to get the information ready at the meeting.
13. Members are requested to:
 - (a) Notify immediately any change in their residential address to the Company or to Skyline Financial Services Private Limited, Company's Registrar and Share Transfer Agent at D-153A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 quoting their folio number and also notify their e-mail address for prompt response.
 - (b) Bring their copy of the Annual Report and Attendance Slip with them at the Annual General Meeting.
 - (c) Quote their Regd. Folio Number/DP and Client ID Nos. in all their correspondence with the Company or its Registrar and Share Transfer Agent.
 - (d) Register their e-mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.
 - (e) Dematerialise their shareholding.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to Skyline Financial Services Private Limited, Registrar and Share Transfer Agent of the Company.
15. Members may please note that briefcase, bag, mobile phone and/or eatables shall not be allowed to be taken inside the hall for security reasons.
16. In compliance with provisions of the Companies Act, 2013, the Company is also offering remote e-voting facility to the members to enable them to cast their votes electronically. Please note that remote e-voting is optional and not mandatory. Remote e-voting facility would remain open only from September 24, 2016 (9.00 AM) to September 26, 2016 (up to 5.00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 20, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is casted by the shareholder, the shareholder shall not be allowed to change it subsequently.
17. The facility for voting through polling paper shall be made available at the AGM & members who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM. The members who have ceased their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
18. **The instructions for shareholders for voting electronically are as under:-**
 - (i) The voting period begins on September 24, 2016 at 9:00 Hours and ends on September 26, 2016 at 17:00 Hours. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Tuesday, September 20, 2016 (cut-off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.

- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • <i>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</i> • <i>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field</i>
Dividend Bank Details Or Date of Birth(DOB)	<p>Enter the Dividend Bank Details or Date Of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Mideast Integrated Steels Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help Section or write an email to helpdesk.evoting@cdslindia.com.
19. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date).
 20. The Board of Directors has appointed Mr. Mohit Dahiya, Practicing Company Secretary (Certificate of Practice No. 11722), as the Scrutinizer for conducting remote e-voting in a fair and transparent manner.
 21. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM by Ballot papers and thereafter unblock the votes casted through remote e-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer shall, within 24 hours from the conclusion of the AGM, prepare and present a consolidated report of the total votes cast in favour or against, if any, to the Chairman or any other Key Managerial Personnel who shall countersign the same and declare the results of the voting within 48 hours of conclusion of Annual General Meeting.
 22. The results declared alongwith the report of Scrutinizer shall be placed on the website of the Company i.e. www.mescosteel.com and on the website of CDSL immediately after the declaration of results by the Chairman or any other Key Managerial Personnel. The results shall also be forwarded to the Stock Exchange within 48hours of the conclusion of Annual General Meeting.
 23. Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 Issued by ICSI, the brief profile of Director eligible for re-appointment vide item no. 2 is as follows:-

Particulars	Mr. Priyabrata Patnaik
DIN	01709955
Date of Birth	17.01.1953
Date of appointment	01.02.2014
Qualifications	IAS officer
Expertise in specific functional areas	He is a retired IAS officer who has served as Collector of undivided Cuttack, Collector of undivided Balasore, Collector of undivided Dhenkanal, Director Industries, Chairman of Orissa State Small Scale Corporation, CMD of Orissa Construction Corporation, CMD of Grid Corporation of Orissa, CMD - IPICOL, CMD - IDCO, Commissioner Cum Secretary- Energy Department, Special Secretary -General Administration Department, Principal Secretary Industries Department, Principal Secretary–Commerce and Transport Department and Additional Chief Secretary – Government of Orissa.
Directorships in other Companies	B.C.Mohanty & Sons Pvt. Ltd. and Bhubaneswar Club.
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	NIL
Number of shares held in the Company	NIL
Relationship with any Director(s) of the Company	NIL

By order of the Board
For and on behalf of Mideast Integrated Steels Limited

New Delhi
August 25, 2016

Rita Singh
Chairperson Cum Managing Director
DIN:00082263

EXPLANATORY STATEMENT (Pursuant to Section 102 of the Companies Act, 2013)

The following Explanatory Statements, as required under Section 102 of the Companies Act, 2013, set out all material facts relating to the business under Item Nos. 4 and 5 of the accompanying notice dated May 24, 2016.

Item No. 4

The Board of Directors of the Company on the recommendation of the Audit Committee, appointed M/s S.S. Sonthalia & Co, Cost Accountants, Orissa as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ended March 31, 2017 at a remuneration of Rs. 1, 00,000 (Rupees One Lakh Only) plus service tax and reimbursement of out of pocket expenses subject to maximum of Rs. 15,000 (Rupees Fifteen Thousand Only). The said auditors have given their eligibility certificate for appointment as Cost Auditors. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2017 as specified herein above for the aforesaid services to be rendered by them.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the said Resolution. The Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members.

Item No 5

Section 188 of the Companies Act, 2013 and the rules made thereunder, every Company having paid up share capital of Rs. 10 Crores or more or exceeding certain values as prescribed for making the following transactions with Related Party, requires the approval of Shareholders in General Meeting.

Further Pursuant to Regulation 23 of SEBI (LODR) Regulations, 2015 all material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transactions or not.

Approval is required from the Shareholders under Section 188 of Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015 for the following Contracts/transactions to be entered in to with Maithan Ispat Limited and Mesco Steels Limited (Related Parties).

The Particulars of the transaction pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 188 of the Companies Act, 2013 are as under:

a) Sale, Purchase & Services to be received from Maithan Ispat Limited (Limit of Rs. 350 Crore from September 30, 2016 till September 30, 2017)

S. No	Particulars
1.	Name of the related party: Maithan Ispat Limited
2.	Name of the Director or KMP who is related: None
3.	Nature of Relationship: Maithan Ispat Limited is a subsidiary of the Company
4.	Sale/Purchase Price: The price for purchase and sale of the products of the Company shall be negotiated and agreed to by both parties considering prevalent market conditions.
5.	Payment Schedule: To be determined by both the parties by mutual consent.
6.	Nature, material terms and particulars of the arrangement: All the Contracts/transactions are at best negotiated terms/market price.
7.	Duration of the Contract: The agreement is valid for a period of 1 year
8.	Any other information relevant or important for the members to take a decision on proposed transaction: Not Applicable



b) **Sale and Purchases to be done with Mesco Steels Limited (Limit of Rs. 250 Crore from September 30, 2016 till September 30, 2017)**

S. No	Particulars
9.	Name of the related party: Mesco Steels Limited
10.	Name of the Director or KMP who is related: Rita Singh and Natasha Singh Sinha are common directors between the Company and Mesco Steels Limited and holding more than 2% paid up capital of Mesco Steels Limited. Apart from these two, no other directors or KMP are interested. Relative: Mr. JK Singh and Mrs. Shipra Singh Rana (relative of Mrs. Rita Singh and Mrs. Natasha Singh Sinha)
11.	Nature of Relationship: Both Mrs. Rita Singh and Mrs. Natasha Singh Sinha are directors in Mesco Steels Limited and are holding more than 2% share of the company Relative: Mr. JK Singh and Mrs. Shipra Singh Rana (relative of Mrs. Rita Singh and Mrs. Natasha Singh Sinha)
12.	Sale/Purchase Price: The price for purchase and sale of the products of the Company shall be negotiated and agreed to by both parties considering prevalent market conditions.
13.	Payment Schedule: To be determined by both the parties by mutual consent.
14.	Nature, material terms and particulars of the arrangement: All the Contracts/transactions are at best negotiated terms/market price.
15.	Duration of the Contract: The agreement is valid for a period of 1 year
16.	Any other information relevant or important for the members to take a decision on proposed transaction: Not Applicable

The Board, therefore recommends the Special Resolution set out in Item No. 5.

By order of the Board
For and on behalf of Mideast Integrated Steels Limited

New Delhi
August 25, 2016

Rita Singh
Chairperson Cum Managing Director
DIN:00082263

DIRECTORS REPORT

To

The Members

Mideast Integrated Steels Limited

Your Directors are pleased to present 23rd Annual Report and the Statements of Accounts for the financial year ended on March 31, 2016.

1. **FINANCIAL PERFORMANCE**

The Board's Report is prepared based on the stand alone financial statements of the Company. The Company's financial performance for the year ended March 31, 2016 along with previous year's figures are given hereunder:

(₹ in Mn)

Particulars	2015-16	2014-15
Sales & Other Income	5012.83	6,396.50
Profit/(Loss) Before Finance Cost & Depreciation	866.28	710.18
Less - Interest/ Finance Cost	141.57	83.03
Less – Depreciation	607.82	585.74
Profit/(Loss) before Tax	116.89	41.41
Less – Provision For Taxation		-
Less – Taxation relating to prior years		18.57
Less – Provision For Deferred Tax	31.55	12.67
Profit/(Loss) After Tax	85.34	10.18
Appropriations / Adjustments		
Balance of profit / (loss) brought forward	2477.89	2,467.71
Profit for the Year	85.34	10.18
Proposed Final Dividend	-	-
Profit carried to Balance Sheet	2563.23	2477.89

2. **COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS**

The year under review was very difficult and challenging. Recession in steel industry saw a sharp decline in finished products. Due to continuous fall in market prices of pig iron and closure of the Company's Plant at Jajpur for a major part of the year the revenues from operations was Rs. 4880.01 Million as compared to Rs. 5582.78 Million during the previous year. Despite tough environment within the sector, the Company managed to achieve a remarkable performance on the operational front. The growth in profit is mainly driven by start of mining operations by the Company in the month of July, 2015. Company's Profit before Tax increased to Rs. 116.89 Million during the period under review as compared to Rs. 41.41 Million during previous year.

During the year under review, there were no changes in the nature of the business of the Company.

3. **TRANSFER TO RESERVES**

Your Board of Directors do not appropriate any amount to be transferred to General Reserves during the year under review.

4. **DIVIDEND**

Directors have not recommended any dividend for the financial year ended on March 31, 2016.

5. **MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed report on the Management Discussion and Analysis is provided as a separate Section in the Annual Report which forms part of the Directors Report.

6. CORPORATE GOVERNANCE

A detailed report on the Corporate Governance is provided as a separate Section in the Annual Report. Certificate on compliance with Corporate Governance requirements by the Company by Statutory Auditor is attached to the Report on Corporate Governance.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, are provided in the **Annexure – I** to this Report.

8. SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES & CONSOLIDATED FINANCIAL STATEMENTS

As on March 31, 2016 the company has only one material unlisted subsidiary i.e. Maithan Ispat Limited, and do not have any associates and Joint Venture Companies. The company has framed a Policy for determining Material Subsidiaries which is available on the website of the company (www.mescosteel.com). In accordance with Section 129(3) of the Companies Act, 2013 we have prepared consolidated financial statements of the Company, which forms part of this Annual Report. Further a statement containing the salient features of the financial statement of our subsidiary in the prescribed format AOC-1 is appended as **Annexure-II** to the Director's Report.

The financial statements of the subsidiary company and related information are available for inspection by the members at the Registered Office of your Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting ('AGM') as required under Section 136 of the Companies Act, 2013. The financial statements including the consolidated financial statements, financial statements of subsidiary and all other documents required to be attached to this report have been uploaded on the website of your Company (www.mescosteel.com).

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions that were entered into during the financial year were on arm's length and were in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee and the Board of Directors for their approval. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy is available on the Company's website (www.mescosteel.com).

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure-III** in Form AOC-2 and the same forms part of this report.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on March 31, 2016, are set out in Note 25 to the Standalone Financial Statements forming part of this report.

11. PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, regarding employees is given in **Annexure- IV** to this Report.

12. DIRECTORS OR KEY MANAGERIAL PERSONNEL

Mr. Priyabrata Patnaik, (DIN:01709955) Whole Time Director is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offered himself for reappointment. The information on the particulars of Director eligible for appointment in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Secretarial Standards- 2 issued by ICSI has been provided in the notes to the notice convening the Annual General Meeting. Your Directors recommend his re-appointment.

Mr. Jitendra Kumar Singh (DIN:00090649), Whole Time Director resigned with effect from the close of business hours of May 30, 2015. The Board of Directors records their appreciation for the services rendered by Mr. Jitendra Kumar Singh.

13. DECLARATION OF INDEPENDENCE

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations 2015.

14. EVALUATION OF THE BOARD'S PERFORMANCE

In terms of Section 134 with the Companies Act, 2013 and Regulation 17(10) of SEBI (LODR), Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Stakeholders Relationship Committee. More details on the same are given in the Corporate Governance Report.

15. NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration policy prescribes to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management.

The Policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters as required under sub-Section (3) of Section 178 of the Companies Act, 2013 is available on our website www.mescosteel.com. There has been no change in the Policy since the last Financial Year. We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

16. NUMBER OF MEETINGS OF THE BOARD

During the financial year 2015-2016, the Board of Directors of the Company, met 5 times i.e. on May 12, 2015, May 30, 2015, August 12, 2015, November 5, 2015 and February 8, 2016. The gap between two consecutive meetings did not exceed one hundred twenty days. Further, a separate Meeting of the Independent Directors of the Company was also held on May 12, 2015.

17. AUDIT COMMITTEE

The composition, terms of reference etc. of the Audit Committee is provided in Corporate Governance Report which forms part of this Annual Report. There have been no instances of non-acceptance of any recommendations of the Audit Committee by the Board during the financial year under review.

18. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition, terms of reference etc. of the Stakeholders Relationship Committee is provided in Corporate Governance Report which forms part of this Annual Report.

19. NOMINATION AND REMUNERATION COMMITTEE

The composition, terms of reference etc. of the Nomination and Remuneration Committee is provided in Corporate Governance Report which forms part of this Annual Report.

20. VIGIL MECHANISM

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the SEBI (LODR) Regulations, 2015. The company has a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of Directors and employees who avail of the mechanism. Any incidents that are reported are investigated and suitable action is taken in line with the whistle blower policy. The Whistle Blower Policy is also available on your Company's website www.mescosteel.com.

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

The company has a policy on prohibition, prevention and redressal of Sexual Harassment of women at workplace and matters connected therewith or incidental thereto covering all the aspects as contained under "The Sexual Harassment Of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013". During the financial year 2015-16, no complaint was received under the policy.

22. AUDITORS

a. Statutory Auditors

The Auditors, M/s Todarwal&Todarwal, Chartered Accountants, and M/s Sangram Paul, Chartered Accountants, were re-appointed as the Joint Statutory Auditors of the Company under Section 139 of the Companies Act, 2013 to hold office for a period of three years upto the conclusion of the 24th Annual General Meeting to be held in 2017. Our Board recommends ratification of their appointment as the Statutory Auditors at the ensuing Annual General Meeting for a period up to the conclusion of the 24th Annual General Meeting of the Company. The certificate from the Auditors have been received to the effect that their reappointment, if made, would be within the prescribed limit under Section 141 of the Companies Act, 2013.

There are no qualifications or reservation or remarks made by the Auditors in their Report. The observations of Statutory Auditors in their reports on standalone and consolidated financials are self-explanatory and therefore do not call for any further comments.

b. Cost Auditor

The Board of Directors has on the recommendation of Audit Committee, approved the appointment of M/s. Sonthalia & Company, Cost Accountants (Firm Regn. No. 00167), as the Cost Auditors of the company for the year 2016-2017 at a remuneration of Rs. 1,00,000 (Rupees One Lakh Only) plus reimbursement of out of pocket expenses subject to maximum of Rs. 15,000 (Rupees Fifteen Thousand Only). The proposed remuneration of the Cost Auditors would be approved by the members in the ensuing AGM.

c. Secretarial Auditor

During the year under review, Mr. Robinderpal Singh Batth, Practicing Company Secretary (Certificate of Practice No. 3836), who was appointed as the Secretarial Auditor of the Company has issued the audit report in respect of the secretarial audit of the Company for the financial year ended March 31, 2016. The Secretarial Audit Report is annexed as **Annexure-V** to this Report. Given Below is the management reply on the observations made by the Secretarial Auditor in their Report.

- *Observation: In terms of Securities and Exchange Board of India Circular No. Cir/ISD/3/2011, the 100% Promoter's holding is to be in dematerialized form. Promoter holding is not in 100% Demat form.*
Reply: Company is in receipt of declaration from promoters that the shares which are not in demat form are pending adjudication of dispute before judicial/ quasi-judicial authorities.

23. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility Committee comprises of Sh. Debi Prasad Bagchi as the Chairman and Sh. Priyabrata Patnaik, Sh. Nandanandan Mishra and Smt. Natasha Singh Sinha as the members.

During the year we focused on improving the quality of life of the community in and around Odisha, Delhi and Uttar Pradesh through health and sanitation, education and skill based training, sports and infrastructure development. Details about the CSR policy and initiatives taken by the Company during the year are available on your company's website www.mescosteel.com. The Report on CSR activities is given in **Annexure – VI** forming part of this Report.

24. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 an extract of annual return in Form No. MGT-9 is given in **Annexure-VII** to this Report.

25. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this Report.

Our Board of Directors in its Meeting held on May 12, 2015, have approved corporate guarantee up to Rs.7839.50 Million to be provided in favor of Consortium Lenders of Maithan Ispat Limited for availing working capital and term loan facility from the aforesaid lenders. Further as per the terms of acquisition of Maithan Ispat Limited, the Company is required to infuse an aggregate amount of Rs.1,200 Million as its contribution towards equity of Maithan Ispat Limited to the tune of Rs.50 Million per month for the period of two years starting from April 2015. In compliance to the said agreement during the year under review, company has infused Rs.563.90 Million by acquiring 5,63,90,000 (Five Crores Sixty Three Lakhs Ninety Thousand) equity shares having face value of Rs.10 each.

26. GENERAL DISCLOSURE

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a) Details relating to deposits covered under Chapter V of the Act.
- b) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- c) Issue of shares (including sweat equity shares) to employees of the Company under any Scheme or ESOS.
- d) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations.

27. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act 2013, your Directors confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for the same period;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls in the Company that are adequate and are operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that these are adequate and are operating effectively.

28. ACKNOWLEDGEMENTS

The Board places on record its appreciation for the continued co-operation and support extended to the Company by customers, vendors, regulators, banks, financial institutions, stock exchanges and depositories, auditors, legal advisors, consultants, business associates and all the employees with whose help, cooperation and hard work the Company is able to achieve the results. The Board deeply acknowledges the trust and confidence placed by the consumers of the Company and all its shareholders.

By order of the Board
For and on behalf of Mideast Integrated Steels Limited

New Delhi
May 24, 2016

Rita Singh
Chairperson Cum Managing Director
DIN:00082263

Annexure-I

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

A) Conservation Of Energy

i) Energy conservation measures taken during the year are as follows:

Blast Furnace Productivity has increased from 2.00 t/m³/day in the financial year ended on March 31, 2015 to 2.04 t/m³/day in financial year ended March 31, 2016 by rigid process control. HSD firing during start-up of Boiler has been updated to Furnace Oil firing by introducing heater & modification of nozzle.

ii) the steps taken by the company for utilizing alternate sources of energy:

Coke-breeze consumption reduced by around 25 kg per ton of Sinter by replacing Coke-breeze of FC-65% with Coke-breeze of FC – 80%

iii) the capital investment on energy conservation equipment's- Nil.

B. Technology Absorption And Research & Development

i) Efforts, in brief, made towards technology absorption, adaptation and innovation. – Nil.

ii) Benefits derived as a result of the above efforts – Nil.

iii) Details about imported technology (imported during last three years reckoned from the date of beginning of the financial year, if any.) – The company has not imported any technology during the last three years.

C. Foreign Exchange Earnings And Outgo

₹ in Mn

Particulars	2015-16	2014-15
Foreign Exchange Earned	NIL	121.31
Foreign Exchange Used	284.56	1829.48

Annexure-II

Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014).

Part "A": Subsidiary: Maithan Ispat Limited

₹ In Mn

Particulars	2015-16	2014-15
Reporting currency	Indian Rupees	Indian Rupees
Reporting Period	March 31, 2016	March 31, 2015
Share capital	6241.84	5,677.94
Reserves & surplus	(6208.30)	(5,400.96)
Total assets	5814.65	5,665.58
Total Liabilities	5781.11	5,388.10
Investments	0.03	-
Turnover	3398.21	
Profit/ (Loss) Before Tax	(807.54)	
Tax Provision	-	
Profit/(Loss) After Tax	(807.54)	
Dividend for the year	-	
% of shareholding	99.45	99.28

*As the subsidiary is acquired on March 31, 2015, profit and loss of the subsidiary for the year ended March 31, 2015 has not been considered.

Part "B": Associates and Joint Ventures: NA

Annexure-III

FORM AOC-2

Particulars of Contracts/arrangements made with Related Parties

Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

1. Details of contracts/arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2016 which were not at arm's length basis.

2. Details of material contracts/arrangements or transactions at arm's length basis

- a) **Name(s) of the related party and nature of relationship:** Maithan Ispat Limited is subsidiary of the Company.
- b) **Nature of contracts / arrangements / transactions:** Sale of goods and materials transactions and Receiving or Rendering Services on arm length basis and in tune with market parameters.
- c) **Duration of the contracts / arrangements / transactions:** September 28, 2015 till September 28, 2016.
- d) **Salient terms of the contracts or arrangements or transactions including the value, if any:** In tune with best negotiated terms/market price not exceeding Rs.250 Crores.
- e) **Date(s) of approval by the Board and shareholders, if any:** Boards Approval August 12, 2015 and Shareholders Approval- September 28, 2015
- f) **Amount Paid as advance, if any:** NA

ANNEXURE-IV

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

Sl. No	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	1) Ratio of the remuneration of Mrs. Rita Singh, Chairperson and Managing Director to the median remuneration of the employees – 100:1 2) Ratio of the remuneration of Mrs. Natasha Sinha, Whole- time Director (Finance) to the median remuneration of the employees – 49:1 3) Ratio of the remuneration of Mr. P C Sahu, Whole-time Director to the median remuneration of the employees-15:1 4) Ratio of the remuneration of Mr. P Patnaik, Whole-time Director to the median remuneration of the employees-27:1 5) Ratio of the remuneration of Mr. R.H Rao, Whole-time Director to the median remuneration of the employees- 4:1
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive, Officer, Company Secretary or Manager, if any, in the financial year	No increase
(iii)	Percentage increase in the median remuneration of employees in the financial Year	20.81%
(iv)	Number of permanent employees on the rolls of company	745
(v)	Average percentile Increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	24.62% & NIL & NIL & NIL

SECRETARIAL AUDIT REPORT For the Financial Year ended on March 31, 2016

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,

The Members,

Mideast Integrated Steel Limited

R.O. H-1, Zamrudpur, Kailash Colony,
New Delhi-110048

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mideast Integrated Steel Limited (hereinafter called the Company or MISL). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by MISL for the financial year ended on March 31, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
 2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 6. Other Laws specifically applicable to the Company as per the representation made by the Company.
- I have also examined Compliance with the following:
- i) SEBI (LODR) Regulations, 2015.

- ii) Secretarial Standards SS-1 and SS-2 issued by The Institute of Company Secretaries of India.

I further report that during the year under review there were no actions or events in pursuance of the following:

- i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- iii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- iv) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- v) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

On the basis information provided by the Company and on the basis of representation and explanation made by the management I report that during the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned subject to following observations:

1. In terms of Securities and Exchange Board of India Circular No. Cir/ISD/3/2011, the 100% Promoter's holding is to be in dematerialized form. Promoter holding is not in 100% Demat form.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

I further report that during the audit period there were no action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except the following:

- i) The Company has made investment in 5,63,90,000 Equity Shares having face value of Rs.10 of Maithan Ispat Limited.
- ii) The Company has provided the Corporate Guarantee amounting to Rs.7839.50 Million to the lenders of Maithan Ispat Limited.

New Delhi
May 24, 2016

Sd/-
FCS Robinderpal Singh Batth
Practicing Company Secretary
CP NO. 3836

Annual Report on Corporate Social Responsibility (CSR)

Pursuant to Rules 8 & 9 of (Companies Corporate Social Responsibility Policy) Rules, 2014 for the Financial Year 2015-16

1. A brief outline of the Company's CSR policy

Our company, Mideast Integrated Steels Limited (MISL) believes in adding value to the lives of its stakeholders. CSR is more than a matter of statutory compliance; it is intended towards betterment of the society and especially the needy. The activities under CSR are carried out under the able guidance of CSR committee constituted at the management level and in consultation with the community and beneficiaries. The company not only focuses on one area, but activities are planned to ensure all-round development of the beneficiaries.

The areas include; a) Health care, b) Education, c) Infrastructure, d) Drinking Water and sanitation, e) Sports & Culture, f) Women and Social Empowerment, g) Horticulture and h) Animal Welfare

CSR activities at company are carried out directly by the Company for fulfilling its responsibilities towards various stakeholders and communities. Contribution/donation made to such other Organization/ Institutions as may be permitted under the applicable laws from time to time

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is

<http://mescosteel.com/social-responsibility.php>

2. Composition of the CSR Committee:

Name of Director	Category	Nature of Directorship
Mr. Debiprasad Bagchi	Chairman	Independent Director
Mr. Nandanadan Mishra	Member	Independent Director
Mrs. Natasha Sinha	Member	Whole-Time Director
Mr. Priyabrata Patnaik	Member	Whole-Time Director

3. Average net profit of the Company for the last 3 Financial Years: Rs.1150.48 Million

4. Prescribed CSR expenditure (2% of the amount as in item 3 above): Rs.23.01 Million

5. Details of CSR spent for the financial year:

- Total amount to be spent for the Financial Year: Rs.23.01 Million
- Total amount spent for the Financial Year: Rs.31.06 Million
- Amount unspent, if any: Nil

6. Manner in which the amount spent during the financial year is detailed below:

Rs. Mn

CSR projects / Activities	Sector in which the Project is covered	Location where project is undertaken State (Local Area/District)	Amount outlay (budget) Project / Programs Wise	Amount Spent on the Projects Or Programs	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
Undertaking Animal Welfare Activities by providing • Shelter to more than 600 stray dogs. • Providing the resident dogs good food and timely medical care. • Dedicated team including three full time doctors, pathologist and attendants/ care takers to look after the dogs.	Animal Welfare	Delhi	Total budget outlay of 23.01	15.12	Expenditure as on March 31, 2016 is 31.06	Through Krishna Ashram

CSR projects / Activities	Sector in which the Project is covered	Location where project is undertaken State (Local Area/District)	Amount outlay (budget) Project / Programs Wise	Amount Spent on the Projects Or Programs	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
<p>Promoting healthcare and sanitation by conducting projects and programs as follows</p> <ul style="list-style-type: none"> • preventive healthcare and medical camps in villages • 24* 7 ambulance service 	Health and Hygiene Care	Odisha (Village Tanto-Barbil, Barbil, Keonjhar, Jajpur)		1.91		Directly
<p>Making available safe drinking water to community</p> <ul style="list-style-type: none"> • Installed Hand Pumps • Overhead water tank with supply system set up • Drinking water supplied through tankers • Fogging and ant-larva spray done • Water committees constituted for managing the operations of bore wells constructed by Mesco. 				2.95		
<p>Promoting education by providing following services:</p> <ul style="list-style-type: none"> • Bus Service to ferry children from home to school, and back • Financial assistance is being provided to School Management Committees in 8 schools to engage 21 private teachers • Coaching Classes • Computer Centers • Shoes and Socks to school children 	Education	Odisha (Barbil and Jajpur) and Uttar Pradesh (Hapur)		0.61		
<p>Making social and rural development by :</p> <ul style="list-style-type: none"> • Constructing Bus sheds, Community Centers • Financial assistance for constructing bike stand • repair of road • Leveling of field to convert it into a playground for children 	Social and Rural Development	Odisha (Village-Tanto, Barbil) (Village-Manpur, Jajpur) (Joda- Barbil), (Village-Bhusgaon, Barbil)		5.73		

CSR projects / Activities	Sector in which the Project is covered	Location where project is undertaken State (Local Area/District)	Amount outlay (budget) Project / Programs Wise	Amount Spent on the Projects Or Programs	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
Promoting sports by <ul style="list-style-type: none"> • Conducting tournaments of Football, Cricket, and Volleyball etc. • Sponsoring Cultural event to restore Indian Cultural Traditions and Values. • Organizing and Promoting Traditional and Tribal Festivals. 	Sports and Culture	Odisha (Barbil, Jajpur)		0.52		
Livelihood enhancement and social empowerment projects in the form of <ul style="list-style-type: none"> • basic and specialized stitching training centres to unemployed women, • providing foods to underprivileged laborers under AAHAR Scheme launched in Odisha 	Empowering women and social economic welfare	Odisha (District Keonjhar Village-Tanto & Serenda in Barbil)		0.52		
Promoting plantation and horticulture by <ul style="list-style-type: none"> • Planting 3500 saplings • Promoting horticulture programme with a view to encourage villagers for developing small vegetable patches/kitchen garden in their respective houses. • Distributing seeds. 	Protection of Flora and Fauna	Barbil		3.70		

7. **In case the Company has failed to spend the 2% percent of the average net profit of the last 3 Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in the Directors' Report.**

Not Applicable

8. **Responsibility Statement**

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of your Company.

Annexure-VII

FORM NO. MGT.9

Extract of Annual Return as on the financial year ended on March 31, 2016

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I) REGISTRATION AND OTHER DETAILS:

- i) **CIN:-** L74899DL1992PLC050216
- ii) **Registration Date:** 07/09/1992
- iii) **Name of the Company:** Mideast Integrated Steels Limited
- iv) **Category/Sub Category of the Company:**
- a) **Category of the company:** Public Company
- b) **Sub Category of the Company:** Company Limited by shares
- v) **Address of the Registered office:** H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi-110048
- vi) **Contact Details:** 011-40587085
- vii) **Whether listed company Yes / No:** Yes
- viii) **Name, Address and Contact details of Registrar and Transfer Agent, if any:** Skyline Financial Services Private Limited, D-153A, Okhla Industrial Area, Phase-I New Delhi

II) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Pig Iron	27130	46.04
2.	Minerals	13100	53.96

III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Maithan Ispat Limited, Diamond Heritage, 14th Floor, Room No. 1402, 16th Strand Road, Kolkata	U27109WB2003PLC096854	Subsidiary	99.45%	Section 2(87) of Companies Act, 2013

IV) SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
Individual/ HUF	2,99,500	2,13,530	5,13,030	0.37	2,99,500	2,13,530	5,13,030	0.37	No change
Central Govt	-	-	-	-	-	-	-	-	-
State Govt (s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	3,08,26,500	5,90,21,940	8,98,48,440	65.17	3,08,26,500	5,90,21,940	8,98,48,440	65.17	No change
Banks/ FI	-	-	-	-	-	-	-	-	-
Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	3,11,26,000	5,92,35,470	9,03,61,470	65.54	3,11,26,000	5,92,35,470	9,03,61,470	65.54	No change
2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other.....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):									
Total Shareholding of Promoter (A) = (A) (1)+(A) (2)	3,11,26,000	5,92,35,470	9,03,61,470	65.54	3,11,26,000	5,92,35,470	9,03,61,470	65.54	No change
B. Public Shareholding									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	
b) Banks/FI	3,00,600	15,100	3,15,700	0.23	3,00,600	15,101	3,15,701	0.23	No change
c) Central Govt	-	-	-	-	-	-	-	-	
d) State Govt(s)	-	-	-	-	-	-	-	-	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	
f) Insurance Companies	-	-	-	-	-	-	-	-	
g) FIs	-	-	-	-	-	-	-	-	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	
Sub-total (B)(1):-	3,00,600	15,100	3,15,700	0.23	3,00,600	15,101	3,15,701	0.23	No change
2. Non Institutions									
a) Bodies Corp.									
i) Indian	5,77,240	1,43,50,800	1,49,28,040	10.83	3,20,190	1,43,48,500	1,46,68,690	10.64	-0.19
ii) Overseas	0	20,27,500	20,27,500	1.47	0	20,27,500	20,27,500	1.47	No change
b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	11,83,451	2,41,72,855	2,53,56,306	18.39	13,77,964	2,39,35,213	2,53,13,177	18.36	-0.03
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	15,46,400	7,16,000	22,62,400	1.64	19,45,970	5,91,000	25,36,970	1.84	0.2
c) Others (NRI&HUF)	86,084	25,37,500	26,23,584	1.9	1,46,791	25,04,701	26,51,492	1.92	-0.02
Sub-total (B)(2)	33,93,175	4,38,04,655	4,71,97,830	34.23	37,90,915	4,34,06,914	4,71,97,829	34.23	No change
Total Public Shareholding (B)= (B)(1)+(B)(2)	36,93,775	4,38,19,755	4,75,13,530	34.46	40,91,515	4,34,22,014	4,75,13,530	34.46	No change
C. Shares held by Custodian for GDR's & ADR's	-	-	-	-	-	-	-	-	
Grand Total (A+B+C)	3,48,19,775	10,30,55,225	13,78,75,000	100	3,52,17,515	10,26,57,485	13,78,75,000	100	No change

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Rita Singh	1,07,910	0.08	-	1,07,910	0.08	-	No change
2	Mideast (India) Ltd	3,25,49,940	23.61	19.07	3,25,49,940	23.61	19.07	No change
3	J K Singh	10	-	-	10	-	-	No change
4	D K Singh	10	-	-	10	-	-	No change
5	Shipra Singh	4,02,800	0.29	-	4,02,800	0.29	-	No change
6	Natasha Sinha	2,300	-	-	2,300	-	-	No change
7	Mesco Kalinga Steel Limited	1,00,00,000	7.25	-	1,00,00,000	7.25	-	No change
8	Mesco Mining Limited	1,70,00,000	12.33	-	1,70,00,000	12.33	-	No change
9	Mesco Logistics Limited	1,21,51,700	8.81	-	1,21,51,700	8.81	-	No change
10	Mesco Steels Limited	1,31,46,800	9.54	-	1,31,46,800	9.54	-	No change
11	Mesco Hotels Limited	50,00,000	3.63	-	50,00,000	3.63	-	No change
	Total	9,03,61,470	65.54	19.07	9,03,61,470	65.54	19.07	No change

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

S. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1	Shareholding at the beginning of year	9,03,61,470	65.54		
2	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	NO CHANGE			
3	Shareholding at the end of year			9,03,61,470	65.54

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

Sl. No. and Name of the Shareholder	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
i) Stencor India Pvt Ltd	At the beginning of year	13787500	10.00		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase/ decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			13787500	10.00
ii) China Metal-lurgical Import & Export	At the beginning of year	2000000	1.45		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			2000000	1.45
iii) MahendraGirdharilal	At the beginning of year	434800	0.32		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			434800	0.32
iv) D Jayachandra Reddy	At the beginning of year	242400	0.18		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Purchase: 10.04.2015-300 01.05.2015-500 12.06.2015-1400 03.07.2015-500 24.07.2015-500 28.08.2015-100 04.09.2015-400 09.10.2015-200 06.11.2015-200 18.12.2015-200 05.02.2016-300 26.02.2016-300 25.03.2016-100 Sale: 31.03.2016-100	
	At the End of the year			247300	0.18
v) Punjab National Bank	At the beginning of year	200400	0.15		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil

Sl. No. and Name of the Shareholder	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the End of the year			200400	0.15
vi) Rajan M Shah	At the beginning of year	200	-		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Purchase 31.03.2016 150000	
	At the End of the year			150200	0.11
vii) Saroj Budhiraja	At the beginning of year	24300	0.02		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Purchase 24.04.2015-23600 01.05.2015-33200 24.07.2015-32300	
	At the End of the year			113400	0.08
viii) Bharat Hydro Power Corporation Ltd	At the beginning of year	107000	0.08		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			107700	0.08
ix) Bank of Baroda	At the beginning of year	100200	0.07		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			100200	0.07
x) Ashok Kumar Gupta	At the beginning of year	98600	0.07		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Sale: 15.05.2015-98000 Purchase: 22.05.2015-98000	
	At the End of the year			98600	0.07
xi) Radhika Beria	At the beginning of year	106200			
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Sale: 08.01.2016-25000	
	At the End of the year			81200	0.06
xii) 3A Financials Services Ltd	At the beginning of year	246600	0.18		

Sl. No. and Name of the Shareholder	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year		
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company	
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Purchase 15.05.2015-100 12.06.2015-100 10.07.2015-500 17.07.2015-100 31.07.2015-800 14.08.2015-4500 28.08.2015-300 04.09.2015-200 18.09.2015-200 09.10.2015-25700 06.11.2015-700 13.11.2015-600 04.12.2015-300 11.12.2015-300 08.01.2016-300 12.02.2016-300 04.03.2016-1000 Sale 18.03.2016-200000 31.03.2016-37610		
	At the End of the year			44990	0.03	
xiii) 3A Financials Services Ltd	At the beginning of year	136340	0.10			
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Purchase 19.06.2015-200 31.07.2015-2300 07.08.2015-100 04.09.2015-300 23.10.2015-200 06.11.2015-1100 29.01.2016-200 05.02.2016-400 Sale 17.04.2015-100 29.05.2015-100 25.12.2015-5000 08.01.2016-12000 15.01.2016-10000 25.03.2016-112390		
	At the End of the year			1400	-	
xiv) DeenBandhu	At the beginning of year	130000	0.09			
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Sale 15.05.2015- 130000		
	At the End of the year			0	0	

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name of Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total share	No of shares	% of total share
1	J K Singh*	10	-	-	-
2	Rita Singh	1,07,910	0.08	1,07,910	0.08
3.	Natasha Sinha	2,300	-	2,300	-

*Mr. Jitendra Kumar Singh, Whole Time Director resigned with effect from the close of business hours of May 30, 2015

V) INDEBTEDNESS

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

₹ In Mn

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	12.33	451.94	-	464.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.06	-	-	0.06
Total (i+ii+iii)	12.39	451.94	-	464.33
Change in Indebtedness during the financial year				
• Addition	175.63	34.56	-	210.19
• Reduction	-	-	-	-
Net Change	175.63	34.56	-	210.19
Indebtedness at the end of the financial year				
i) Principal Amount	185.82	486.50	-	672.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.20	-	-	2.20
Total (i+ii+iii)	188.02	486.50	-	674.52

VI) REMUNERATION OF KEY MANAGERIAL PERSONNEL

₹ In Mn

S. No.	Particulars of Remuneration	Key Managerial Personnel							Total Amount
		Mr. Jitendra Kumar Singh	Mrs. Rita Singh	Mrs. Natasha Sinha	Mr. Priyabrata Patnaik	Mr. Purna Chandra Sahu	Mr. Hanumantha Ravipati Rao	Ms. Sandhya Sethia	
1	Gross salary								
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	27.00	28.97	14.13	9.00	4.90	1.20	0.88	86.08
	b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	0.04	4.39	2.16					6.59
	c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961								
2	Stock Option								
3	Sweat Equity								
4	Commission								
	as % of profit								
	others, specify								
5	Others, please specify								
	Total	27.04	33.36	16.29	9.00	4.90	1.20	0.88	92.67

Particulars of Remuneration	Other Directors						Total Amount
	Mr. Nandanadan Mishra	Mr. Sanjiv Batra	Mr. Madhukar	Mr. Debiprasad Bagchi	Mr. Dipak Chatterjee	Mr. Gurjeet Singh Jawandha	
Independent Directors							
a) Fee for attending board/committee meetings	0.40	0.36	0.26	0.22	0.16	0.16	1.56
b) Commission							
c) Others, please specify							
Total (1)	0.40	0.36	0.26	0.22	0.16	0.16	1.56
Other Non- Executive Directors							
a) Fee for attending board /committee meetings							
b) Commission							
c) Others, please specify							
Total (2)	0	0	0	0	0	0	0
Total (B)=(1+2)	0.40	0.36	0.26	0.22	0.16	0.16	1.56
Total Managerial Remuneration							
Overall ceiling as per the Act							

VII) Penalties/Punishment/Compounding of Offences:

Type	Section of Companies Act, 1956	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority RD/NCLT/ Court	Appeal made if any (give Details)
A. Company					
Penalty					
Punishment					
Compounding	68	Registrar of Companies, Delhi has filed a case against Company for having an investment in sister concern during 1994-1995. However company has recovered the said investment by selling the shares vide transfer deed dated 20.04.2008. The fact stated clearly indicated that the default, if any, stood rectified. Hence CLB through its order dated 1.06.2015 has compounded the matter and imposed fine of the Company for Rs. 1 lakhs and Rs. 25,000/- on the Mrs. Rita Singh, Managing Director of the Company	100000	CLB	No
B. Directors : Mrs. Rita Singh					
C. Other Directors: NIL					
Penalty					
Punishment					
Compounding	68	Same as mentioned above	25000	CLB	No
D. Other Officer in Default					
Penalty					
Punishment					
Compounding					

Management Discussion & Analysis

Business Review

Steel and mining sector has been buffeted by global headwinds for almost two years. Steel production and demand has declined in the year 2015. Less than 70% of the global steel capacity is being utilized; clearly the world is beset with huge overcapacity. India is the only large country in the world with a potential for significant demand growth in steel. Medium to long-term story of Indian Steel is positive.

Most significant development of the year was that your company through its subsidiary company has added capabilities to produce billets and heavy sections, in addition to various iron ore products and pig iron.

Your company took timely decisions to tide over the adverse business cycle during the year 2015-16. Despite the challenging environment turnover of Rs.4880 Million was achieved in the year. Profit before tax for the year is at Rs. 116.89 Million representing better performance over the profit before tax made in 2014-15. Given the previous record of your company, this performance is below expectations but considering the overall situation, this is a noteworthy achievement. Despite multiple challenges, your company was able to enhance its profitability during the year.

Another noteworthy achievement of your company was the turning around of the steel plant acquired last year. Your company successfully met its obligations in terms of equity infusion of Rs.563.90 Million into the subsidiary company – Maithan Ispat Ltd that owns this steel plant. The subsidiary company was also able to meet its obligations on payment of interests to financial institutions and repayment of loans.

Industry Structure and Development

At the global level the steel sector is facing overcapacity, downward trends in steel demand and falling prices. In the year 2015, global crude steel production was estimated at 1597 Million Ton, of which 804 Million Ton came from China alone. Global crude steel production plunged by 68 Million Ton, from the production level of 1665 Million Ton in 2014.

Turmoil in the steel sector emanates largely from China, which has over 50% of global installed capacity and now has entered into a phase of rebalancing to shift from investment and export driven growth to domestic consumption led growth. Faced with huge overcapacity, Chinese steel mills flooded the world steel market. It is estimated around 100 Million Ton of steel was exported in 2015 from China at hugely discounted prices. Unable to compete at the lower than the cost-of-production prices, several steel mills worldwide were forced to shutdown or operate at much lower capacity.

Government of India took steps to curb cheap imports of steel in the country and announced Minimum Import Prices (MIP) on several steel products in February 2016 for six months. This arrested the free fall of steel prices and rising import of steel in country and enabled the domestic steel industry to survive. However the financial position of several steel companies have been dented and would take several years to repair and regain health.

India produced 90 Million Tons of crude steel in 2015-16 and became the third largest producer of steel in the world leaving the USA behind at fourth place. Installed capacity of steel in India is over 110 Million Tons. It is projected that that steel capacity in the country will continue to grow over the next decade. Ambitious goal is to raise capacity to 300 Million Tons in the country. There is no doubt that India is the only country in the world that would see significant increase in steel capacity as well as demand over the next decade.

Opportunities and Threats

Steel sector in India has a great potential and it can be argued that in the next decade country will undergo exponential growth in capacity and production. Given the low per capital use of steel (60 kg per person as against global average of 217 kg) in India, the demand for steel will continue to be strong. Large population, urbanization, growth in infrastructure and housing both in urban and rural areas will be the drivers for steel consumption in the country over the years to come. New initiatives by the government and push to implementation will lead to strong revival of steel demand. Thus in terms of demand potential for steel, there exists a huge opportunity in India. Your company is fully geared up to ramp up production and capacities as soon as the business cycle turns upwards.

Given the structure of steel industry, brownfield expansion of steel plants is considered as the most viable and cost effective option. Capital costs for brownfield expansion of steel capacity are significantly lower than that for a green-field

plant. Additionally lead-time for brownfield expansion is less enabling quick returns on investments. Steel plant of your company has the necessary land, railways siding and other infrastructure for the expansion. Its own Roida iron ore mine at Barbil provides the raw material security. Strong financials of your company is supportive of financing the expansion plan. Your company has the advantage of availability of land and other infrastructure for brownfield expansion from 0.59 MTPA to 3.50 MTPA. Along with capacity augmentation of the subsidiary company the total capacity under your company will become 4.50 MTPA once the expansion plans are fully implemented. Thus land, location, raw material security and strong balance sheet make your company in a league of its own for taking up the ambitious expansion of steel capacity. This will be done in a phased manner for maximizing return on capital.

The major threat to expansion of capacity comes from downwards pressures on prices of steel products. Despite growth in demand for steel products, it is the price point at which steel is made available to the customers that determines the business case for investment. The second major constraint for expansion is the high logistics cost that makes Indian steel expensive. Given the renewed vigor with which projects on rails, roads and ports are being pushed, it is expected that logistics cost will come down in the country. Another concern is the stressed balance sheets of steel companies, as a result of which banks are reluctant to lend to even viable expansion projects. Without policy action by the Government to rectify this anomaly, expansion plans in the steel sector will find it hard to get the necessary capital.

Outlook

India has emerged as the fastest growing large economy in the world clocking 7.60% GDP growth in 2015-16 from 7.20% in 2014-15.

Private investment and manufacturing continues to be sluggish with limited signs of recovery in these sectors of the economy. The Economic Survey of 2016-17 acknowledged that one of the critical challenges confronting the Indian economy is 'the twin balance sheet' problem. The balance sheets of both public sector banks and the corporates to which these banks lent money are in bad shape and it has been seen as a major obstacle to investment and reviving growth in the industrial sector. The problems faced by the Banks are linked directly to that of the corporate sector. Due to slump in several sectors, many corporates are not able to repay their loans and their debts are rising at an alarming rate. They have no other option other than to cut back investments.

The IMF in its baseline projection has pegged global growth in 2016 at a modest 3.2 percent and has described the current situation as 'too slow for too long'.

The IMF has noted that globally a major economic realignment is driven by

- Slowdown and rebalancing in China
- Decline in commodity prices with consequences across sectors and countries
- Related slowdown in investment and trade
- Declining capital flows to emerging market and developing economies

These realignments - together with a host of non-economic factors, including geopolitical tensions and political discord - are generating substantial uncertainty. On the whole, these factors have accentuated risk for weaker global growth.

Economic Growth	2015 (%)	2016 (%)
World	3.1	3.2
Advanced Economies	1.9	1.9
USA	2.4	2.4
Euro Area	1.6	1.5
Emerging & Developing Economies	4.0	4.1
Brazil	-3.8	-3.8
Russia	-3.7	-1.8
India	7.3	7.2
China	6.9	6.5

Source - IMF

Table above shows the growth in 2015 and projections for 2016. Growth in advanced economies is projected to remain modest, in line with 2015 outcomes. It is clear large emerging economies of Brazil and Russia continue to be in recession. Several oil-exporting countries also face a difficult macroeconomic environment with sharply weaker terms of trade and tighter external financial conditions.

There are further risks to the economic recovery. A longer period of low oil prices could further destabilize the outlook for oil-exporting countries. The rebalancing process in China may lead to turbulence causing a sharper slowdown in China. This would have consequences in other economies through trade, commodity prices, and confidence. Evidently there is greater uncertainty building up in the global economy, which may have adverse consequences on the steel industry in India.

Risk Management

The Company has a robust risk management framework to identify and mitigate risks arising out of internal as well as external factors. Compliance management has been significantly strengthened by the deployment of an integrated compliance management and governance framework. As per the requirements of Regulation 21 of the Listing Regulations, your Company has constituted a Risk Management Committee to oversee the risk management efforts in your Company under the Chairmanship of Mr. Nandanadan Mishra. The details of the Committee are set out in the Corporate Governance Report forming part of this report.

Internal Financial Controls

The Company has adequate internal control systems and procedures designed to effectively control the operations at its Head Office, Branch Office and Plants. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. The Company has well designed Standard Operating Procedures. Independent Internal Auditors conduct audit covering a wide range of operational matters and ensure compliance with specified standards. The findings of Internal Audit are reviewed by the Audit Committee and the Board of Directors.

Human Resources

The Company maintains a cordial relationship with its employees by creating a positive work environment, with focus on improving productivity. The Company has a team of qualified and dedicated personnel contributing to the better performance of the operations and processes of the company. Constant training and development continue to be the focus for continually developing and honing the skill sets and competency levels of employees in the organization in line with the business standards. The Company endeavor is to offer fair and reasonable compensation to its employees based on the market benchmarks.

Environment, Health & Safety

Environment, Health and Safety (EHS) is one of the primary focus areas for your Company. Minimization of water consumption, effluents generation and hazardous waste through reduction at source has been a key focus area at the factory of your Company. Your Company also gives priority and attention to the health and safety of its employees.

Cautionary Statement

Certain statements in Management Discussion and Analysis Report describing the Company's analysis and interpretations are forward looking and may vary from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent development or events.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) read with Section C of SCHEDULE V to SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015

1. COMPANY'S PHILOSOPHY

The Company recognizes the importance of good Corporate Governance, which is a tool for building a strong and everlasting beneficial relationship with the customers, suppliers, bankers and more importantly with the investors. It, therefore, continues to remain committed to a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business. The Company's philosophy on Corporate Governance is to conduct business and its dealings with all stakeholders in compliance with laws and high standard of business ethics, which leads to enhancement of shareholders and other stakeholders' value. The Company believes that its key decisions must serve the underlying goals of enhancing shareholders' value over a sustained period of time, and achieving the definite and measurable performance target.

Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015), earlier Clause 49 of the listing agreement of the Stock Exchanges). The Company has adopted best practices mandated in SEBI (LODR) Regulations, 2015

2. BOARD OF DIRECTORS

I. Composition and Category of Directors

The Company has an appropriate combination of Executive and Independent Directors to maintain independence of the Board. The Board comprises of eleven directors, which include five executive directors and six Independent directors as on March 31, 2016.

The size and composition of the Board of Directors suffices the requirement of Regulation 17 of SEBI (LODR) Regulations, 2015. All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year gave a declaration that they meet with the criteria of independence as provided under Companies Act, 2013 and Regulations 16 of SEBI (LODR) Regulations, 2015.

II. Details of Board Meetings held during the year:

During the financial year ended on March 31, 2016 five meetings were held on May 12, 2015, May 30, 2015, August 12, 2015, November 5, 2015 and February 8, 2016. The maximum gap between any two meetings had not exceeded 120 days.

The agenda and notes are circulated to the Directors in advance. All material information is included in the agenda for facilitating meaningful discussions at the meeting. The Board is updated on the discussions held at the Committee meetings and the recommendations made by various Committees.

III. Directors' Attendance Record and Directorships:

Structure of Board of Directors during the financial year 2015-16, attendance at Board meetings, the number of Directorship and chairmanships/memberships of committee of each Director held in other public companies, relationship inter-se and attendance at Annual General Meeting (AGM) held during the said year along with requisite information in respect of Directors as per Regulation 34 of SEBI (LODR) Regulations, 2015 is provided below:

Name of Director	Category	Relationship with other directors	Board Meetings attended	Attendance at last AGM	Directorship in other Co.'s	Committee positions held in other co.'s	
						Chairman	Member
Rita Singh (DIN: 00082263)	Chairperson cum Managing Director	Wife of Mr. J.K. Singh, Mother of Mrs. Natasha Singh Sinha	4	Yes	7	-	5
*Jitendra Kumar Singh (DIN: 00090649)	Whole Time Director	Husband of Mrs. Rita Singh, Father of Mrs. Natasha Singh Sinha	1	No	11	2	3
Natasha Sinha (DIN: 00812380)	Whole Time Director	Daughter of Mrs. Rita Singh and Mr. J.K Singh	3	Yes	6	-	-
Priyabrata Patnaik (DIN: 01709955)	Whole Time Director	None	3	Yes	2	-	-
Purna Chandra Sahu (DIN: 01262687)	Whole Time Director	None	4	No	0	-	-
Hanumantha Rao Ravipati (DIN: 00044028)	Whole Time Director	None	2	No	1	-	-
Nandanadan Mishra (DIN: 00031342)	Independent Non-executive	None	5	No	5	4	3
Debiprasad Bagchi (DIN: 00061648)	Independent Non-executive	None	4	No	7	0	2
Madhukar (DIN: 00558818)	Independent Non-executive	None	5	Yes	6	2	-
Sanjiv Batra (DIN: 00602669)	Independent Non-executive	None	5	Yes	0	-	-
Dipak Chatterjee (DIN: 03048625)	Independent Non-executive	None	5	No	1	2	-
G S Jawandha (DIN: 00213573)	Independent Non-executive	None	5	Yes	3	-	-

*Mr. Jitendra Kumar Singh, whole time director of the company have resigned from the board with effect from close of business hours of May 30, 2015.

Other than Mr. Jitendra Kumar Singh who holds 10 shares, Mrs. Rita Singh who holds 1,07,910 shares and Mrs. Natasha Sinha who holds 2,300 shares no other directors hold any shares/ convertible instruments in the Company.

Your Company has in place a structured induction and familiarization programme for all its Directors including the Independent Directors. Details of the director familiarization programme are available on www.mescosteel.com

IV. Evaluation of the Board's Performance

The Board has a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee which included attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholders interest, adherence to Code of Conduct and Business ethics, monitoring of regulatory compliance, risk assessment

V. Code of Conduct

Directors, Key Managerial Personnel and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company and the declaration in this regard made by the Chairperson Cum Managing Director is attached as **Annexure VIII** which forms a part of this Report. The Code of Conduct is available on the Company's website.

3. COMMITTEES OF THE BOARD

Your Company has 5 (Five) Board level committees:

- I) Audit Committee
- II) Stakeholders Relationship Committee
- III) Nomination and Remuneration Committee
- IV) Corporate Social Responsibility Committee
- V) Risk Management Committee

I. Audit Committee

The Committee complies with the requirements of Section 177 of the Companies Act, 2013 & Regulation 18 of SEBI (LODR) Regulations 2015. Audit Committee comprises of five members out of whom four are Independent Directors. Mr. Madhukar, Independent Director having financial management expertise, acts as the Chairman of the Committee. Members of the Audit Committee possess financial/accounting exposure.

The Audit Committee met four times during the year ended March 31, 2016 i.e. on May 30, 2015, August 12, 2015, November 5, 2015 and February 8, 2016.

Composition and attendance of the members at the meeting is as under:

Name of the Member	Status	No of Meetings Held	No of Meetings Attended
Mr. Madhukar	Chairman	4	4
Mr. Debiprasad Bagchi	Member	4	3
Mr. Nandanadan Mishra	Member	4	4
Mr. Sanjiv Batra	Member	4	4
Mrs. Natasha Sinha	Member	4	3

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the Management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.

The powers and role of the Audit Committee is in accordance with the Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013, and includes oversight of the Company's financial process, reviewing the financial statements, review of significant related party transactions, adequacy of internal audit and look into such matters as mandated under the SEBI (LODR) Regulations, 2015 as amended from time to time.

II. Stakeholders Relationship Committee

In compliance to the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 SEBI (LODR) Regulations, 2015 the Stakeholders Relationship Committee comprises of three directors out of which two are Independent Director and one is Executive Director. Mr. Nandanadan Mishra, Independent Director, acts as the Chairman of the Committee. Ms. Sandhya Sethia, Company Secretary is the compliance officer of the Company.

The Committee met four times during the year ended March 31, 2016 i.e. on May 30, 2015, August 12, 2015, November 5, 2015 and February 8, 2016. Composition and attendance of the members at the meeting is as under:

Name of the Member	Designation	No. of Meetings	Meetings attended
Mr. Nandanadan Mishra	Chairman	4	4
Mr. Sanjiv Batra	Member	4	4
Mrs. Rita Singh	Member	4	4

The Committee is entrusted with the responsibility of addressing the shareholders' and investors' complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc. and ensuring an expeditious share transfer process in line with the proceedings of the Share Transfer Committee.

Number of investor complaints for the year ended March 31, 2016 is provided below:

Particulars	Status
Complaints outstanding as on April 1, 2015	1
Complaints received during the year ended March 31, 2016	29
Complaints resolved during the year ended March 31, 2016	28
Complaints Outstanding as on March 31, 2016	2

iii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of three Independent Directors. Mr. Debiprasad Bagchi, the Independent Director of the Company, acts as the Chairman of the Committee.

During the year under review no meeting of nomination and remuneration committee has taken place. Constitution of the nomination and remuneration committee is as follows:

Name of the Member	Status
Mr. Debiprasad Bagchi	Chairman
Mr. Nandanadan Mishra	Member
Mr. Sanjiv Batra	Member

The Committee shall act in accordance with the terms of reference, which shall, inter alia, include;

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees
- Formulation of criteria for evaluation of Independent Directors and the Board
- Evaluation of every Director's performance.

The Company has formulated a Nomination and Remuneration Policy and performance evaluation criteria for independent directors and the same has been uploaded on the website of the Company.

Your Company has not granted any stock options to any of its Directors.

Remuneration of Directors

- Non-executive Directors:** The Company has no pecuniary relationship or transaction with its Non-executive Directors other than payment of sitting fees to them for attending Board and Committee meetings.
- Executive Directors:** The remuneration policy is directed towards rewarding performance. It is aimed at attracting and retaining high caliber talent. The Company does have an incentive plan which is linked to performance and achievement of the Company's objectives.

Details of remuneration paid to the Directors of the Company during the year ended March 31, 2016 is as under:

₹ In Mn

Name of Director	Sitting Fees	Salaries & Perquisites	Commission	Total
Mrs. Rita Singh	-	33.36	-	33.36
Mr. Jitendra Kumar Singh	-	27.04	-	27.04
Mrs. Natasha Sinha	-	16.29	-	16.29
Mr. Purna Chandra Sahu	-	4.90	-	4.90
Mr. Hanumantharao Rao	-	1.20	-	1.20
Mr. Priyabrata Patnaik	-	9.00	-	9.00
Mr. Nandanadan Mishra	0.40	-	-	0.40
Mr. Debiprasad Bagchi	0.22	-	-	0.22
Mr. Madhukar	0.26	-	-	0.26
Mr. Sanjiv Batra	0.36	-	-	0.36
Mr. Dipak Chatterjee	0.16	-	-	0.16
Mr. G S Jawandha	0.16	-	-	0.40

IV. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee has been formed pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Policy of the Company is available on the website of the Company.

The Committee met twice during the year ended March 31, 2016 i.e. on May 30, 2015 and August 12, 2015. Given below is the constitution and attendance:-

Name of the Member	Status	No of Meetings Held	No of Meetings Attended
Mr. Debiprasad Bagchi	Chairman	2	2
Mr. Nandanadan Mishra	Member	2	2
Mrs. Natasha Sinha	Member	2	2
Mr. Priyabrata Patnaik	Member	2	0

V. Risk Management Committee

Risk Management Committee comprises of four directors out of which two are Independent Director and two are Executive Director. Mr. Nandanadan Mishra, Independent Director, acts as the Chairman of the Committee.

During the period under review no meeting took place. The constitution of Risk Management Committee as on March 31, 2016 is as follows:

Name of the Member	Status
Mr. Nandanadan Mishra	Chairman
Mr. Debiprasad Bagchi	Member
Mrs. Rita Singh	Member
Mrs. Natasha Sinha	Member

4. GENERAL BODY MEETINGS

I. The last three Annual General Meetings of the Company were held as under :

Year	Venue	Date	Time	Special Resolution
2014-15	LUTYENS', 222/223, New Mangla Puri, Mehrauli Gurgaon Road, (Near Metro Pillar No.13), New Delhi-49	September 28, 2015	11.00 AM	1. To approve related party transactions under Section 188 of Companies Act, 2013
2013-14	Auditorium I, Siri fort Cultural Complex, August Kranti Marg, New Delhi -49	September 20, 2014	10.30 AM	No Special Resolution was passed
2012-13	LUTYENS', 222/223, New Mangla Puri, Mehrauli Gurgaon Road, (Near Metro Pillar No.13), New Delhi-30	September 30, 2013	10.30 AM	1. Revision of terms of appointment and remuneration of Mrs. Rita Singh 2. Revision of terms of appointment and remuneration of Mrs. Natasha Sinha 3. Revision of terms of appointment and remuneration of Mr. Jitendra Kumar Singh 4. Appointment of Mr. H.R. Rao at an office or place of profit.

II. Postal Ballot

During previous year ended March 31, 2015 no resolution was passed through postal ballot. During financial year ended March 31, 2016, 2 (Two) Special Resolutions were passed through Postal Ballot procedures on May 11, 2015. The details of voting pattern in respect of all these Special Resolutions are mentioned below:

Special Resolutions passed by way of postal ballot on 11th May, 2015: The Board of Directors by its Resolution passed on February 6, 2015 had appointed. Mr. MohitDahiya, Practicing Company Secretary, to act as the Scrutinizer for conducting the Postal Ballot. The Company had also offered e-voting facility to its members enabling them to cast their votes electronically via Central Depository Services Limited (CDSL). Mr. MohitDahiya had carried out the scrutiny of all the postal ballot forms received upto the close of working hours (5.30 P.M.) on May 7, 2015 and he had submitted his Report thereon to the Chairperson of the Company. Based on the Scrutinizer's Report, Mrs. Rita Singh, Chairperson and Managing Director, declared the result of the voting exercise on May 11, 2015, as follows:

Item No.1: Increase in the limit to make loans or investments, give guarantee or provide security or acquire securities.

Sr. No.	Particulars	No. of Postal Ballot forms	No. of shares	% to the total shares representing valid votes
(a)	Total postal ballot forms received	21	8,99,66,140	
	Total E-voting options received	69	6,18,534	
	Total (1+2)	90	9,05,84,674	
(b)	Less: Invalid postal ballot Forms	NIL	NIL	
(c)	Net valid postal Ballot Forms	21	8,99,66,140	
	Net E-voting options	69	6,18,534	
	Total (1+2)	90	9,05,84,674	100%
(d)	postal ballot forms with assent for the resolution	21	8,99,66,140	
	E-voting options with assent for the resolution	67	6,05,934	
	Total (1+2)	88	9,05,72,074	99.98%
(e)	1. Postal ballot forms with dissent for the resolution	NIL	NIL	
	2. E-voting options with dissent for the resolution.	2	12,600	
	Total (1+2)	2	12,600	0.02%
(f)	Postal ballot forms with not voted for / against the resolution.	NIL	NIL	

Item No. 2: Creation of Security on the Properties of the Company in Favour of the Lenders:

Sr. No.	Particulars	No. of Postal Ballot forms	No. of shares	% to the total shares representing valid votes
(a)	Total postal ballot forms received	21	8,99,66,140	
	Total E-voting options received	69	6,18,534	
	Total (1+2)	90	9,05,84,674	
(b)	Less: Invalid postal ballot Forms	NIL	NIL	
(c)	Net valid postal Ballot Forms	21	8,99,66,140	
	Net E-voting options	69	6,18,534	
	Total (1+2)	90	9,05,84,674	100%
(d)	postal ballot forms with assent for the resolution	21	8,99,66,140	
	E-voting options with assent for the resolution	67	6,05,934	
	Total (1+2)	88	9,05,72,074	99.98%
(e)	1. postal ballot forms with dissent for the resolution	NIL	NIL	
	2. E-voting options with dissent for the resolution.	2	12,600	
	Total (1+2)	2	12,600	0.02%
(f)	Postal ballot forms with not voted for / against the resolution.	NIL	NIL	

5. MEANS OF COMMUNICATION

The quarterly financial results were published in the Financial Express, Jansatta, Mint and Hari Bhoomi. The results were also displayed on the Company's web site www.mescosteel.com. The shareholders can access the Company's web site for financial information, shareholding information etc. No presentations have been made to institutional investors/analysts during the financial year.

6. GENERAL SHAREHOLDER INFORMATION**I. Annual General Meeting:**

Date and Time: September 27, 2016 at 11.30 A.M.

Venue: Kamani Auditorium, 1, Copernicus Marg, New Delhi, Delhi 110001

II. Financial Year: The Financial year of the Company starts from 1st April of a year and ends on 31st March of the following year:**Financial Calendar:**

Quarter ending June 30, 2016	By August 14, 2016
Quarter ending September 30, 2016	By November 14, 2016
Quarter ending December 31, 2016	By February 14, 2017
Year ending March 31, 2017	By May 30, 2017

Note: The above dates are indicative and subject to change.

III. **Dividend:** The Company has not declared any dividend during the financial year ended March 31, 2016

IV. **Listing of Equity Shares on Stock Exchange:** The Equity Shares of the Company are listed on following Stock Exchange namely:-

The Calcutta Stock Exchange Limited, 7, Lyons Range, Kolkata -700 001	Bhubaneswar Stock Exchange, Stock Exchange Bhavan, P – 2, JaydevVihar, Chandrasekharpur, Bhubaneswar – 751 023
Ahmedabad Stock Exchange Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad – 380 015	

V. **Stock Code:**

ISIN	INE170N01016
Calcutta Stock Exchange	23143

VI. **Registrars and Transfer Agents:**

Skyline Financial Services Private Limited
D-153 A, 1st Floor, Okhla Industrial Area,
Phase-I, New Delhi - 110020.
Tel.: +91 11 26812682-83, 647326181-88 Fax: +91 11 26812682
Email: admin@skylinerta.com
Website: www.skylinerta.com

VII. **Share Transfer System:**

In order to expedite the process of share transfers, the Board has delegated the power to approve share transfers to senior executives, who attend to share transfer formalities fortnightly. The Company has appointed Skyline Financial Services (P) Limited as Registrar and Share Transfer Agents for physical transfer of securities as well as dematerialization/rematerialization of securities

VIII. **Distribution of Shareholding as on March 31, 2016**

No. of equity shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	187728	98.24	23486731	17.04
501 – 1000	2110	1.10	1673900	1.21
1001 – 2000	739	.39	1092784	.79
2001 – 3000	193	.10	481950	.35
3001 – 4000	79	.04	288345	.21
4001 – 5000	48	.03	223900	.16
5001 – 10000	93	.05	656750	.48
10001 and above	97	.05	109970640	79.76
TOTAL	191087	100	137875000	100

IX. **Category-Wise Summary of Shareholding as on March 31, 2016**

Category	No of Shares	% of Holding
Promoters Shareholding	90361470	65.54
Non-promoters holding		
Mutual funds and UTI	-	-
Banks, Financial Institutions, Insurance Companies, Clearing Member	315701	0.23
Overseas Corporate Bodies	2027500	1.47
Foreign Venture Capital Investor/FII	-	-
Bodies Corporate	14668690	10.64
India Public	27850147	20.20
Non-resident Indians	2589100	1.88
Trusts	300	
Others	62092	0.04
Grand Total	137875000	100

X. Dematerialization Of Shares

25.54% of the Paid-up Equity Share Capital is held in Dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2016

Particulars	No of shares	%
Shares in demat form		
NSDL	34603599	25.10
CDSL	613916	0.44
Shares in Physical Form		
Total	137875000	100.00

XI. Outstanding GDRs/ ADRs/ Warrants Or Any Convertible Instruments

There were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments as at March 31 2016.

XII. Plant Locationsa) **Factory :**

Kalinga Nagar Industrial Complex, Khurunti, P. O. Danagadi - 755026 Dist. Jajpur, Odisha

b) **Mines :**

Panchvati, P.O: Barbil Road, Barbil Keonjhar: 758035, Odisha

XIII. Address for Investor Correspondence:

All shareholders' correspondence should be forwarded to M/s Skyline Financial Services Private Limited, the Registrar and Transfer Agent of the Company or to the Investor Service Department at the Registered Office of the Company at the addresses mentioned below. An exclusive e-mail ID: investor@mescosteel.com for redressal of investor complaints has been created and the same is available on our website.

Registered Office & For Correspondence:

Mideast Integrated Steels Limited
Mesco Tower H -1, Zamrudpur Community Centre,
Kailash Colony, New Delhi – 110 048.
Ph.No.- 011- 40587085, 011- 29241099

7. DISCLOSURES

- I. During the financial year ended March 31, 2016 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- II. Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.
- III. The Company has announced Whistle Blower policy. All the personnel of the company have the access to the Audit Committee.
- IV. The Company has adopted and complied with mandatory requirements as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- V. The Company has framed a Material Subsidiary Policy and the same is placed on the Company's website and the web link for the <http://mescosteel.com/admin/investor/Policy%20on%20Material%20Subsidiary.pdf>
- VI. The company has framed Related Party Transaction Policy and is placed on the Company's website and the web link for the <http://mescosteel.com/admin/investor/Related%20Party%20Transaction%20Policy.pdf>
- VII. During the financial year ended March 31, 2016 the company did not engage in commodity hedging activities.
- VIII. The CEO and CFO Certification of the financial statements for the year, is enclosed at the end of the report.

8. There has been no instance of non-compliance of any requirement of Corporate Governance Report**9. The Company has fully complied with the applicable requirement specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015.**

- I. **Disclosure of Accounting Treatment:** The Company has followed the treatment laid down in the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in the preparation of financial statements. There are no audit qualifications in the Company's financial statements for the year under review.

10. STATUS OF COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

Part E of Schedule II of SEBI (LODR) Regulations, 2015, also requires disclosures of adoption by the Company of non-mandatory requirements specified in the said clause, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of non-mandatory requirements is given below:-

- **The Board:** An office with required facilities for the non-executive Chairperson is not provided and maintained by the Company.
- **Shareholders Rights:** The half-yearly financial results are not sent to the shareholders as the same are posted on the web site of the Company.
- **Audit Qualifications:** During the year under review, there were no audit qualifications in the financial statements.
- **Reporting of Internal Auditor:** The Internal Auditor reports directly to the Audit Committee.

Annual Compliance with the Code of Conduct for the Financial Year 2015-2016

Pursuant to the Schedule V (Part D) of SEBI (LODR) Regulations, 2015, I hereby confirm that the Company has received affirmations on compliance with the Code of Conduct for the financial year ended March 31, 2016 from all the Board Members and Senior Management Personnel

By order of the Board
For and on behalf of Mideast Integrated Steels Limited

New Delhi
May 24, 2016

Rita Singh
Chairperson Cum Managing Director
DIN:00082263

CERTIFICATE BY CHAIRPERSON CUM MANAGING DIRECTOR (CMD) AND CHIEF FINANCIAL OFFICER (CFO) UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We hereby certify that we have reviewed financials statements and the cash flow statements for the financial year ended on March 31, 2016, and to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- To the best of our knowledge and belief, no transactions entered into by the Company during the above said period are fraudulent, illegal or violating Company's Code of Conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We further certify that we have indicated to the Auditors and the Audit Committee:-
 - a) Significant changes in internal control over financial reporting during the period.
 - b) Significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statement
 - c) Instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of Mideast Integrated Steels Limited

New Delhi
May 24, 2016

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

Natasha Sinha
Director-Finance & CFO
DIN: 00812380

REPORT OF AUDITORS ON CORPORATE GOVERNANCE

To the Members
Mideast Integrated Steels Limited,
New Delhi

We have examined the compliance of conditions of Corporate Governance for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement and in Regulation 15(2) of SEBI (LODR) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Todarwal&Todarwal**
Chartered Accountants
(Registration No. 104184W)

ArunTodarwal
Partner
Membership No. 032822

New Delhi
May 24, 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF M/S MIDEAST INTEGRATED STEELS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Mideast Integrated Steels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal financial control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27
 - ii) as per the information and explanation given to us there are no material foreseeable losses on long-term contracts of the company
 - iii) No amounts were required to be transferred to the Investor Education and Protection Fund by the Company

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Todarwal & Todarwal
Chartered Accountants
ICAI Reg No : 111009W

S.K. Paul
Proprietor
M. No :13015

Arun L Todarwal
Partner
M. No. : 032822

New Delhi
May 24, 2016

ANNEXURE - A TO INDEPENDENT AUDITOR'S REPORT

The Annexure A referred to in Independent Auditor's Report to the Members of the Company on the Financial Statements for the year ended March 31, 2016 we report that:

- (i) (a) According to the information and explanation given to us and based on the records produced before us, we are of the opinion that the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, fixed assets are physically verified by the management according to a phased programme designed to cover all the locations which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, the management during the year physically verified the fixed assets at certain locations and no material discrepancies were noticed on such verification
- (c) According to the information and explanation given to us and based on the records produced before us, the title deeds of immovable properties are held in the name of the company.
- (ii) According to the information and explanation given to us Inventory has been physically verified by the management during the year. No material discrepancies were noticed that would have an impact over the Financial Statements.
- (iii) According to the information and explanation given to us, the Company has not granted unsecured loans to companies, firms, parties covered in the register maintained under Section 189 of the Act.
- (iv) According to the information and explanation given to us, we are of the opinion that in respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) According to the information and explanation given to us, the company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the rules framed there under.
- (vi) According to the information and explanation given to us, the Company has maintained cost records as specified by the Central Government under sub-section (1) of section 148 of the Act
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities. *Subject to income tax of Rs.203.28 million which was outstanding for more than 6 months as on the balance sheet date.*
- (b) According to the information and explanation given to us and the record produced before us, there are various disputed amount payable in case of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax or cess shown as follows:

(In Millions Rs.)

Statute and Nature of Dues	Amount Not Deposited	Forum where dispute is pending
Excise Duty	151.28	Various Authorities
Service Tax	56.06	Various Authorities
Sales & Entry Tax	259.19	Various Authorities
Total	466.53	

- (viii) According to the information and explanation given to us and based on the records produced before us, the company has not defaulted in repayment of dues to a financial institution, bank, Government or dues to debenture holders.

- (ix) According to the information and explanation given to us and the record produced before us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments). However, the company has taken term loan and the same were applied for the purpose for which they were taken.
- (x) During the course of our examination of the books of account carried in accordance with the generally accepted auditing standards in India, we have neither come across any instance of fraud on or by the Company by its officers or employees, either noticed or reported during the year, nor have we been informed of such case by the Management.
- (xi) According to the information and explanation given to us and the record produced before us, managerial remuneration has been paid as per the provisions of Section 197 read with schedule V of the Companies Act 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as specified in the Nidhi Rules, 2014. Hence the provision of this clause is not applicable to the company.
- (xiii) According to the information and explanation given to us and the record produced before us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and the record produced before us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence the provision of this clause is not applicable to the company.
- (xv) As per the information and explanation given to us and the record produced before us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Sangram Paul & Company**
Chartered Accountants
ICAI Reg No. 308001E

For **Todarwal & Todarwal**
Chartered Accountants
ICAI Reg No : 111009W

S.K. Paul
Proprietor
M. No :13015

Arun L Todarwal
Partner
M. No. : 032822

May 24, 2016
New Delhi

ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mideast Integrated Steels Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, as at March 31, 2016 the Company has an internal financial controls system, however, the same needs to be strengthened and comprehensively documented.

For **Sangram Paul & Company**

Chartered Accountants
ICAI Reg No. 308001E

S.K. Paul

Proprietor
M. No :13015

New Delhi

May 24, 2016

For **Todarwal & Todarwal**

Chartered Accountants
ICAI Reg No : 111009W

Arun L Todarwal

Partner
M. No. : 032822

Balance Sheet as at 31 March, 2016

₹ in Mn

Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,378.75	1,378.75
Reserves and surplus	4	4,883.54	4,798.20
Non-current liabilities			
Long-term borrowings	5	580.47	458.54
Deferred tax liabilities (net)	25.5	713.48	681.93
Other long-term liabilities	6	5,971.55	6,038.95
Long-term provisions	7	47.48	37.12
Current liabilities			
Trade payables	8	643.74	749.55
Other current liabilities	9	957.67	842.21
Short-term provisions	10	233.25	346.25
TOTAL		15,409.93	15,331.50
ASSETS			
Non-current assets			
Fixed assets	11		
Tangible assets		9,525.78	9,152.29
Capital work-in-progress		179.37	312.22
Non-current investments	12	1,054.86	320.89
Long-term loans and advances	13	2,818.76	2,964.49
Current assets			
Inventories	14	889.63	1,425.72
Trade receivables	15	34.99	3.54
Cash and cash equivalents	16	367.66	591.47
Short-term loans and advances	17	538.89	560.87
TOTAL		15,409.93	15,331.50
Notes forming part of the financial statements	1 - 27		

Summary of Significant Accounting Policies 1 & 2

The accompanying notes are an integral part of the financial statement.
As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Todarwal & Todarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No. :13015

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

New Delhi
May 24, 2016

Sandhya Sethia
Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2016

₹ in Mn

Particulars	Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Revenue from operations (net)	18	4,880.01	5,582.78
Other income	19	132.82	813.72
Total revenue		5,012.83	6,396.50
Expenses			
Cost of materials consumed	20a	1,749.37	3,614.88
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20b	219.47	557.41
Employee benefits expense	21	467.96	423.89
Finance costs	22	141.57	83.03
Depreciation and amortisation expense	11	607.82	585.74
Other expenses	23	1,709.75	1,090.13
Total expenses		4,895.94	6,355.08
Profit before tax		116.89	41.41
Tax expense:			
Current tax		24.50	19.05
(Less): MAT credit		(24.50)	(19.05)
Tax expense relating to prior years		-	(18.57)
Deferred tax		(31.55)	(12.67)
Profit for the year		85.34	10.18
Earnings per Equity share (of Rs. 10/- each)			
Basic & Diluted (Rs.)		0.62	0.07
Notes forming part of the financial statements	1 - 27		

Summary of Significant Accounting Policies

1 & 2

The accompanying notes are an integral part of the financial statement.
As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Tadarwal & Tadarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No. :13015

Arun Tadarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

New Delhi
May 24, 2016

Sandhya Sethia
Company Secretary

Cash Flow Statement for the year ended March 31, 2016

₹ in Mn

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		116.89		41.41
<i>Adjustments for:</i>				
Depreciation and amortisation	607.82		585.74	
Finance costs	141.57		83.03	
Interest income	(59.94)		(72.10)	
Rental income	(45.18)		(0.17)	
Liabilities / provisions no longer required written back	(27.50)		(661.00)	
Receivables credit balances written back	(0.03)		(67.46)	
Net unrealised exchange (gain) / loss	52.05		18.93	
		668.78		(113.03)
Operating profit / (loss) before working capital changes		785.67		(71.62)
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	536.10		685.89	
Trade receivables	(31.45)		47.57	
Short-term loans and advances	21.98		174.43	
Long-term loans and advances	145.74		39.00	
Other current assets	-		(21.13)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	(105.81)		(143.73)	
Other current liabilities	115.50		(990.97)	
Other long-term liabilities	(91.94)		795.58	
Short-term provisions	96.51		61.86	
Long-term provisions	10.36		8.96	
		696.98		657.48
Cash generated from operations		1,482.65		585.86
Net income tax (paid) / refunds		(209.51)		(108.38)
Net cash flow from / (used in) operating activities (A)		1,273.14		477.48

Cash Flow Statement for the year ended March 31, 2015 (Contd.)

₹ in Mn

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
B. Cash flow from investing activities				
Purchase of fixed assets including capital advance	(848.46)		(398.73)	
Investment in subsidiaries and joint ventures	(733.97)		(300.82)	
Inter-corporate deposits			(60.00)	
Rental receipt	45.18		0.17	
Interest received	59.94		72.10	
(Investment in fixed deposit)/Proceeds from fixed deposits	(20.43)		(30.29)	
		(1,497.74)		(717.57)
Net cash flow from / (used in) investing activities (B)		(1,497.74)		(717.57)
C. Cash flow from financing activities				
Repayment of long-term borrowings	(1.33)		-	
Proceeds from long-term borrowings	123.26		160.49	
Finance cost	(141.57)		(83.03)	
Dividends paid			(103.41)	
Tax on dividend			(17.57)	
		(19.64)		(43.53)
Net cash flow from / (used in) financing activities (C)		(19.64)		(43.53)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(244.24)		(283.62)
Cash and cash equivalents at the beginning of the year		399.50		683.12
Cash and cash equivalents at the end of the year		155.25		399.50

Summary of Significant Accounting Policies

1 & 2

The accompanying notes are an integral part of the financial statement.
As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Tadarwal &Tadarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No. :13015

Arun Tadarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

New Delhi
May 24, 2016

Sandhya Sethia
Company Secretary

Notes forming part of the financial statements

Note 1 : Corporate Information

Mideast Integrated Steels Ltd, "The Company" is domiciled in India and was incorporated under the provisions of The Companies Act, 1956. The Company is having the its Registered Office in New Delhi with iron ore mining at Barbil and manufacturing unit at Jajpur, Odisha

On March 31, 2015, the Company has acquired 181,029,798 (99.28%) Equity Shares and 30,000,000 of 10% Cumulative Redemable Preference Shares of M/s. Maithan Ispat Ltd and thus became Holding Company. During the year, The Company has further acquired 56,390,000 Equity Shares and thus holds 237,419,798 (99.45%) equity shares as on March 31, 2016.

The Company is primarily engaged in extraction of iron ore and production of pig iron. As a part of backward integration, the Company has Sinter production facilities and a gas based power plant

Note 2 : Significant accounting policies

a) Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India. The Company has prepared these financial statements to comply in all material aspects with the Accounting Standards as notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis to the extent measurable. The accounting polices adopted in the preparation of financial statements are consistent with those used in the previous year.

b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the managements' best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

c) Inventories

Raw materials and stores & spares are valued at lower of cost on weighted average basis and the net realisable value. Cost includes the purchase price as well as incidental expenses. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work-in-progress and Finished Goods are valued at lower of cost and net realisable value. Cost include direct materials, labour cost and an appropriate proportion of overheads. Cost of finished goods includes excise duty.

d) Depreciation and amortisation

Depreciation of tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Class of assets	Years
Plant and Machinery	8 to 35 years
Estimated useful life as specified in Schedule II to the Companies Act, 2013 is adjusted in respect of plant and machinery working on shift basis.	
Leasehold Assets are amortised over the duration of the lease.	
Computer software are amortised over a period of three years on straight line basis	

e) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Other income is accounted on accrual basis. Dividend income is accounted for when the right to receive income is established.

Notes forming part of the financial statements

f) Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

g) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

h) Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Year end balances of foreign currency monetary item is translated at the year end rates. Exchange differences arising on settlement of foreign currency monetary items of the Company are recognised as income or expense in the Statement of Profit and Loss. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

i) Investments

Long-term investments are carried at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at the lower of cost and fair value.

j) Employee benefits

Employee benefits of short term nature are recognised as expense as and when these accrue. Long term employee benefits and post employment benefits, whether funded or otherwise, are recognised as expenses based on actuarial valuation at year end using the projected unit credit method. For discounting purpose, market yield of Government Bonds, at the balance sheet date, is used. Actuarial gains or losses are recognised immediately in the statement of Profit and Loss.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalisation during the period, any income earned on the temporary investment of those borrowings is deducted from the borrowing cost incurred.

Other borrowing costs incurred during the year are charged to the statement of profit & loss.

l) Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

m) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Notes forming part of the financial statements

n) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

o) Research and development expenses

Expenditure incurred during research and development phase is charged to the Statement of Profit and Loss when no intangible asset arising from such research.

p) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case. Revenue and expenses which relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common"

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q) Impairment of assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognised as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The Impairment loss recognised in prior accounting period is reversed if there has been an improvement in recoverable amount.

r) Cash & Cash equivalents

Cash & Cash equivalents as indicated in the cash flow statement comprise of cash in hand, cash at bank, drafts in hand and short term deposits with an original maturity of three months or less

s) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

Notes forming part of the financial statements

Note 3 Share capital

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Authorised 140,000,000 (P.Y. 140,000,000) Equity shares of Rs.10/- each	1,400.00	1,400.00
Issued, Subscribed and Paid up 137,875,000 (P.Y. 137,875,000) Equity shares of Rs.10/- each	1,378.75	1,378.75
Total	1,378.75	1,378.75

A) Reconciliation of shares outstanding at the beginning and at the end of the reporting period:

	As at 31 March, 2016		As at 31 March, 2015	
	Numbers	₹ in Mn	Numbers	₹ in Mn
Equity Shares:				
Opening Balance	137,875,000	1,378.75	137,875,000	1,378.75
Changes during the year	-	-	-	-
Closing Balance	137,875,000	1,378.75	137,875,000	1,378.75

B) Shareholders holding more than 5% of the ordinary shares in the company

	As at 31 March, 2016		As at 31 March, 2015	
	Numbers	%	Numbers	%
Equity Shares:				
Mideast (India) Ltd	32,549,940	23.61	32,549,940	23.61
Mesco Mining Limited	17,000,000	12.33	17,000,000	12.33
Stemcor India Private Ltd.	13,787,500	10.00	13,787,500	10.00
Mesco Steels Ltd.	13,146,800	9.54	13,146,800	9.54
Mesco Logistics Ltd.	12,151,700	8.81	12,151,700	8.81
Mesco Kalinga Steels Ltd.	10,000,000	7.25	10,000,000	7.25
Total	98,635,940	71.54	98,635,940	71.54

C) Right, preferences and restrictions attached to equity shares

The company has one class of equity shares having par value of Rs. 10 each, rank pari passu in all respects including voting rights and entitlement to dividend.

Note 4 Reserves and surplus

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
a) Capital Reserve		
Opening balance	1,642.61	1,642.61
Add: Changes during the year	-	-
Closing balance	1,642.61	1,642.61
b) Securities premium account		
Opening balance	677.70	677.70
Add : Premium on shares issued during the year	-	-
Closing balance	677.70	677.70
c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	2,477.89	2,467.71
Add: Profit / (Loss) for the year	85.34	10.18
Less: Proposed Dividend on Equity Shares	-	-
Less: Tax on Proposed Dividend	-	-
Closing balance	2,563.23	2,477.89
Total	4,883.54	4,798.20

Notes forming part of the financial statements

Note 5 Long-term borrowings

₹ in Mn

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Non-Current	Current	Non-Current	Current
Secured				
Term loans from Banks (refer note i)	136.58	43.84	1.22	4.07
Term loans from Other Parties (refer note i)	1.84	3.57	5.38	1.66
	138.41	47.41	6.60	5.73
Unsecured				
From Promoters	295.46	-	295.46	-
From Banks (refer note ii)	146.60	44.44	156.48	-
	442.06	44.44	451.94	-
Total	580.47	91.85	458.54	5.73

Notes:

- (i) Details of terms of repayment for the secured long-term borrowings and security provided in respect of the secured long-term borrowings:

₹ in Mn

Particulars	Terms of repayment and security	As at 31 March, 2016		As at 31 March, 2015	
		Non-Current	Current	Non-Current	Current
Term loans from banks:					
ICICI Bank Limited	Vehicle loan of Rs.5.69 Mn (PY 5.01 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 34.	5.08	0.61	1.16	3.86
ICICI Bank Limited	Vehicle loan of Rs.4.27 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 30 .	2.68	1.57		
Axis Bank, Kolkata	Vehicle loan of Rs.0.06 Mn (PY 0.27 Mn) is secured by first charge by way of hypothecation of the vehicle. Number of balance EMI payable is 3.	-	0.06	0.06	0.21
Kotak Bank Limited	Term loan of Rs. 150 Mn (PY NIL) is secured by 2nd charge on assets of Pig Iron Plant and residential flat at Bhubneswar	128.81	21.19		
Axis Bank	Bank Overdraft		20.41		
Total - Term loans from banks		136.58	43.84	1.22	4.07
Term loans from other parties:					
Daimler Financial Services Pvt. Ltd.	Vehicle loan of Rs.5.41 Mn (PY 7.04 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 26.	1.84	3.57	5.38	1.66
Total - Term loans from other parties		1.84	3.57	5.38	1.66

Notes forming part of the financial statements

(ii) Details of long-term borrowings guaranteed by directors or others.

₹ in Mn

Particulars	Terms of repayment	As at 31 March, 2016		As at 31 March, 2015	
		Non-Current	Current	Non-Current	Current
Banyantree Bank Ltd, Mauritius	External Commercial Borrowing (ECB) of USD 2.5 Mn (PY USD 2.5 Mn) is payable in 8 equitable installments starting June 2016.	124.37	41.46	156.48	-
Banyantree Bank Ltd, Mauritius	External Commercial Borrowing (ECB) of USD 0.4 Mn (PY NIL) is payable in 12 installments. Number of instalments payable is 9	22.22	2.98	-	-
Total long term borrowings		146.60	44.44	156.48	-

Note 6 Other long-term liabilities

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Trade payables	548.50	548.50
Advances from customers	5,423.05	5,490.45
Total	5,971.55	6,038.95

Note 7 Long-term provisions

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits:		
(i) Provision for gratuity	37.88	29.37
(ii) Provision for leave encashment	9.60	7.74
Total	47.48	37.12

Note 8 Trade payables

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Micro, Small & Medium enterprises	-	-
Others	643.74	749.55
Acceptances	-	-
Total	643.74	749.55

Note 9 Other current liabilities

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Current maturities of long-term debt	91.85	5.73
Interest accrued and not due on borrowings	2.20	0.06
Unclaimed dividends	33.78	33.87
Statutory Dues	83.66	79.07
Payables against purchase of fixed assets	24.12	25.78
Trade / security deposits received	41.09	33.74
Advances from customers	637.66	611.43
Employee related liabilities	43.30	52.53
Total	957.67	842.21

Note 10 Short term provisions

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits:		
(i) Provision for gratuity	2.14	3.55
(ii) Provision for leave encashment	1.29	0.48
(b) Provision - Others:		
(i) Provision for tax (net of advance tax)*	229.81	342.22
(ii) Proposed equity dividend	-	-
(iii) Tax on proposed dividend	-	-
Total	233.25	346.25

*Includes MAT liability and interest thereon of ₹ 223.59 Mn pertaining to the financial year 2013/2014

Notes forming part of the financial statements

Note 11 Fixed Assets ₹ in Mn

Particulars	Gross Block				Depreciation				Net Block	
	As at March 31, 2015	Additions	Deductions	As at 31 March, 2016	As at March 31, 2015	During the year	Deductions	As at 31 March, 2016	As at March 31, 2015	As at 31 March, 2016
Land (Free hold)	25.55	-	-	25.55	-	-	-	-	25.55	25.55
Land and Site Development	331.74	621.65	-	953.39	6.90	102.22	-	109.12	324.84	844.27
Building	1,386.36	30.69	-	1,417.05	230.10	51.82	-	281.92	1,156.26	1,135.13
Plant and Machinery	9,567.87	297.46	-	9,865.33	2,658.78	370.55	-	3,029.33	6,909.09	6,836.00
Furniture and Fixtures	140.90	13.99	-	154.89	52.40	19.86	-	72.26	88.50	82.63
Office Equipment	20.25	4.06	-	24.31	10.70	4.18	-	14.88	9.55	9.43
Computer	77.25	2.28	-	79.53	69.65	3.97	-	73.62	7.60	5.91
Vehicles	81.38	9.24	-	90.62	28.15	9.41	-	37.56	53.23	53.06
V Sat	0.82	-	-	0.82	0.67	0.11	-	0.78	0.15	0.04
Railway Siding	681.20	1.94	-	683.14	103.68	45.70	-	149.38	577.52	533.76
Total	12,313.32	981.31	-	13,294.63	3,161.03	607.82	-	3,768.85	9,152.29	9,525.78
Previous Year	11,925.15	388.17	-	12,313.32	2,575.30	585.74	-	3,161.04	9,349.85	9,152.29

Notes forming part of the financial statements

Note 12 Non-current investments

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Investments (At cost):		
Trade and Unquoted		
a) Investment in equity shares		
"Subsidiaries"		
(i) Maithan Ispat Ltd*	934.79	300.82
237,419,798 (PY - 181,029,798) equity shares of ₹ 10 each fully paid up		
"Others"		
(ii) Keonjhar Infrastructure Development Company Ltd	0.07	0.07
7,200 (PY 7,200) equity shares of ₹ 10 each fully paid up		
(iii) Mesco Steels Ltd	100.00	-
250,000 (PY - NIL) equity shares of ₹ 10 each fully paid up		
b) Investment in preference shares of subsidiaries		
"Subsidiaries"	0.00	0.00
(i) Maithan Ispat Ltd		
30,000,000 (PY- 30,000,000) 10% cumulative redeemable preference shares of ₹ 10 each fully paid up		
"Others"	20.00	20.00
(i) Keonjhar Infrastructure Development Company Ltd		
2,000,000 (PY 2,000,000) 6% cumulative redeemable preference shares of ₹ 10 each fully paid up		
Total	1,054.86	320.89

*Out of which 92,994,101 (PY 92.994,101) number of equity shares have been pledged with the lenders of Maithan Ispat Ltd. And balance of 28,758,900 number of equity shares would be pledged, totalling to 121,753,001 being the 51% of equity shares to be pledged as per agreement.

Note 13 Long-term loans and advances (Unsecured considered good unless stated otherwise)

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Capital advances	26.24	37.86
Security deposits	55.79	57.12
Loans and advances to related parties*	1,836.69	1,993.97
MAT credit entitlement	900.05	875.55
Total	2,818.76	2,964.49

*Note :For securing Long Term future supply of Iron Ore

Note 14 Inventories

(At lower of cost and net realisable value)

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Raw materials	152.94	405.73
Work-in-progress	16.40	53.18
Finished goods	640.19	834.51
Goods-in-transit- CG	-	4.10
Stores and spares	80.09	128.20
Total	889.63	1,425.72

Notes forming part of the financial statements

Note 15 Trade receivables

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	2.58	2.83
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	2.58	2.83
Other Trade receivables		
Unsecured, considered good	32.41	0.71
Less: Provision for doubtful trade receivables	-	-
	32.41	0.71
Total	34.99	3.54

Note 16 Cash and cash equivalents

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Cash on hand	17.06	65.43
(b) Cheques, drafts on hand	0.02	0.71
(c) Balances with banks		
(i) In current accounts	62.56	74.28
(ii) In deposit accounts	75.62	259.07
	155.25	399.50
Other bank balances		
In deposit accounts*	152.69	128.95
In earmarked accounts		
- Unclaimed dividend accounts	33.78	33.87
(d) Interest on Bank Deposits *	25.94	29.15
	212.40	191.97
Total	367.66	591.47

* Deposit & Interest includes the deposits with 100% margin issued by way of Bank Guarantee to various authorities & parties

Note 17 Short-term loans and advances (Unsecured considered good unless stated otherwise)

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Loans and advances to Suppliers	21.51	81.08
Loans and advances to employees	6.68	5.24
Prepaid expenses	5.74	8.21
Balances with government authorities	494.96	456.34
Others Receivables	10.00	10.00
Total	538.89	560.87

Note 18 Revenue from operations

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Sale of products	5,164.60	6,212.26
Less: Excise duty	284.59	629.48
Total	4,880.01	5,582.78

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Sale of products comprises		
Pig Iron	2,246.99	5,211.85
Minerals	2,633.02	370.93
Total - Sale of products comprises	4,880.01	5,582.78

Notes forming part of the financial statements

Note 19 Other income

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Interest income (Refer note 1 below)	59.94	72.10
Rental Income	45.18	0.17
Liabilities / provisions no longer required written back	27.50	661.00
Receivables credit balances written back	0.03	67.46
Others (Refer note 2 below)	0.17	12.99
Total	132.82	813.72

Note : 1

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Interest income comprises:		
Interest from banks deposits	25.19	68.05
Interest from others	34.75	4.05
Total	59.94	72.10

Note : 2

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Other income comprises:		
Insurance claim	-	11.27
Duty draw back	-	1.55
Others	0.17	0.17
Total	0.17	12.99

Note 20.a Cost of materials consumed

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Opening stock	405.73	572.58
Add: Purchases	1,496.58	3,448.04
Less: Closing stock	152.94	405.73
Cost of material consumed	1,749.37	3,614.88
Material consumed comprises:		
Raw material -Iron ore	285.87	847.61
Raw material - Coke	1,296.96	2,457.89
Other items	166.54	309.38
Total	1,749.37	3,614.88

Note 20.b Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
<i>Inventories at the end of the year:</i>		
Finished goods	640.19	834.51
Work-in-progress	16.40	53.18
Stock-in-transit - FG	-	-
	656.60	887.69
<i>Inventories at the beginning of the year:</i>		
Finished goods	834.51	1,437.70
Work-in-progress	53.18	49.56
	887.69	1,487.27
Less: Excise duties on increase / (decrease) of finished goods	(11.62)	(42.16)
Net increase / (decrease)	(219.47)	(557.41)

Notes forming part of the financial statements

Note 21 Employee benefits expense

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Salaries and wages	434.86	393.59
Contributions to provident and other funds	17.61	15.56
Provision for gratuity	7.10	8.15
Provision for leave	2.66	2.99
Staff welfare expenses	5.73	3.61
Total	467.96	423.89

Note 22 Finance costs

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Interest expense on:		
Borrowings	52.30	25.09
Trade payables	-	0.08
Interest on delayed / deferred payment of statutory dues	84.52	57.64
Other borrowing cost	4.76	0.23
Total	141.57	83.03

Note 23 Other expenses

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Consumption of stores and spare parts	67.24	111.63
Royalty cost	518.76	74.60
Mining cost	279.93	28.29
Power and fuel	111.32	214.68
Water	19.37	18.73
Material handling Charges	56.33	47.09
Rent & plot hiring charges	27.23	86.76
Repairs and maintenance - Buildings	4.29	1.87
Repairs and maintenance - Machinery	86.66	104.65
Repairs and maintenance - Others	59.01	59.04
Insurance	17.26	15.57
Rates and taxes	18.14	12.47
Communication	5.25	4.88
Travelling and conveyance	57.63	61.81
Selling & Distribution	116.98	77.07
Donations and contributions	15.34	16.39
Legal and professional	69.73	80.57
Net loss on foreign currency transactions and translation	52.05	18.93
Payments to auditors (Refer Note (i) below)	1.50	1.49
Miscellaneous expenses	125.71	53.62
Total	1,709.75	1,090.13

Note: i

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	1.48	1.47
For taxation matters	0.02	0.02
Total	1.50	1.49

Notes forming part of the financial statements

Note 24 Additional information to the financial statements

Note 24.1 Contingent liabilities (to the extent not provided for)

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Claims against the company not acknowledged as debt		
(i) Central excise, customs and service tax	207.34	236.63
(ii) Sales tax and entry tax	259.19	326.60
(b) Guarantee agreed to provide in respect of obligations of a subsidiary	7,839.50	-
(c) The company is in the process of filing an objection before the Hon'ble Court of the Civil Judge, Senior Division, Bhubaneswar in the execution petition for recovery of Rs.981.2 Millions filed by Industrial Promotion and Investment Corporation of Orissa Ltd (IPICOL) and one of the main grounds is the erroneous calculation of the amount due as interest which is felt to be an exaggerated and erroneous claim		
(d) The Company has given counter guarantees to Banks against bank guarantees issued to various authorities / parties to the extent of Rs 67.90 Mn. However the same has been released on 2 April,2016		

Note 24.2 Capital commitments

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	105.42	136.81

Note 24.3 Other commitments

As per the terms of acquisition of Maithan Ispat Limited (MIL), the Company needs to infuse an aggregate amount of Rs.1,200 Million as its contribution towards equity of MIL to the tune of Rs.50 Million per month for the period of two years starting from April 2015. During the current year, company has acquired 5,63,90,000 (Five Crores Sixty Three Lakhs Ninety Thousand) equity shares having face value of Rs. 10 each aggregating to Rs.563.90 Million

Note 24.4 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Consequently the amount paid/payable to these parties is nil.

Note 24.5 Disclosure as per Regulation 34 of SEBI (LODR) Regulations, 2015

There are no loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties.

Note 24.6 Details on unhedged foreign currency exposures

- l) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below

As at 31 March, 2016		As at 31 March, 2015	
Receivable/(Payable) ₹ in Mn	Receivable/(Payable) USD in Mn	Receivable/(Payable) ₹ in Mn	Receivable/ (Payable) USD in Mn
(645.82)	(9.74)	(585.60)	(9.36)

Note 24.7 Value of imports calculated on CIF basis

₹ in Mn

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Raw materials	801.93	1,808.28
Spare parts	4.20	0.39
Capital goods	35.52	12.95

Notes forming part of the financial statements**Note 24 Additional information to the financial statements (Contd.)****Note 24.8 Expenditure in foreign currency**

₹ in Mn

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest	7.64	1.16
Travelling	3.88	6.70
Consultancy	0.16	-

Note 24.9 Details of consumption of imported and indigenous items

Particulars	For the year ended 31 March, 2016	
	₹ in Mn	%
<u>Imported</u>		
Raw Materials	1231.27	69.36%
	(2125.89)	(55.73%)
Spare parts	4.20	0.24%
	(0.39)	(0.01%)
<u>Indigenous</u>		
Raw materials	518.09	29.18%
	(1564.98)	(41.03%)
Spare parts	21.65	1.22%
	(123.14)	(3.23%)
Total	1775.22	100.00%
	(3814.40)	(100.00%)
Note: Figures / percentages in brackets relates to the previous year		

Note 24.10 Earnings in foreign exchange

₹ in Mn

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Export of goods calculated on FOB basis	0.00	121.31

Note 25 Disclosures under Accounting Standards**Note 25.1 Post retirement benefit plans****Note 25.1.a Defined contribution plans**

The Company makes Provident Fund contribution to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefit. The Company recognised Rs. 17.61 million (PY - Rs 15.56 million) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the plan by the Company is at rate specified in the rules of the scheme.

Notes forming part of the financial statements
Note 25 Disclosures under Accounting Standards (Contd.)

Note 25.1.b Defined benefit plans

The Company's post retirement defined benefit plans include Gratuity which is unfunded. The following table sets out the provision for gratuity amount recognised in the financial statements:

₹ in Mn

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
	Gratuity	Gratuity
Components of employer expense		
Current service cost	4.99	3.68
Interest cost	2.43	2.28
Past service cost	-	-
Actuarial losses/(gains)	0.44	2.19
Total expense recognised in the Statement of Profit and Loss	7.86	8.15
Actual contribution and benefit payments for year		
Actual benefit payments	0.76	0.74
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(40.02)	(32.92)
Fair value of plan assets	-	-
Funded status [Surplus / (Deficit)]	-	-
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(40.02)	(32.92)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	32.92	25.51
Current service cost	4.99	3.68
Interest cost	2.43	2.28
Actuarial (gains) / losses	0.44	2.19
Past service cost	-	-
Benefits paid	(0.76)	(0.74)
Present value of DBO at the end of the year	40.02	32.92
Actuarial assumptions		
Discount rate	7.95%	7.80%
Salary escalation	6%	6%
Mortality tables	IALM (2006-08) Ult	IALM (2006-08) Ult

25.2 Segment information

The Company's business activity primarily falls within a single business segment i.e, Iron and Steel business and hence there are no disclosures to be made under Accounting Standards -17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

Notes forming part of the financial statements**Note 25 Disclosures under Accounting Standards (Contd.)****Note 25.3 Related party transactions:****Note 25.3. a Details of related parties:**

Description of relationship	Names of related parties
Subsidiaries	Maithan Ispat Limited
Key Management Personnel (KMP)	Mr. Jitendra Kumar Singh (Director) Mrs. Rita Singh (Chairperson cum Managing Director) Mrs. Natasha Singh Sinha (Director Finance & CFO) Mr. Purna Chandra Sahu (Director) Mr. R. H. Rao (Director) Mr. Priyabrata Patnaik (Director) Ms. Sandhya Sethia (Company Secretary)
Relatives of KMP	Mrs. Shipra Singh Rana
Company in which KMP / Relatives of KMP can exercise significant influence	a) Mesco Steels Limited b) Mesco Logistics Limited c) Mesco Kalinga Steels Limited d) Mesco Mining Limited e) Mideast India Limited f) Mesco Pharmaceuticals Limited g) Mesco Hotels Limited h) Mesco Aerospace Limited i) Mesco Laboratories Limited j) Mescos Shoes Limited k) Twenty First Century Finance Limited l) Mesco India Limited m) Chhindwara Coal Washing Private Limited n) Doab Dairy Products Private Limited o) Forrester Foods Private Limited p) Chhindwara Energy Limited q) Chhindwara Power Limited r) Gondwana Energy Limited s) SAARC Helicopters Private Limited t) Mesco Magic Cement Ltd

Note: Related parties have been identified by the Management.

Note 25.3. b Details of related party transactions during the year ended March 31, 2016 and balances outstanding as at March 31, 2016:

₹ in Mn

Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
Services				
Mesco Steels Limited				0.36 (0.36)
Mesco Logistics Limited				0.60 (0.60)
Mesco Hotels Limited				0.72 (0.72)
Mesco Kalinga Steels Limited				0.72 (0.72)
Mesco Aerospace Ltd				0.70 (NIL)
Mrs. Rita Singh		6.00 (6.00)		
Mrs. Natasha Singh Sinha		6.00 (6.00)		

Notes forming part of the financial statements

Note 25 Disclosures under Accounting Standards (Contd.)

Note 25.3. b Details of related party transactions during the year ended March 31, 2016 and balances outstanding as at March 31, 2016 (Contd.)

Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
Mrs. Shipra Singh Rana			0.60 (0.60)	
Remuneration*:				
Mr. Jitendra Kumar Singh		27.04 (27.02)		
Mrs. Rita Singh		33.36 (30.40)		
Mrs. Natasha Singh Sinha		16.29 (16.26)		
Mrs. Shipra Singh Rana			8.45 (8.47)	
Mr. Purna Chandra Sahu		4.90 (4.32)		
Mr. Ravipati Hanumantha Rao		1.20 (1.20)		
Mr. Priyabrata Patnaik		9.00 (6.75)		
Ms. Sandhya Sethia		0.88 (0.09) **		
Purchase of Goods				
Maithan Ispat Limited (including duties & taxes)	53.40 (NIL)			
Sale of Goods				
Maithan Ispat Limited (including duties & taxes)	1,306.68 (NIL)			
Interest Income on Share				
Application Money				
Maithan Ispat Limited	1.03 (NIL)			
Management Contracts including deputation of Employees				
Maithan Ispat Limited	0.26 (NIL)			
Advances repaid				
Mesco Steels Limited				22.79 (52.82)
Investment in shares				
Maithan Ispat Limited	934.79 (300.82)			
Mesco Steels Limited				100.00
Corporate guarantees given				
Maithan Ispat Limited	7,839.50 (NIL)			
Balances outstanding at the end of the year				
Advances:				
Mesco Steels Limited				1,971.26 (1,994.06)
Payables:				
Mr. Jitendra Kumar Singh		0.30 (3.90)		
Mrs. Rita Singh		4.58 (10.19)		

Notes forming part of the financial statements**Note 25 Disclosures under Accounting Standards (Contd.)****Note 25.3. b Details of related party transactions during the year ended March 31, 2016 and balances outstanding as at March 31, 2016 (Contd.)**

Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
Mrs. Natasha Singh Sinha		0.74		
Mrs. Shipra Singh Rana		(5.82)	0.14	
Maithan Ispat Limited	288.74		(0.25)	
Mesco Aerospace Ltd	(0.37)			0.69
Guarantees outstanding:				(NIL)
Mrs. Rita Singh	-			
	(156.48)			

* Remuneration includes perquisites computed as per Income Tax Act.

** With effect from 3 February 2015

Note: Figures in bracket relates to the previous year

25.4 Earnings per share

₹ in Mn

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Basic & Diluted		
Net profit / (loss) for the year attributable to the equity shareholders	85.34	10.18
Weighted average number of equity shares	13,78,75,000	13,78,75,000
Par value per share (Rs.)	10	10
Earnings per share (Rs.)	0.62	0.07

25.5 Deferred tax (liability) / asset

₹ in Mn

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	(730.78)	(695.92)
Tax effect of items constituting deferred tax liability	(730.78)	(695.92)
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated leaves, gratuity and disallowances under Income Tax	17.30	13.99
Tax effect of items constituting deferred tax assets	17.30	13.99
Net deferred tax (liability) / asset	(713.48)	(681.93)



Notes forming part of the financial statements

Note 26 Acquisition of Maithan Ispat Limited

As per the terms of acquisition of Maithan Ispat Limited, the Company is required to infuse an aggregate amount of Rs.1,200 Million as its contribution towards equity of Maithan Ispat Limited to the tune of Rs.50 Million per month for the period of two years starting from April 2015. In compliance to the said agreement during the year under review, company has acquired 56,390,000 (Five Crores Sixty Three Lakhs Ninety Thousand) equity shares having face value of Rs. 10 each aggregating to Rs. 563.90 Million.

Further, the Company is required to pledge 51% of paid up equity share capital of MIL, present and future held by the Company, with the lenders of MIL as a security. In compliance of the said requirement company is required to pledge 121,753,001 equity shares with the Lenders. At present the company has pledged 92,994,101 equity shares with the lenders and balance 28,758,900 equity shares would be pledged by the company in the coming financial year.

Note 27 Previous year's figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

The accompanying notes are an integral part of the financial statement.
As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Todarwal &Todarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No. :13015

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
CMD
DIN: 00082263

New Delhi
May 24, 2016

Sandhya Sethia
Company Secretary

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF MIDEAST INTEGRATED STEELS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mideast Integrated Steels Limited ("the Company"), which comprise the consolidated Balance Sheet as at March 31, 2016, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control system relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the yearended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the yearended on that date.

For **Sangram Paul & Company**

Chartered Accountants
ICAI Reg No. 308001E

S.K. Paul

Proprietor
M. No :13015

New Delhi
May 24, 2016

For **Todarwal & Todarwal**

Chartered Accountants
ICAI Reg No : 111009W

Arun L Todarwal

Partner
M. No. : 032822

Consolidated Balance Sheet as at 31 March, 2016

₹ in Mn

Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,378.75	1,378.75
Reserves and surplus	4	5,540.68	5,455.34
Minority Interest		3,529.97	3,524.06
Non-current liabilities			
Long-term borrowings	5	4,573.11	4,847.83
Deferred tax liabilities (net)	28.5	713.48	681.93
Other long-term liabilities	6	5,972.44	6,039.84
Long-term provisions	7	53.70	42.15
Current liabilities			
Short-term borrowings	8	317.68	344.48
Trade payables	9	1,619.60	1,216.88
Other current liabilities	10	1,442.04	1,020.00
Short-term provisions	11	236.70	349.16
TOTAL		25,378.15	24,900.42
ASSETS			
Non-current assets			
Fixed assets	12		
Tangible assets		13,960.50	13,881.89
Capital work-in-progress		259.95	395.46
Goodwill on consolidation		5,088.35	4,204.85
Non-current investments	13	120.10	20.07
Long-term loans and advances	14	2,887.31	3,023.48
Other non-current assets	15	8.40	9.99
Current assets			
Inventories	16	1,606.79	1,985.61
Trade receivables	17	105.97	65.30
Cash and cash equivalents	18	430.83	699.32
Short-term loans and advances	19	904.95	612.85
Other current assets	20	5.01	1.60
TOTAL		25,378.15	24,900.42
Notes forming part of the financial statements	1- 30		

Summary of Significant Accounting Policies

1 & 2

The accompanying notes are an integral part of the financial statement.
As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Todarwal & Todarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No. :13015

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

New Delhi
May 24, 2016

Sandhya Sethia
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March, 2016

₹ in Mn

Particulars	Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Revenue from operations (net)	21	7,069.65	5,582.78
Other income	22	246.65	813.72
Total revenue		7,316.30	6,396.50
Expenses			
Cost of materials consumed	23a	3,170.93	3,614.88
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23b	176.21	557.41
Employee benefits expense	24	575.44	423.89
Finance costs	25	728.80	83.03
Depreciation and amortisation expense	12	916.09	585.74
Other expenses	26	2,439.48	1,090.13
Total expenses		8,006.96	6,355.08
Profit/(Loss) before tax		(690.66)	41.41
Tax expense:			
Current tax		24.50	19.05
(Less): MAT credit		(24.50)	(19.05)
Tax expense relating to prior years		-	(18.57)
Deferred tax		(31.55)	(12.67)
Profit/(Loss) for the year		(722.21)	10.18
Earnings per Equity share (of Rs. 10/- each)			
Basic & Diluted (Rs.)		(5.24)	0.07
Notes forming part of the financial statements	1 - 30		

Summary of Significant Accounting Policies

1 & 2

The accompanying notes are an integral part of the financial statement.
As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Todarwal &Todarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No. :13015

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

New Delhi
May 24, 2016

Sandhya Sethia
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2016

₹ in Mn

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(690.66)		41.41
<i>Adjustments for:</i>				
Depreciation and amortisation	916.09		585.74	
Finance costs	692.70		83.03	
Interest income	(65.80)		(72.10)	
Rental income	(45.18)		(0.17)	
Liabilities / provisions no longer required written back	(135.47)		(661.00)	
Receivables credit balances written back	(0.03)		(67.46)	
Net unrealised exchange (gain) / loss	55.76		18.93	
		1,418.06		(113.03)
Operating profit / (loss) before working capital changes		727.41		(71.62)
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	378.82		685.89	
Trade receivables	(40.67)		47.57	
Short-term loans and advances	(292.10)		174.43	
Long-term loans and advances	136.17		39.00	
Other non-current assets	1.59		-	
Other current assets	(0.80)		(21.13)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	402.72		(143.73)	
Other current liabilities	386.87		(93.36)	
Other long-term liabilities	12.35		(102.03)	
Short-term provisions	96.41		61.86	
Long-term provisions	11.55		8.96	
		1,092.91		657.47
Cash generated from operations		1,820.32		585.85
Net income tax (paid) / refunds		(208.87)		(108.38)
Net cash flow from / (used in) operating activities (A)		1,611.45		477.47
B. Cash flow from investing activities				
Purchase of fixed assets including capital advance	(859.20)		(398.73)	
Proceeds from sale of fixed assets	0.00		0.00	
Purchase of business (subsidiary acquisition)	(70.05)			

Consolidated Cash Flow Statement for the year ended March 31, 2016 (Contd.)

₹ in Mn

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
Purchase /(sale) of non-current investment	(100.03)		(300.82)	
Inter-corporate deposits			(60.00)	
Rental receipt	45.18		0.17	
Interest received	63.19		72.10	
(Investment in fixed deposit)/Proceeds from fixed deposits	(68.23)		(30.29)	
		(989.14)		(717.57)
Net cash flow from / (used in) investing activities (B)		(989.14)		(717.57)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	(274.72)		160.49	
Proceeds from other short-term borrowings	(26.80)		-	
Finance cost	(657.53)		(83.03)	
Dividends paid			(103.41)	
Tax on dividend			(17.57)	
		(959.05)		(43.53)
Net cash flow from / (used in) financing activities (C)		(959.05)		(43.53)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(336.74)		(283.63)
Cash and cash equivalents at the beginning of the year		497.95		683.12
Consolidated cash and cash equivalents at the end of the year - Parent				399.49
Consolidated cash and cash equivalents at the end of the year - Subsidiary *				98.46
Consolidated cash and cash equivalents at the end of the year		161.22		497.95

*As the subsidiary is acquired on March 31, 2015, the cash and cash equivalents of subsidiary as at March 31, 2015 have been added.

Summary of Significant Accounting Policies 1 & 2

The accompanying notes are an integral part of the financial statement.
As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Tadarwal & Tadarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No. :13015

Arun Tadarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

New Delhi
May 24, 2016

Sandhya Sethia
Company Secretary

Notes Forming Part of the Consolidated Financial Statements

Note 1 Group Information

'Mideast Integrated Steels Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company along with its subsidiaries (collectively referred as the Group) is primarily engaged in the business of production and sale of pig iron and iron ore, structural steel and billets / blooms.

Note 2 Significant Accounting Policies

a) Principles of Consolidation

- i) 'The Consolidated Financial Statements (CFS) present the consolidated accounts of the Company and its subsidiaries.

'The subsidiary companies considered for consolidation in the financial statements are as follows:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership / Interest
Maithan Ispat Limited	India	99.45%

- ii) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses in accordance with Accounting Standard 21 "Consolidated Financial Statements" after fully eliminating intra-group balances, intra-group transactions and any unrealized profits/losses. The excess of the cost of investments over the proportionate value of interest in the subsidiaries has been recognised as "Goodwill"
- iii) The consolidated financial statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's' standalone financial statements.

b) Basis of preparation

'The consolidated financial statements of the Company had been prepared under the historical cost convention, on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), the applicable mandatory Accounting Standards as notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act, 2013.

In previous year, the consolidated financial statements of the Company have been prepared excluding profit and loss and cash flow of the subsidiary as the subsidiary was acquired on March 31, 2015 and the closing balances of assets and liabilities of subsidiary were added where ever necessary under the disclosure of accounting standards. Hence Current year consolidated profit and loss and the cash flow are not comparable with the previous year.

c) Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAPP requires the management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the managements' best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

d) Inventories

'Raw materials and stores & spares are valued at lower of cost on weighted average basis and the net realisable value. Cost includes the purchase price as well as incidental expenses. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work-in-progress and Finished Goods are valued at lower of cost and net realisable value. Cost include direct materials, labour cost and a appropriate proportion of overheads. Cost of finished goods includes excise duty.

Saleable scrap, scrap usable as raw materials and by-products are valued at estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

Notes Forming Part of the Consolidated Financial Statements

e) Depreciation and amortisation

Depreciation of tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Class of assets	Years
Plant and Machinery	8 to 35 years

Estimated useful life as specified in Schedule II to the Companies Act, 2013 is adjusted in respect of plant and machinery working on shift basis.

Leasehold Assets are amortised over the duration of the lease.

Computer software are amortized over a period of three years on straight line basis.

f) Revenue recognition

“Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

“Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the consolidated statement of profit and loss.

Other income is accounted on accrual basis. Dividend income is accounted for when the right to receive income is established.

g) Tangible fixed assets

Tangible fixed assets, are stated at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

h) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

i) Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Year end balances of foreign currency monetary item is translated at the year end rates. ‘Exchange differences arising on settlement of foreign currency monetary items of the Company are recognised as income or expense in the consolidated statement of Profit and Loss. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Notes Forming Part of the Consolidated Financial Statements

j) Investments

Long-term investments are carried at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at the lower of cost and fair value.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalisation during the period, any income earned on the temporary investment of those borrowings is deducted from the borrowing cost incurred. Other borrowing costs incurred during the year are charged to the consolidated statement of profit and loss.

l) Employee benefits

Employee benefits of short term nature are recognised as expense as and when these accrue. Long term employee benefits and post employment benefits, whether funded or otherwise, are recognised as expenses based on actuarial valuation at year end using the projected unit credit method. For discounting purpose, market yield of Government Bonds, at the balance sheet date, is used. Actuarial gains or losses are recognised immediately in the consolidated statement of profit and loss.

m) Leases

Assets leased by the group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the consolidated statement of profit and loss on a straight-line basis.

n) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

o) Taxes on income

Current tax is determined on the basis of taxable income and tax credits computed for each of entities in the group in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the consolidated financial statement when it is probable that future economic benefit associated with it will flow to the entity.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these

Notes Forming Part of the Consolidated Financial Statements

can be realised. Deferred tax assets and liabilities and advance income tax are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

p) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case. Revenue and expenses which relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common"

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q) Research and development expenses

Expenditure incurred during research and development phase is charged to the consolidated statement of profit and loss when no intangible asset arising from such research.

r) Impairment of assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognised as an expense in the consolidated statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been an improvement in recoverable amount.

s) Cash & Cash equivalents

Cash & Cash equivalents as indicated in the cash flow statement comprise of cash in hand, cash at bank, drafts in hand and short term deposits with an original maturity of three months or less

s) Provisions and contingencies

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

Notes Forming Part of the Consolidated Financial Statements

Note 3 Share capital

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Authorised 140,000,000 (P.Y. 140,000,000) Equity shares of ₹ 10/- each	1,400.00	1,400.00
Issued, Subscribed and Paid up 137,875,000 (P.Y. 137,875,000) Equity shares of ₹10/- each	1,378.75	1,378.75
Total	1,378.75	1,378.75

A) Reconciliation of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Numbers	₹ in Mn	Numbers	₹ in Mn
Equity Shares:				
Opening Balance	13,78,75,000	1,378.75	13,78,75,000	1,378.75
Changes during the year	-	-	-	-
Closing Balance	13,78,75,000	1,378.75	13,78,75,000	1,378.75

B) Shareholders holding more than 5% of the ordinary shares in the company

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Numbers	%	Numbers	%
Equity Shares:				
Mideast (India) Ltd	3,25,49,940	23.61	3,25,49,940	23.61
Mesco Mining Ltd.	1,70,00,000	12.33	1,70,00,000	12.33
Stemcor India Private Ltd.	1,37,87,500	10.00	1,37,87,500	10.00
Mesco Steels Ltd.	1,31,46,800	9.54	1,31,46,800	9.54
Mesco Logistics Ltd.	1,21,51,700	8.81	1,21,51,700	8.81
Mesco Kalinga Steels Ltd.	1,00,00,000	7.25	1,00,00,000	7.25
Total	9,86,35,940	71.54	9,86,35,940	71.54

C) Right, preferences and restrictions attached to equity shares

The company has one class of equity shares having par value of Rs. 10 each, rank pari passu in all respects including voting rights and entitlement to dividend.

Note 4 Reserves and surplus

₹

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Capital Reserve		
Opening balance	1,642.61	1,642.61
Add: Changes during the year	-	-
Closing balance	1,642.61	1,642.61
(b) Securities premium account		
Opening balance	1,334.84	1,334.84
Add : Premium on shares issued during the year	-	-
Closing balance	1,334.84	1,334.84
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	2,477.89	2,467.71
Add: Profit / (Loss) for the year	85.34	10.18
Closing balance	2,563.23	2,477.89
Total	5,540.68	5,455.34

Notes Forming Part of the Consolidated Financial Statements

Note 5 Long-term borrowings

₹ in Mn

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Non-Current	Current	Non-Current	Current
Secured				
Term loans from Banks	4,129.22	378.05	4,390.51	70.91
Term loans from Other Parties	1.84	3.57	5.38	1.66
	4,131.05	381.62	4,395.89	72.57
Unsecured				
From Promoters	295.46	-	295.46	-
From Banks	146.60	44.44	156.48	-
	442.06	44.44	451.94	-
Total	4,573.11	426.06	4,847.83	72.57

Note 6 Other long-term liabilities

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Trade payables	548.50	548.50
Advances from customers	5,423.05	5,490.45
Interest accrued and not due on borrowings	0.89	0.89
Total	5,972.44	6,039.84

Note 7 Long-term provisions

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits:		
(i) Provision for gratuity	44.10	34.41
(ii) Provision for leave encashment	9.60	7.74
Total	53.70	42.15

Note 8 Short-term borrowings

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Working capital facilities from banks, repayable on demand (secured)	317.68	344.48
Total	317.68	344.48

Note 9 Trade payables

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Acceptances	554.47	209.73
Other than Acceptances*	1,065.13	1,007.15
Total	1,619.60	1,216.88

*Includes amount due to Micro and Small Enterprise identified in terms of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for Rs. 6.99 millions (PY- Rs 6.21 millions).

Note 10 Other current liabilities

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Current maturities of long-term debt	426.06	72.57
Interest accrued and due on borrowings	39.63	1.44
Interest accrued and not due on borrowings	-	0.87
Unclaimed dividends	33.78	33.87
Statutory Dues	127.50	120.54
Payables against purchase of fixed assets	37.67	45.18
Trade / security deposits received	41.09	33.74
Advances from customers	684.90	649.24
Employee related liabilities	51.40	62.55
Total	1,442.04	1,020.00

Note 11 Short term provisions

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits:		
(i) Provision for gratuity	3.01	4.76
(ii) Provision for leave encashment	3.87	2.18
(b) Provision - Others:		
(i) Provision for tax (net of advance tax)	229.81	342.22
Total	236.70	349.16

Notes Forming Part of the Consolidated Financial Statements



Note 12 Fixed Assets

₹ in Mn

Particulars	Gross Block			Depreciation			Net Block		
	As at March 31, 2015	Additions	Deductions	As at 31 Mar, 2016	As at March 31, 2015	During the year	As at 31 Mar, 2016	As at March 31, 2015	As at 31 Mar, 2016
Tangible Assets									
Land (Free hold)	25.55	-	-	25.55	-	-	-	25.55	25.55
Land and Site Development	385.37	621.65	-	1,007.02	12.83	102.86	115.69	372.54	891.33
Building	2,410.61	31.60	-	2,442.21	424.14	88.23	512.37	1,986.47	1,929.84
Plant and Machinery	15,271.90	309.33	-	15,581.23	4,522.46	638.14	5,160.60	10,749.43	10,420.64
Furniture and Fixtures	162.13	14.10	-	176.23	64.55	22.74	87.29	97.58	88.94
Office Equipment	24.72	4.10	-	28.82	14.50	4.46	18.96	10.22	9.86
Computer	91.00	2.72	-	93.72	83.03	4.20	87.23	7.97	6.49
Vehicles	86.97	9.24	-	96.21	32.51	9.64	42.15	54.46	54.06
V Sat	0.82	-	-	0.82	0.67	0.11	0.78	0.15	0.04
Railway Siding	681.20	1.94	-	683.14	103.68	45.70	149.38	577.52	533.76
Total (A)	19,140.27	994.68	-	20,134.95	5,258.37	916.09	6,174.46	13,881.89	13,960.50
Previous Year *	18,752.10	388.17	-	19,140.27	4,672.64	585.74	5,258.38	9,349.85	13,881.89
Intangible Assets									
Computer Software	5.52	0	0	5.52	5.52	0	5.52	-	-
Total (B)	5.52	0	0	5.52	5.52	0	5.52	0	0
Previous Year	5.52	-	-	5.52	5.52	0	5.52	-	-
Total (A+B)	19,145.79	994.68	-	20,140.47	5,263.89	916.09	6,179.98	13,881.89	13,960.50
Previous Year *	18,757.62	388.17	-	19,145.79	4,678.16	585.74	5,263.90	9,349.85	13,881.89

*As the Subsidiary was acquired on 31st Mar, 2015, the gross block and the accumulated depreciation as on that date have been considered for consolidation

Notes Forming Part of the Consolidated Financial Statements

Note 13 Non-current investments

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Investments (At cost):		
Trade and Unquoted - others		
a) Investment in equity shares	100.10	0.07
b) Investment in preference shares	20.00	20.00
Total	120.10	20.07

Note 14 Long-term loans and advances (Unsecured considered good unless stated otherwise)

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Capital advances	35.89	43.97
Security deposits	86.07	84.29
Loans and advances to related parties	1,836.69	1,993.97
Balances with government authorities	22.08	22.08
Advance income tax of subsidiary	2.98	3.62
MAT credit entitlement	900.05	875.55
Others*	3.55	
Total	2,887.31	3,023.48

*Represents dividend of Subsidiary Company (termed as interest in agreement) paid to banks against 0.10% Cumulative Redeemable Preference Shares (CRPS) as per Rupee Term Loan agreement dated March 31, 2015. As the Company does not have profits in the current year and previous years, above has been considered as advance and not adjusted with balance in the consolidated statement of profit and loss.

Note 15 Other non-current assets

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Non-current bank balances	8.40	9.19
Interest accrued on deposits	-	0.80
Total	8.40	9.99

Note 16 Inventories

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
<i>(At lower of cost and net realisable value)</i>		
Raw materials	462.26	626.24
Work-in-progress	22.51	53.18
Finished goods	700.13	857.73
Goods-in-transit- CG	-	4.10
Stores and spares	383.37	413.77
<i>(At estimated net realisable value)</i>		
By-products	38.51	30.59
Total	1,606.79	1,985.61

Notes Forming Part of the Consolidated Financial Statements

Note 17 Trade receivables

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	37.27	5.51
Doubtful	3.15	1.83
Less: Provision for doubtful trade receivables	(3.15)	(1.83)
	37.27	5.51
Other Trade receivables		
Unsecured, considered good	68.70	59.79
Less: Provision for doubtful trade receivables	-	-
	68.70	59.79
Total	105.97	65.30

Note 18 Cash and cash equivalents

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
a) Cash on hand	17.44	65.50
b) Cheques, drafts on hand	0.02	0.71
c) Balances with banks		
(i) In current accounts	66.69	172.67
(ii) In deposit accounts	77.08	259.07
	161.22	497.95
d) Other bank balances		
In deposit accounts *	152.69	128.95
In earmarked accounts		
– Unclaimed dividend accounts	33.78	33.87
Margin money deposit	57.20	9.40
(e) Interest on Bank Deposits *	25.94	29.15
	269.60	201.37
Total	430.83	699.32

* Deposits & interest thereon includes deposit with 100% margin issued by way of Bank Guarantees to various authorities & parties

Note 19 Short-term loans and advances (Unsecured considered good unless stated otherwise)

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Loans and advances to Suppliers	21.51	80.71
Loans and advances to employees	6.79	5.30
Prepaid expenses	7.98	10.69
Balances with government authorities	554.40	489.53
Security deposits	3.46	2.57
Others Receivables	310.80	24.05
Doubtful	7.66	7.66
Less: Provision for doubtful loans and advances	-7.66	-7.66
Total	904.95	612.85

Note 20 Other current assets (Unsecured, considered good unless stated otherwise)

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Interest accrued on deposits	5.01	1.60
Total	5.01	1.60

Note 21 Revenue from operations

₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Sale of products	7,684.12	6,212.25
Less: Excise duty	614.47	629.48
Total	7,069.65	5,582.78
Sale of products comprises:		
Pig Iron	1,629.87	5,211.85
Minerals	2,092.27	370.93
Billets/Blooms	3,331.79	
Others	15.71	
Total-Sale of Products	7,069.65	5,582.78

Notes Forming Part of the Consolidated Financial Statements

Note 22 Other income

₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Interest income (Refer note 1 below)	65.80	72.10
Rental Income	45.18	0.17
Liabilities / provisions no longer required written back*	135.47	661.00
Receivables credit balances written back	0.03	67.46
Others (Refer note 2 below)	0.17	12.99
Total	246.65	813.72

*Includes Rs 59.12 million of subsidiary company written back being the difference between the amount disbursed / confirmed and sanctioned as per rupee term loan agreement dated March 31, 2015

Note : 1

₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2016
Interest income comprises:		
Interest from banks deposits	29.48	68.05
Interest from others	36.32	4.05
Total	65.80	72.10

Note : 2

₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Other income comprises:		
Insurance claim	-	11.27
Duty draw back	-	1.55
Others	0.17	0.17
Total	0.17	12.99

Note 23. a Cost of materials consumed

₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Opening stock	405.73	572.58
Add: Opening stock of subsidiary company	220.51	
Add: Purchases	3,006.95	3,448.04
Less: Closing stock	462.26	405.73
Cost of material consumed	3,170.93	3,614.88
Material consumed comprises:		
Raw material -Iron ore, Pig Iron, Sponge Iron and Mild Steel Scrap	971.55	847.61
Raw material - Coal	607.42	
Raw material - Coke	1,296.96	2,457.89
Other items	295.00	309.38
Total	3,170.93	3,614.88

Notes Forming Part of the Consolidated Financial Statements

Note 23. b Changes in inventories of finished goods, work-in-progress and stock-in-trade ₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
<u>Inventories at the end of the year:</u>		
Finished goods	700.13	834.51
Work-in-progress and By Products	61.02	53.18
	761.16	887.69
<u>Inventories at the beginning of the year:</u>		
Finished goods	834.51	1,437.70
Work-in-progress and By Products	53.18	49.56
Add: Finished goods of subsidiary company	23.22	
Add: Work-in-progress and By Products of subsidiary company	30.59	
	941.50	1,487.26
Less: Excise duties on increase / (decrease) of finished goods	(4.13)	(42.16)
Net increase / (decrease)	(176.21)	(557.41)

Note 24 Employee benefits expense ₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Salaries and wages	532.65	393.59
Contributions to provident and other funds	21.52	15.56
Provision for gratuity	8.83	8.15
Provision for leave	2.66	2.99
Staff welfare expenses	9.78	3.61
Total	575.44	423.89

Note 25 Finance costs ₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Interest expense on:		
Borrowings	603.43	25.09
Trade payables	-	0.08
Interest on delayed / deferred payment of statutory dues	84.52	57.64
Other borrowing cost	40.86	0.23
Total	728.80	83.03

Notes Forming Part of the Consolidated Financial Statements

Note 26 Other expenses

₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Consumption of stores and spare parts	208.25	111.63
Royalty Cost	518.76	74.60
Mining cost	279.93	28.29
Power and fuel	478.73	214.68
Water	37.39	18.73
Material Handling Charges	95.18	47.09
Rent & plot hiring charges	30.10	86.76
Repairs and maintenance - Buildings	5.94	1.87
Repairs and maintenance - Machinery	206.56	104.65
Repairs and maintenance - Others	59.01	59.04
Insurance	19.35	15.57
Rates and taxes	21.73	12.47
Communication	5.25	4.88
Travelling and conveyance	61.13	61.81
Selling & Distribution	123.47	77.06
Donations and contributions	15.35	16.39
Legal and professional	70.63	80.57
Net loss on foreign currency transactions and translation	55.76	18.93
Items Pertaining to Previous Years*	1.98	
Payments to auditors (Refer Note (i) below)	3.85	1.49
Miscellaneous expenses	141.11	53.62
Total	2,439.48	1,090.13

*Professional charges of subsidiary company

Note: (i)

₹ in Mn

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	3.33	1.47
For taxation matters	0.52	0.02
Total	3.85	1.49

Notes Forming Part of the Consolidated Financial Statements

Note 27 Additional information to the consolidated financial statements

Note 27.1 Contingent liabilities (to the extent not provided for)

₹ in Mn

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
(a) Claims against the company not acknowledged as debt		
(i) Central excise, customs and service tax	596.85	588.76
(ii) Sales tax and entry tax	276.37	343.77
(iii) Income tax	3.76	3.76
(iv) Electricity duty	94.74	94.74
(v) Others	18.50	14.77
(vi) The company is in the process of filing an objection before the Hon'ble Court of the Civil Judge, Senior Division, Bhubaneswar in the execution petition for recovery of Rs.981.2 Millions filed by Industrial Promotion and Investment Corporation of Orissa Ltd (IPICOL) and one of the main grounds is the erroneous calculation of the amount due as interest which is felt to be an exaggerated and erroneous claim.		
(vii) The Company has given counter guarantees to Banks against bank guarantees issued to various authorities / parties to the extent of Rs 67.90 Mn. However the same has been released on 2nd April,2016		

Note 27.2 Capital commitments

₹ in Mn

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	134.59	156.95

Note 27.3 Other commitments

As per the terms of acquisition of Maithan Ispat Limited (MIL), the Company needs to infuse an aggregate amount of Rs.1,200 Million as its contribution towards equity of MIL to the tune of Rs.50 Million per month for the period of two years starting from April 2015. During the current year, company has acquired 5,63,90,000 (Five Crores Sixty Three Lakhs Ninety Thousand) equity shares having face value of Rs. 10 each aggregating to Rs.563.90 Million

Note 27.4 Details on unhedged foreign currency exposures

I. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
	₹ in Mn	USD in Mn	₹ in Mn	USD in Mn
Payables	645.82	9.74	788.24	12.60

II. Derivative outstanding at the reporting date

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
	₹ in Mn	USD in Mn	₹ in Mn	USD in Mn
Forward Contract to buy	94.71	1.41	NIL	NIL

Note 27.5 Arrears of fixed Cumulative Redeemable Preference Shares (CRPS)

₹ in Mn

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Arrear Dividend (including taxes) on 10% Cumulative Redeemable		
Preference Shares (CRPS)	127.91	91.80

Notes Forming Part of the Consolidated Financial Statements

Note 28 Disclosures under Accounting Standards

Note 28.1 Post retirement benefit plans

Note 28.1 a Defined contribution plans

The Group makes Provident Fund contribution & Employees State Insurance to defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefit. The Group recognised 21.52 Mn (Previous year Rs 15.56 Mn *) for Provident Fund & Employees State Insurance contributions in the Statement of Profit and Loss. The contributions payable to the plan by the Group is at rate specified in the rules of the scheme.

*As the Subsidiary is acquired on March 31, 2015, Provident fund & Employees State Insurance contribution does not include contribution made by the subsidiary.

Note 28.1 b Defined benefit plans

The Company's post retirement defined benefit plans include Gratuity which is nonfunded. The following table sets out the provision for gratuity and leave amount recognised in the financial statements: ₹ in Mn

Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
	Gratuity	Gratuity
Components of employer expense		
Current service cost	6.19	3.68
Interest cost	2.93	2.28
Actuarial losses/(gains)	0.47	2.19
Total expense recognised in the Consolidated Statement of Profit and Loss	9.59	8.15
Actual contribution and benefit payments for year		
Actual benefit payments	1.64	0.74
Actual contributions	-	-
Net asset/(liability) recognised in the Consolidated Balance Sheet		
Present value of defined benefit obligation	(40.02)	(32.92)
Present value of defined benefit obligation - Subsidiary	(7.09)	(6.24)
Fair value of plan assets	-	-
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Consolidated Balance Sheet	(47.11)	(39.16)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	32.92	25.51
Current service cost	4.99	3.68
Interest cost	2.43	2.28
Actuarial (gains) / losses	0.44	2.19
Benefits paid	(0.76)	(0.74)
Present value of DBO at the end of the year	40.02	32.92
Add: present value of DBO of Subsidiary at the end of the year	7.09	6.24
Present value of Consolidated DBO at the end of the year	47.11	39.16
Actuarial assumptions		
Discount rate	7.8% - 8.0%	7.80%
Salary escalation	6%	6%
Mortality tables	IALM (2006-08) Ult	IALM (2006-08) Ult

Note 28.2 Segment information

The group's business activity primarily falls within a single business segment i.e. Iron and steel business and hence there are no disclosures to be made under Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India.

Notes Forming Part of the Consolidated Financial Statements

Note 28 Disclosures under Accounting Standards (contd.)

Note 28.3 Related party transactions

Note 28.3 a Details of related parties

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. Jitendra Kumar Singh Mrs. Rita Singh Mrs. Natasha Singh Sinha Mr. Purna Chandra Sahu Mr. Ravipati Hanumantha Rao Mr. Priyabrata Patnaik Mrs. Shipra Singh Rana Mr. Vijay Gupta (wef 10th March, 2016) Mr. Surjit Satapathy (wef 10th March, 2016) Ms. Sandhya Sethia
Company in which KMP / Relatives of KMP can exercise significant influence	a) Mesco Steels Limited b) Mesco Logistics Limited c) Mesco Kalinga Steels Limited d) Mesco Mining Limited e) Mideast (India) Limited f) Mesco Pharmaceuticals Limited g) Mesco Hotels Limited h) Mesco Aerospace Limited i) Mesco Laboratories Limited j) Mesco Shoes Limited k) 21st Century Finance Limited l) Mesco India Limited m) Chhindwara Coal Washing Private Limited n) Doab Dairy Products Private Limited o) Forrester Foods Private Limited p) Chhindwara Energy Limited q) Chhindwara Power Limited r) Gondwana Energy Limited s) SAARC Helicopters Private Limited t) Mesco Magic Cement Ltd u) M.M Aero Space Pvt Ltd (w.e.f 8th March, 2016)

Note: Related parties have been identified by the Management.

Notes Forming Part of the Consolidated Financial Statements

Note 28 Disclosures under Accounting Standards (contd.)

Note 28.3 b Details of related party transactions during the year ended March 31, 2016 and balances outstanding as at March 31, 2016:

₹ in Mn

Transaction during the year	KMP	Entities in which KMP / relatives of KMP have significant influence
Services		
Mesco Steels Limited		0.36 (0.36)
Mesco Logistics Limited		0.60 (0.60)
Mesco Hotels Limited		0.72 (0.72)
Mesco Kalinga Steels Limited		0.72 (0.72)
Mesco Aerospace Ltd		0.70 (NIL)
Mrs. Rita Singh	6.00 (6.00)	
Mrs. Natasha Singh Sinha	6.00 (6.00)	
Mrs. Shipra Singh Rana	0.60 (0.60)	
Remuneration*:		
Mr. Jitendra Kumar Singh	27.04 (27.02)	
Mrs. Rita Singh	33.36 (30.40)	
Mrs. Natasha Singh Sinha	16.29 (16.26)	
Mrs. Shipra Singh Rana	10.85 (8.47)	
Mr. Purna Chandra Sahu	4.90 (4.32)	
Mr. Ravipati Hanumantha Rao	1.20 (1.20)	
Mr. Priyabrata Patnaik	9.00 (6.75)	
Ms. Sandhya Sethia	0.88 (0.09) #	
Mr. Surjit Satapathy	0.19 (NIL)	

Notes Forming Part of the Consolidated Financial Statements

Note 28 Disclosures under Accounting Standards (contd.)

Note 28.3 b Details of related party transactions during the year ended March 31, 2016 and balances outstanding as at March 31, 2016 (contd.) :

₹ in Mn

Transaction during the year	KMP	Entities in which KMP / relatives of KMP have significant influence
Advances repaid		
Mesco Steels Limited		22.79 (52.82)
Personal gurantees obtained		
Mr. Jitendra Kumar Singh	5,012.60 (5,012.60)	
Mrs. Rita Singh	NIL (156.48)	
Balances outstanding at the end of the year		
Advances:		
Mesco Steels Limited		1,971.26 (1,994.06)
Payables:		
Mr. Jitendra Kumar Singh	0.30 (3.90)	
Mrs. Rita Singh	4.58 (10.19)	
Mrs. Natasha Singh Sinha	0.74 (5.82)	
Mrs. Shipra Singh Rana	2.54 (0.25)	
Mr. Surjit Satapathy	0.19 NIL	
Guarantees outstanding		
Mr. Jitendra Kumar Singh		5,012.60 (5,012.60)
Mrs. Rita Singh		NIL (156.48)

* Remuneration includes perquisites computed as per Income Tax Act.

with effect from 3rd Feb 2015

Note: Figures in bracket relates to the previous year

Notes Forming Part of the Consolidated Financial Statements

Note 28 Disclosures under Accounting Standards (contd.)

Note 28.4 Earnings per share

₹ in Mn

Particulars	As at 31 March, 2016	As at 31 March, 2015
Basic & Diluted		
Net profit / (loss) for the year attributable to the equity shareholders	(722.21)	10.18
Weighted average number of equity shares	13,78,75,000	13,78,75,000
Par value per share (₹)	10	10
Earnings per share (₹)	(5.24)	0.07

Note: Previous year profit & loss had not been consolidated as the subsidiary was acquired on 31st March, 2015

Refer Note 2 b

Note 28.5 Deferred tax (liability) / asset*

₹ in Mn

Particulars	As at 31 March, 2015	As at 31 March, 2015
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	(730.78)	(695.92)
Tax effect of items constituting deferred tax liability	(730.78)	(695.92)
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated leaves, gratuity and disallowances under Income Tax	17.30	13.99
Tax effect of items constituting deferred tax assets	17.30	13.99
Net deferred tax (liability) / asset	(713.48)	(681.93)

*Net deferred tax assets (DTA) of Rs.1666.77 Millions of the subsidiary as at March 31, 2016 (PY - Rs 1296.01 Millions) has not been recognised in the accounts as a matter of prudence and in terms of the accounting policy indicated in Note No 2(o).

Note 28.6 Specific to Subsidiary company

- a. During the year ended 31st March, 2016, operation of the subsidiary company were severely impacted by continued weak steel industry scenario and also availability of capital for running the operations at full capacity. The company has incurred loss after taxes of Rs, 807.54 Millions (Rs. 846.00 Millions) and accumulated loss as on 31st March, 2016 is Rs. 6,865.45 million (Rs. 6,057.90 Millions) and its current liabilities exceeded its current assets as at the balance sheet date.

As a part of its financial revival process, the lenders of the subsidiary company have already approved capex facility loan of Rs 1,700.00 Millions. and the holding company is committed to provide suitable financial support to the company for the near future and has also contributed capital amounting to Rs 563.90 Millions in the form of equity in FY 2015-16. Further, as per terms agreed with the lenders, the holding company needs to infuse Rs 50 million per month during FY 2016-17 as equity. The subsidiary company is also confident of improvement in the industry scenario.

Considering the above, the subsidiary company financial statements have been drawn up as per the Going Concern assumption, which is appropriate in the opinion of the management.

- b. During the year, Rs 33.20 million has been debited by a bank in cash credit account of the subsidiary company. The same has not been accounted for in the books as the subsidiary company does not have sufficient information about such transaction and is in the process of reconciling such difference.

- c. During the year, the Company has written back credit balances of vendors aggregating to Rs 32.40 Million based on management estimates, expectation and past trend that these balances will not be paid. Management believes that these are lying outstanding for a considerable period of time and there is no claim from these vendors either.
- d. During the year ended March 31, 2016 and March 31, 2015, the subsidiary company has supplied surplus generation of power from its captive power plant to GRIDCO Limited. The said supply has not been given acceptance by GRIDCO. Therefore, in accordance with AS 9 – Revenue Recognition, the subsidiary company has postponed the recognition of revenue amounting to Rs 6.60 Millions and Rs. 3.73 millions approx for respective years against above supply considering significant uncertainty in its ultimate collection. The same would be recognised in the period in which it is reasonably certain that the ultimate collection will be made.
- e. The subsidiary company had applied for exemption of electricity duty on power generated from its captive power plant in earlier year as per the provisions of Orissa Industrial Policy Resolution, 2001. However, during the year 2011-12, the Company has received demand for duty for the period from March, 2008 to June, 2011. Against the above demand, the Company has filed writ application in the Hon'ble High Court of Orissa, which is pending disposal. The management is hopeful to receive such exemption, pending which duty liability has not been accounted for in these financial statements

Note 29 Additional information as required under Schedule III of the Companies Act, 2013

₹ in Mn

Name of the Entity	Net Assets, i.e. total assets minus total liabilities		Share in profit or (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
a) Parent				
Mideast Integrated Steels Limited	90.50%	6,262.29	99.39%	(717.78)
b) Subsidiary				
Indian				
Maithan Ispat Limited	9.50%	657.14	0.61%	-4.43

Note 30 Previous year's figures

Previous year figures have been regrouped wherever necessary to confirm with this year's classification.

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Todarwal & Todarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No. : 13015

Arun Todarwal
Partner
M. No. : 32822

Rita Singh
CMD
DIN:00082263

New Delhi
May 30, 2015

Natasha Sinha
Director Finance & CFO
DIN:00812380

Sandhya Sethia
Company Secretary



Mideast Integrated Steels Limited

CIN: L74899DL1992PLC050216

Registered Office: H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi-110048

Ph. No: 011-29241099, 40587085, 40587083. W: www.mescosteel.com

ATTENDANCE SLIP

(To be presented at the entrance)

**23rd Annual General Meeting of the Company held on Tuesday,
27th September, 2016 at 11:30 A.M. at Kamani Auditorium, 1, Copernicus Marg, New Delhi- 110001**

DP ID*	
Client id*	

Folio No.	
No. of Shares	

Name of the Shareholder:

Address of the Shareholder:

.....

.....

I hereby record my presence at the **23rd Annual General Meeting** of the Company held on Tuesday, 27th September, 2016 at 11:30 A.M. at Kamani Auditorium, 1, Copernicus Marg, New Delhi- 110001 and at any adjournment thereof.

*Applicable for investors holding shares in electronic form.

Signature of Shareholder/Proxy

1. Only Member/Proxy holder can attend the Meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.



MESCO STEEL
Partnering Progress

Mideast Integrated Steels Limited

CIN: L74899DL1992PLC050216

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PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Shareholder		Folio No:	
		Client ID*:	
		DP ID*:	
Registered address		E-mail id:	

I/We, being the member(s) of _____ Shares of Mideast Integrated Steels Limited, hereby appoint:

- of having e-mail id or failing him
- of having e-mail id or failing him
- of having e-mail id

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me /us and on my/our behalf at the **23rd Annual General Meeting** of the Company held on Tuesday, **27th September, 2016** at 11:30 A.M. at Kamani Auditorium, 1, Copernicus Marg, New Delhi- 110001

S.No.	Resolutions	For	Against
1	To receive, consider and adopt the Audited financial statements including audited consolidated financial statements of the Company for the financial year ended March 31, 2016 together with the reports of the Board of Directors and Auditors thereon		
2	To appoint director in the place of Mr. Priyabrata Patnaik (DIN 01709955), Director of the Company, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment		
3	To ratify the appointment of Statutory Auditors of the Company.		
4	To approve remuneration of cost auditors for the financial year ending March 31, 2016.		
5	To approve related party transactions under Section 188 of Companies Act, 2013		

*Applicable for investors holding shares in electronic form

Affix
Revenue
Stamp of
Re. 1

Signed this day of 2016

.....
Signature of Shareholder

.....
Signature of the 1st Proxy Holder

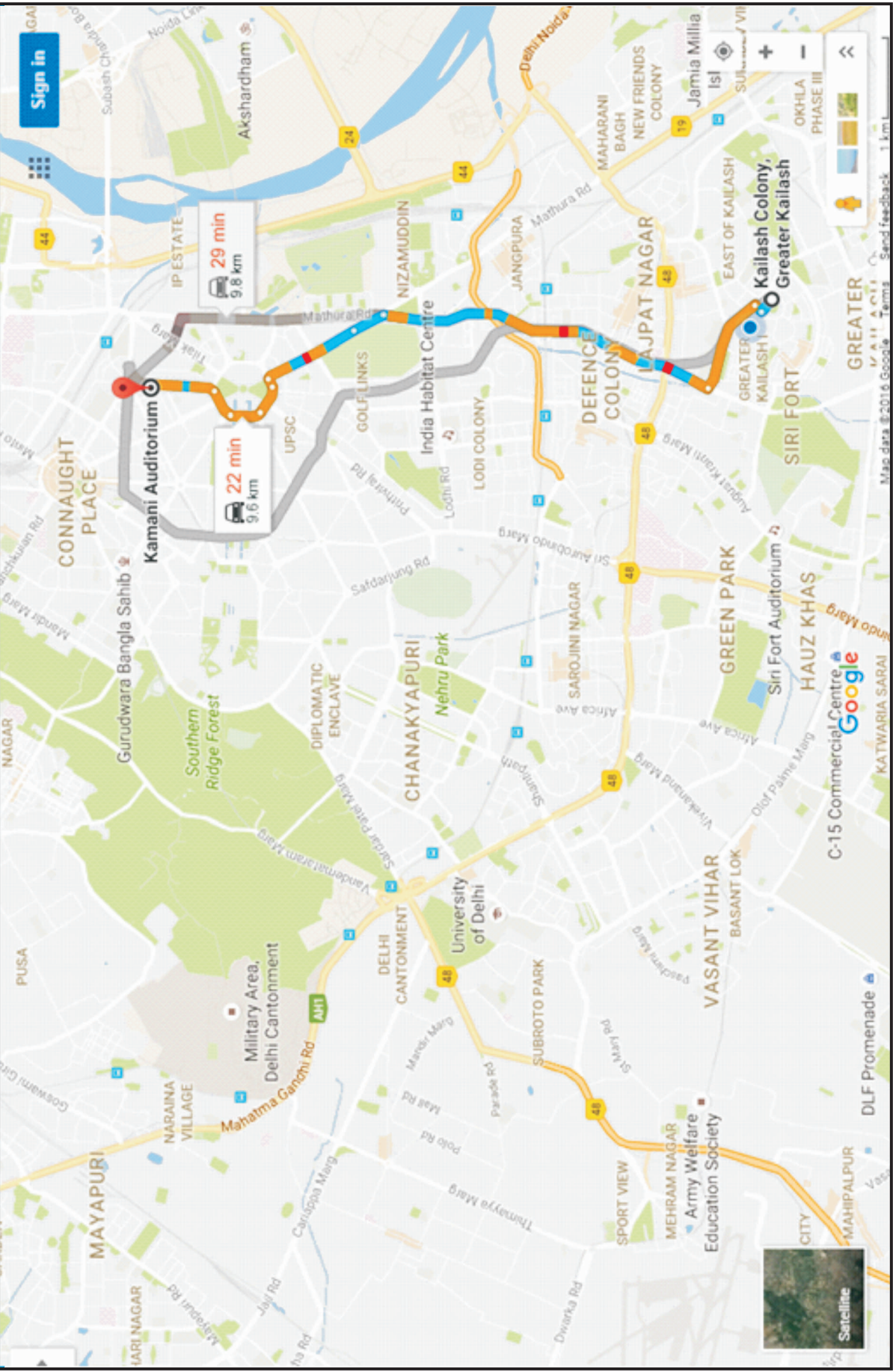
.....
Signature of 2nd Proxy holder

.....
Signature of 3rd Proxy holder

Notes:

- This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for other person or shareholder.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In case of jointholders, the signatures of any holder will be sufficient, but names of all jointholders should be stated.

Route Map as per Secretarial Standards -2 issued by ICSI is as under





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