



MESCO STEEL
Partnering Progress

25th ANNUAL REPORT 2017-18

Mideast Integrated Steels Limited





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Partnering Progress

25th Annual Report 2017-2018

**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> <p>1) *Mr. Hanumantha Rao Ravipati (DIN:00044028)</p> <p>2) **Mr. Priyabrata Patnaik (DIN:01709955)</p> <p><i>Additional Director:</i> ***Mr. Sharanappa Neelappa Kambalii (DIN:08182398)</p> <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>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>Statutory Auditors</u></p> <p>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</p>	<p><i>Independent Directors:</i></p> <p>1) Mr. Debiprasad Bagchi (DIN:00061648)</p> <p>2) Mr. Dipak Chatterjee (DIN:03048625)</p> <p>3) Mr. Gurjeet Singh Jawandha (DIN:00213573)</p> <p>4) Mr. Madhukar (DIN:00558818)</p> <p>5) Mr. Nandanadan Mishra (DIN:00031342)</p> <p>6) Mr. Sanjiv Batra (DIN:00602669)</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> <p>1) Mesco Towers, 3915, Lewis Road, Kedar Gauri Square, Bhubaneswar-751014</p> <p>2) 16, Strand Road, Diamond Heritage, 14th Floor, Room-1412, Kolkata- 700001</p> <p>3) 401, Silver Pearl Opp. China Gate Restaurants, Waterfield Road Bandra (W), Mumbai - 400 050</p>
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*Mr. Hanumantha Rao Ravipati (DIN:00044028) has resigned with effect from March 31, 2018

**Mr. Priyabrata Patnaik (DIN:01709955) has resigned with effect from February 28, 2018

*** Mr. Sharanappa Neelappa Kambalii (DIN: 08182398) has been appointed as Additional Director w.e.f July 19, 2018

CHAIRPERSON SPEECH

Dear Shareholders,

It gives me immense pleasure to inform the shareholders that during the year under review equity shares of the company got listed with Bombay Stock Exchange and trading on the shares started with effect from October 18, 2017.

As soon as the business cycle for steel sector turned up, wasting no time your company took steps to restart production at its steel plant. I am happy to inform that the plant is in operation since October 2017. Your company has utilized the shutdown period to make modifications in the plant and introduce new operational procedures for improving the performance of the plant. All these efforts have bore fruit. The average gross coke rate has come down while average daily production has increased thereby improving margins. With these measures, your company would be able to sustain production at the steel plant.

The Order of the Supreme Court dated August 2, 2017 on mining activities in the country is having a deep impact on steel and mining companies in both public and private sectors. All available legal remedies have been taken to deal with the adverse impact of the Order. In parallel, your company is also making efforts to raise money for making the payment of compensation amount as per the Order of the Supreme Court. As a result of this Order, the operations at Roida Iron Ore Mine have been suspended with effect from January 1, 2018.

Financial Outcomes

Having successfully navigated a difficult phase, your company is now poised for better performance. The focus on controlling operational costs at the steel plant has led to better margins. Preparations are underway to restart the second blast furnace at the steel plant. This would further increase the turnover as well as margins.

On the consolidated basis (on including the income of subsidiary company Maithan Ispat Ltd) the company posted total income of ₹ 10902 million during the year. Your company achieved doubling of standalone total income in one year raising it to ₹ 6443 million in 2017-18 from ₹ 3030 million in the previous year. The company achieved EBIDTA of ₹ 1690 million during the year as against EBIDTA of ₹ 1040 million in the previous year. Profit after tax of ₹ 232.91 million was recorded for the year, a jump of 66% over the last year.

Operational Performance

Before restarting the production at the steel plant, the company carried out a detailed technical study and introduced modifications in equipment and standard operating procedures for enhancing efficiency and productivity. These changes have improved efficiency and brought down costs of operations. In a calibrated manner operations were started at one blast furnace in Oct 2017. Nearly 100 kilotons of pig iron was produced in a period of about 5 months of the year.

The quality of iron ore products has improved with the commissioning of 600 tons per hour crushing plant at the iron ore mine last year. Total production of 2.80 million tons was recorded at the mine during the nine-month period of its operations. This production is almost equal to the production recorded in the full year of 2016-17. Efforts were made to remove bottlenecks in dispatches from the mine. As a result of these efforts, total dispatch of 2.31 million tons was accomplished in 9 months, which compares well with the total dispatch of 2.66 million tons recorded in full 12-month period of 2016-17.

Expansion Plans

A large number of steel plants in the country are not able to meet their debt obligations and are facing insolvency under the newly introduced Insolvency and Bankruptcy Code. As a result, several steel assets are available for acquisition through insolvency resolution process. Your company is actively pursuing such opportunities to expand inorganically.

Due to high NPAs, banks are disinclined to lend to steel companies for two reasons, one the banks are not adequately capitalized for the fresh round of lending and second, the steel companies are responsible for very high NPAs of banks leading to an implicit embargo on further exposure to steel sector. Lack of support from banks is the main reason for the delay in phased expansion for the steel plant. Now with the revival of the steel sector, there would be a better response to the efforts in raising funds for the expansion of the plant. Your company has decided to take up the project to establish pulverized coal injection facility (PCI) in the steel plant.

During the year additional investment of ₹ 225 million was made in Maithan Ispat Ltd, a subsidiary of your company. Total equity investment in Maithan Ispat is at ₹ 1818.9 million as of 31 March 2018. The modernization and expansion of Maithan Ispat Ltd are in progress. A rolling mill for producing TMT bars of 200 kilotons per year capacity is being set up. Work on setting up an Electric Arc Furnace of 50-ton capacity has also been started, which would produce 400 kilotons of steel.

Corporate Social Responsibility

As a responsible corporate, your company remains committed to the welfare of the communities in the area where it operates. Under Corporate Social Responsibility Initiative, the company has taken up works in Barbil and Kalinga Nagar areas for improving existing infrastructure, promoting health and education, women empowerment, and sports. Your company is at the forefront of animal welfare activities also. During the year 2017-18 about ₹ 27.70 Million were spent on various CSR initiatives.

For Mideast Integrated Steels Limited

Rita Singh

Chairperson Cum Managing Director



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.:** 011-40587083

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of the Company will be held on Sunday, 30th Day of September, 2018 at 11.00 a.m. at Lakshmiapat Singhania Auditorium, 4/2, PHD House, August Kranti Marg, Siri Institutional Area, Block A, Nipccd Campus, Hauz Khas, New Delhi-110016 to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt audited Financial Statements for the year ended March 31, 2018, together with reports of the Directors and the Auditors thereon and the Consolidated Financial Statements for the year ended March 31, 2018 along with the Auditors' Report thereon.
2. To appoint a Director in place of Mrs. Natasha Sinha (DIN 00812380), Director-Finance of the Company, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

3. 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 139(8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) M/s. Arun Todarwal & Associates LLP, Chartered Accountants, (Firm Registration No.W100291), be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s Todarwal & Todarwal LLP, (Firm Regn No. 111009W/W100231), Chartered Accountants.

"RESOLVED FURTHER THAT M/s. Arun Todarwal & Associates LLP, Chartered Accountants, (Firm Registration No.W100291), be and are hereby appointed as Statutory Auditors of the Company to hold the office from August 3, 2018, until the conclusion of this 25th Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Managing Director of the Company.

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 Section 139,142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) M/s. Arun Todarwal & Associates LLP, Chartered Accountants, (Firm Registration No.W100291), be and are hereby appointed as Statutory Auditors of the Company to hold office for a remaining period of 4 years, from the conclusion of the 25th Annual General Meeting till the conclusion of the 29th Annual General Meeting of the Company to be held in the year 2022, at such remuneration plus applicable taxes and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Director of the Company.

5. 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 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the payment of remuneration of ₹ 1,00,000 (Rupees One Lakh only) plus applicable Goods and Service Tax and reimbursement of out of pocket expenses subject to maximum of ₹ 15,000 (Rupees Fifteen Thousand Only) be and is hereby approved 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, 2019.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby 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.”

6. To consider and if thought fit to pass, with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof) for borrowing, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total amount so borrowed by the Board shall not at any time exceed ₹ 50,00,00,00,000 (Rupees Five Thousand Crores Only) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

RESOLVED FURTHER THAT any director of the company be and is hereby authorised to file necessary forms with the Registrar of Companies and to do or cause to do such other acts, deeds things and execute all such documents, undertaking as may be considered necessary in connection with or incidental to the above.”

7. To consider and if thought fit to pass, with or without modification, the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company and other necessary approvals, if any and to the extent required, and in addition to the amounts already invested/loans made or guarantees/security provided by the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to (i) give any loans to any person or other body corporate, or (ii) give any guarantees or to provide security in connection with a loan to any other body corporate or person, or (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding sixty per cent of company’s paid-up share capital, its free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account whichever is more as the Board of Directors may think fit, provided that the total loans or investments made, guarantees given, and securities provided shall not exceed ₹ 3000,00,00,000 (Rupees Three Thousand Crores only) at any point of time over and above the paid-up share capital of the Company, free reserves and securities premium account.

RESOLVED FURTHER THAT the Board 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 investments or loans or guarantees or securities (the “transactions”) including the timing, the amount and other terms and conditions of such transactions and also to take all other decisions including varying any of them, through transfer, sale, recall, renewal, divestment or otherwise, 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 of directors of the company Company be and is hereby authorized to negotiate, finalize and execute and sign the above mentioned agreements and schedules, attachments, documents, appendixes and other writings in respect thereof, including any amendment thereto for and on behalf of the Company.

8. 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 180(1)(a) and all other applicable provisions, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force), the rules notified thereunder and the Articles of Association of the Company and such other approvals as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors to transfer, sell, lease, assign, deliver or otherwise dispose off, pledge, hypothecate, mortgage and/or charge, in addition to the mortgages / charges created / to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable / immoveable properties of the Company, whosoever

situate, both present and future and/or whole or any part of undertaking(s) of the Company and/or conferring power, to enter upon and to take possession of assets of the Company in certain events, to or in favour of the banks and/or financial institutions and/or multilateral agencies and/or export import banks and/or other creditors (together referred to as the “Lenders”) , Agent(s) and Trustee(s), for securing the borrowings of the Company/Subsidiary/Associate Company availed / to be availed by way of loan(s) in foreign currency and/or Rupee And Securities issued / to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest, in case of default accumulated interest, liquidated damages, commitment charges premia on prepayments, any fee, costs, charges, expenses, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company/Subsidiary/ Associate Company in terms of the Loan Agreement(s) / Heads of Agreement(s), Trust Deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / Trustee(s), in respect of the said loans / borrowings / bonds or other securities and containing such specific terms and conditions covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s) / Agent(s) / Trustee(s).”

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board / Committee of the Board or officers authorized by them in this regard be and are hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to borrowings and creating mortgages / charges as aforesaid.

9. 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 Sections 152,161 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made thereunder, SEBI(Listing Obligations and Disclosure Requirements) Regulations,2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Sharanappa Neelappa Kambalii (DIN 08182398), who was appointed as an Additional Director of the Company with effect from July 20, 2018 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice inwriting under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is here by appointed as an Executive Director of the Company liable to retire by rotation.

10. 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), the consent of the Company be and is hereby accorded to enter into the related party transactions by the Company with the respective related parties and for the maximum amounts per annum, as mentioned herein below:

Sr. No	Nature of Transactions as per section 188 of the Companies Act, 2013	Name of the Director/KMP who is related and nature of their relationship	Name of the Related Party	₹ in Crore)	
				Receipts	Payments
1	sale, purchase or supply of Blooms, Billets, Sponge Iron, Pig Iron, Scrap, Coal or any other goods and all other types of services to be received incidental to such sale, purchase or supply	Maithan Ispat Limited is subsidiary of the Company	Maithan Ispat Limited	500	
2	purchase of iron ore or any other goods and all other types of services to be received incidental to such sale, purchase or supply	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO of the company are common director and promoters carry shareholding interest	Mesco Steels Limited	250	

Sr. No	Nature of Transactions as per section 188 of the Companies Act, 2013	Name of the Director/KMP who is related and nature of their relationship	Name of the Related Party	(` in Crore)	
				Receipts	Payments
3	Leasing/sublease/rent for office sharing of property	Mrs. Natasha Sinha, Whole Time Director & CFO of the company, is a common director and promoter carrying shareholding interest	Mesco Kalinga Steels Limited		0.10
4	Leasing/sublease/rent for office sharing of property	Mrs. Natasha Sinha, Whole Time Director & CFO of the company, is a common director and promoter carrying shareholding interest	Mesco Hotels Limited		0.10
5	Hiring of Vehicle	Mrs. Rita Singh, director of the company, is a common director and promoter carrying shareholding interest	Mesco Logistics Limited		0.10
6	Hiring of Vehicle	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO of the company are common director and promoters carrying shareholding interest	Mesco Steels Limited		0.10

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, Leasing/sublease/rent for office sharing of property, hiring of vehicle (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 above mentioned agreements and schedules, attachments, documents, appendixes and other writings in respect thereof, including any amendment thereto for and on behalf of the Company."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Section 13(1), Section 14 read with Section 42, 61, 62, 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) Authorised Share Capital of the Company be and is hereby increased from the existing ₹ 1,400,000,000/- (Rupees One Hundred and Forty Crores only) divided 140,000,000 (Fourteen Crores) Equity Shares of ₹ 10/- (Rupees ten only) each to ₹ 2,000,000,000/- (Rupees Two Hundred Crores only) divided into 200,000,000 (Twenty Crores) Equity Shares of ₹ 10/- (Rupees ten only) each:

RESOLVED FURTHER THAT the following Clause be substituted for Clause 5 of the Memorandum of Association of the Company:-

"V. The authorized share capital of the Company is ₹ 2,000,000,000/- (Rupees Two Hundred Crores only) divided into 200,000,000 (Twenty Crores) Equity Shares of ₹ 10/- (Rupees ten only) each –

RESOLVED FURTHER THAT the following clause be substituted for Capital Clause of the Articles of Association of the Company:

"3. The authorized share capital of the Company is ₹ 2,000,000,000/- (Rupees Two Hundred Crores only) divided into 200,000,000 (Twenty Crores) Equity Shares of ₹ 10/- (Rupees ten only) each"

RESOLVED FURTHER THAT any one Director of the Company and Company Secretary of the Company be and is hereby severally authorized to sign all such forms and returns and other documents and to do all such acts, deeds and things as may be necessary to give effect to the above resolution.

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Section 62(1)(C) read with The Companies (Share Capital and Debenture) Rule, 2014 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the relevant provisions of the Memorandum and Articles of Association of the Company the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“SEBI LODR Regulations”), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (“SEBI ICDR Regulations”), Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeover) Regulations, 2011, as amended from time to time, (“SEBI Takeover Regulations”) and in accordance with listing agreements entered into by the company with the Stock Exchanges where the shares of the Company are listed or proposed to be listed and any other guidelines and clarifications issued by the Government of India, all applicable circulars, notifications issued by the Securities and Exchange Board of India (“SEBI”), and subject to all necessary approvals, consents, permissions and/or sanctions of the Government of India, any other statutory or regulatory authorities, other applicable laws, Reserve Bank of India under the Foreign Exchange Management Act, 1999, (including any statutory modification or enactment thereof, for the time being in force), consent of the Company be and is hereby given to the Board of Directors of the Company (the “Board” which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), to create, issue and allot on preferential basis (“Preferential Issue”) upto to Mrs. Rita Singh, Mr. Jitendra Kumar Singh, Mrs. Natasha Sinha and Mrs. Shipra Singh, the Promoters(Proposed Allottees”), upto maximum of ₹26,00,00,000 (67,67,951) equity share of face value of 10/- (Rupees Ten) each, at a price of ₹ 38 (Rupees Thirty Eight) per share including premium of 28/- (Rupees Twenty Eight only) per equity share, aggregating to ₹ 25,71,82,133 (Rupees Twenty Five Crores Seventy One Lakhs Eighty Two Thousand One Hundred and Thirty Three) or price not less than price to be calculated in accordance with the Regulation 76 of SEBI ICDR Regulations upon the conversion of unsecured loan outstanding as on date of the respective Proposed Allottees.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the issue of Equity Shares shall be subject to following terms:

- I. In accordance with the provisions of Chapter VII of the SEBI ICDR Regulations, the “Relevant Date” for the purpose of calculating the floor price (inclusive of premium) for the purpose of issue of Equity Shares is August 30, 2018 which is the date falling 30 (Thirty) days prior to the date of Annual General Meeting or such other date as may be prescribed in accordance with the SEBI ICDR Regulations.
- II. That the said Equity Shares shall be issued and allotted by the Company to Proposed Allottees within a period of 15 (Fifteen) days from the date of passing of this resolution provided that where the allotment of the said Equity Shares is pending on account of delay of any approval for such allotment by any stock exchanges, regulatory authority or the Central Government, the allotment shall be completed within a period of 15 (Fifteen) days from the date of such approval.
- III. The Equity Shares to be so allotted shall be in dematerialised form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company, and shall rank pari passu in all respects including dividend, with the existing Equity Shares of the Company.
- IV. The Equity Shares allotted shall be subject to a lock-in for such period as specified under Chapter VII of SEBI ICDR Regulations relating to Preferential Issues.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to do all such acts, matters, deeds and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, issuing clarifications on the offer, issue and allotment of the Equity Shares and listing of Equity Shares at the Stock Exchanges as per the terms and conditions of SEBI LODR Regulations and other applicable Guidelines, Rules and Regulations, to execute the necessary documents and enter into contracts, arrangements, agreements, documents (including appointment of agencies, intermediaries and advisors for the Preferential Issue), resolving all questions or doubt that may arise with respect to the offer, issue and allotment of Equity Shares, and to authorize all such persons as may be deemed necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the shareholders of the Company and that the decision of the Board shall be final and conclusive.

RESOLVED FURTHER THAT subject to SEBI Regulations and other applicable laws, the Board be and is hereby authorized to decide and approve terms and conditions of the issue of above mentioned Equity Shares and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the Stock Exchanges and Regulatory Authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any Merchant Bankers or other Professional Advisors, Consultants and Legal Advisors to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects.

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

**Rita Singh
Chairperson Cum Managing Director
DIN: 00082263**

New Delhi
August 13, 2018



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 Section
6. The Notice of AGM along with the Annual Report 2017-18 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, 2018 to September 30, 2018 (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 2011-12, 2012-13 and 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. 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. Complete details and instructions for e-voting are furnished below as part of the AGM Notice.
11. 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
12. 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-153/A, 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.**
13. **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.**

14. 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 27, 2018 holding shares either in physical form or in dematerialized form, as on the cut-off date of September 22, 2018**, 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.
15. 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.
16. **The instructions for shareholders for voting electronically are as under:-**
- (i) The voting period begins on **September 27, 2018 at 9:00 Hours and ends on September 29, 2018 at 17:00 Hours. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on, September 22, 2018 (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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • 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. • 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.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details or Date of Birth (DOB)	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. <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.
17. 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).
 18. The Board of Directors has appointed Mr. Ravi Shankar, Practicing Company Secretary (Certificate of Practice No18568.), as the Scrutinizer for conducting remote e-voting in a fair and transparent manner.
 19. 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 unlock 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.
 20. The results declared along with 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 48 hours of the conclusion of Annual General Meeting.
 21. A route map showing directions to reach the venue of the 25th Annual General Meeting of the Company is enclosed as back cover of Annual Report as per the requirement of the “Secretarial Standards 2” on General Meetings

22. Pursuant to Regulation 36 of the SEBI (LODR) Regulations 2015 and Secretarial Standard 2 Issued by ICSI, the brief profile of Director eligible for appointment/re-appointment vide item no. 2 and 9 is as follows:-

Particulars	Mrs. Natasha Sinha	Mr. Sharanappa Neelappa Kambalii
DIN	00812380	08182398
Age	46	50
Date of appointment	04.01.1994	19.07.2018
Qualifications	Economic Hons	Mining Engineering Graduate from NIT – Karnataka, MBA from Pondicherry (Central) University
Expertise in specific functional areas	Mrs. Natasha Sinha holds a B. A. (Economics) degree and having more than 20 years experience. She is currently working as Director – Finance and has been successfully managing the company. She is also actively associated with the aviation, shipping & mines businesses of the group.	He has over two-and-a-half decades of professional experience, in the mineral and mining sector both in the coal & Metal Mining Fields, of Operation, project execution, conceptualization of green filed & brown filed mining projects, planning, management and monitoring, corporate strategic planning and business development, Pre-mining approval & Compliance, cross boundary negotiations in the contract and contract Management. He is also Fellow Member Institute of Engineers (India). Life member of Mining Geological & Metallurgical Institute of India,(MGMI) & Administrative staff Collage of India (ASCI) Hyderabad
Directorships in other Companies	1. Mesco Kalinga Steel Limited 2. Mesco Steels Limited 3. Mesco Logistics Limited 4. Veer Realcon Private Limited 5. Happy Associates Private Limited	Nil
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Nil	Nil
Number of shares held in the Company	2300	0
Relationship with any Director(s) of the Company	Daughter of Mrs. Rita Singh	Nil
Terms & Conditions of Appointment	Re-Appointment subject to retire by rotation	Appointment subject to retire by rotation
Remuneration Details	Last drawn remuneration is given in the Corporate Governance Section of the Annual Report.	The remuneration details for proposed as per the appointment letter available for inspection
No. of Board meetings attended out of 4 meetings held during the year	3	-

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

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

New Delhi
August 13, 2018



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. 3 to 12 of the accompanying notice dated August 13, 2018

Item No. 3

The Members of the Company at its 24th AGM held on Wednesday 27, September, 2017 had appointed M/s Todarwal & Todarwal LLP as the Statutory Auditors of the Company to hold office from the conclusion of 24th AGM till the conclusion of 29th Annual General Meeting of the Company subject to ratification of the appointment by the Members at every AGM held after the 24th AGM of the Company.

Due to change in constitution M/s Todarwal & Todarwal LLP, Chartered Accountants, resigned as the statutory auditor of the Company with effect from August 3, 2018, resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by section 139(8) of the Companies Act, 2013

The Board of Directors at its meeting held on August 13, 2018 as per the recommendation of the Audit Committee, and pursuant to the provisions of Section 139(8) of the Companies Act, 2013, has appointed M/s. Arun Todarwal & Associates LLP, Chartered Accountants, (Firm Registration No. W100291), to hold office as the Statutory Auditors of the Company till the conclusion of 25th AGM and to fill the casual vacancy caused by the resignation of M/s Todarwal & Todarwal LLP subject to the approval by the members at the 25th Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of the Directors of the Company.

The Company has received consent letter and eligibility certificate from M/s. Arun Todarwal & Associates, (Firm Registration No. W100291), to act as Statutory Auditors of the Company in place of M/s Todarwal & Todarwal LLP along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 3 of the Notice for appointment and payment of remuneration to the Statutory Auditors.

Item No. 4

The Board of Directors at its meeting held on August 13, 2018, as per the recommendation of the Audit Committee and pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions if any, recommended the appointment of M/s. Arun Todarwal & Associates LLP, Chartered Accountants, (Firm Registration No. W100291), as Statutory Auditors of the Company to hold office for a period of five years, from the conclusion of the 25th AGM, till the conclusion of the 29th AGM of the Company to be held in the year 2022, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of director of the Company.

The Company has received consent letter and eligibility certificate from M/s. Arun Todarwal & Associates LLP, Chartered Accountants, (Firms Registration No. W100291) to act as Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 4 of the Notice for appointment and payment of remuneration to the Statutory Auditors.

Item No 5

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, 2019 at a remuneration of ₹ 1,00,000 (Rupees One Lakh Only) plus service tax and reimbursement of out of pocket expenses subject to maximum of ₹ 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, 2019 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. 5 of the Notice for approval by the Members.

Item Nos. 6

Keeping in view your Company's business requirements and growth plans, it is considered desirable to increase the said borrowing limits under the provisions of Section 180(1)(c) of the Companies Act, 2013 (the "Act"). The borrowings by a Company, in general, are required to be secured by mortgage or charge on all or any of the moveable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board from time to time, in consultation with the lender(s) thus necessary approvals are also being sought under the provisions of Section 180(1)(a) of the Act under Item No. 9

Your consent is required under the provisions of Sections 180(1)(c) of the Act, to increase the borrowing limits.

None of the Directors, Key Managerial Personnel and their relatives, are in any way, concerned or interested in the said resolutions. The resolution as set out in Item No. 6 of this Notice is accordingly recommended for your approval.

Item No.7

As per the provisions of Section 186 of the Companies Act, 2013, No company shall directly or indirectly (a) give any loan to any person or other body corporate; (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more. Where such giving of any loan or guarantee or providing any security or the acquisition exceeds the limits specified, under Section 186 of the Companies Act, 2013 prior approval by means of a special resolution passed at a general meeting is necessary.

As a measure of achieving greater financial flexibility and to enable optimal financing structure to achieve long term strategic and business objectives, the Board accordingly recommends the Special Resolution as mentioned in this Notice for your approval to enable the Board of Directors of the Company (a) to give any loan to any person or other body corporate; (b) give any guarantee or provide security in connection with a loan to any other body corporate or person (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, for an aggregate amount not exceeding ₹ 3000,00,00,000 (Rupees Three Thousand Crores Only) notwithstanding that the aggregate of the investments made in or to be made in along with loans, guarantees or securities so far given or to be given, exceeds the limits prescribed under Section 186 of the Companies Act, 2013, irrespective of the fact the same may exceed sixty percent of its paid-up share capital, free reserves and securities premium account.

Taking into consideration, the requirements of loans to be given / investments to be made / guarantees to be provided by the Company to meet the financial requirements of its group companies, consent and approval of the Shareholders is therefore, sought in accordance with the provisions of Section 186 of the Companies Act, 2013 for the limits upto ₹ 3000,00,00,000 (Rupees Three Thousand Crores Only) over and above the paid up capital of the Company and its free reserves to give powers to the Board of Directors or any duly constituted Committee thereof or any person(s) duly authorized by the Board, for making further investment, providing loans or give guarantee or provide security in connection with loans to any persons or any other body corporate for an amount not exceeding ₹ 3000,00,00,000 (Rupees Three Thousand Crores Only)

None of the Promoters, Directors and their relatives are interested in the resolution except to the extent of their shareholdings in company. The resolution as set out in Item No. 7 of this Notice is accordingly recommended for your approval.

Item No. 8

The Board of Directors has appointed Mr. Sharanappa Neelappa Kambalii (DIN: 08182398) as an Additional Director of the Company w.e.f July 19, 2018 pursuant to Section 161(1) of the Companies Act, 2013 ("the Act"). In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mr. Sharanappa Neelappa Kambalii (DIN: 08182398) will hold office only upto the date of ensuing Annual General Meeting. The Company has also received DIR-2 and DIR-8 as per the requirement of Companies Act, 2013.

Mr. Sharanappa Neelappa Kambalii (DIN: 08182398) being eligible and offering himself for appointment, is proposed to be appointed as Executive Director liable to retire by rotation



Copy of the draft letter for appointment of Mr. Sharanappa Neelappa Kambalii (DIN: 08182398), Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day till the date of AGM.

The Board of Directors of your Company recommends the resolution in relation to appointment of Mr. Sharanappa Neelappa Kambalii (DIN: 08182398) as an Executive Director, for the approval by the shareholders of the Company.

Except Mr. Mr. Sharanappa Neelappa Kambalii (DIN: 08182398), no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8.

Item No. 9

Approval of shareholders is required to be obtained by way of special resolution to create security or charge on the assets of the Company for the purposes of the borrowings. The mortgage and/or charge by the Company on its moveable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the Lender(s), may be regarded as disposal of the Company's undertaking(s) within the meaning of section 180(1)(a) of the Companies Act 2013 which provides for approval of shareholders by a Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested in the said resolutions either financially or otherwise, except to the extent of their equity holding in the Company. The Board of Directors of your Company recommends the Special Resolutions as set out in Item No. 9 in the accompanied notice for approval of the Shareholders

Item No. 10

As per the provisions of Section 188(1) of the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015 all material related party transactions require approval of the shareholders and the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transactions or not.

In the light of provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company may enter into with the related parties (as defined under section 2(76) of the Companies Act, 2013).

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:

Name of the Related Party Name of the Director or Key Managerial Personnel who is related, if any Nature of Relationship	As provided in table below
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Sr.No.	Name of the Related Party	Name of the Director/KMP who is related and nature of their relationship
1.	Maithan Ispat Limited	Maithan Ispat Limited is subsidiary of the Company
2.	Mesco Steels Limited	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO of the company are common director and promoters carry shareholding interest
3.	Mesco Steels Limited	
4.	Mesco Kalinga Steels Limited	Mrs. Natasha Sinha, Whole Time Director & CFO of the company, is a common director and promoters carry shareholding interest
5.	Mesco Hotels Limited	
6.	Mesco Logistics Limited	Mrs. Rita Singh, director of the company, is a common director and promoters carry shareholding interest

Nature, material terms, monetary value and particulars of the contract or arrangement: The details are as mentioned below:

1. Sale, Purchase & Services to be received from Maithan Ispat Limited and Mesco Steels Limited

S. No	Particulars	Maithan Ispat Limited	Mesco Steels Limited
1.	Sale/Purchase Price	The price for purchase and sale of the products of the Company shall be negotiated and agreed to by both parties based on estimated total costs and risk & return considering prevalent market conditions	
2.	Payment Schedule:.	To be determined by both the parties by mutual consent.	

3.	Nature, material terms and particulars of the arrangement:	All the Contracts/transactions are at best negotiated terms/market price.
4.	Duration of the Contract:	The agreement is valid for a period of 1 year
5.	Any other information relevant or important for the members to take a decision on proposed transaction:	NA

2. Leasing/ subleasing/ rent for office sharing of property:

The Company has entered/ propose to enter into agreements with respective related parties for leasing/ subleasing/ office sharing of the property, at such locations where either the property / office or part thereof is/are lying unutilized. The details of such arrangement(s) are mentioned herein below:

Name of the related party	Particulars	Maximum Amount per annum (in Crore)
Mesco Hotels Limited	Existing agreement for sharing of office space of a premise situated at Kedar Gouri Square, Bhubaneswar. The amount being charged for the said services is fixed after considering all the relevant factors and are on arms length basis	0.10
Mesco Kalinga Steel Limited	Existing agreement for sharing of office space of a premise situated at Hill View, Kalinganagar, Jajpur Odisha. The amount being charged for the said services is fixed after considering all the relevant factors and are on arms length basis	0.10

3) Hiring of Vehicle:

The Company has entered into agreements with respective related parties for hiring vehicle on lease for official use. The details of such arrangement(s) are mentioned herein below:

Name of the related party	Particulars	Maximum Amount per annum (in Crore)
Mesco Logistics Limited	Existing agreement for hiring Mercedes S-500 For company use. The amount being charged for the said services is fixed after considering all the relevant factors and are on arms length basis	0.10
Mesco Steels Limited	Existing agreement for hiring Mercedes E-280 For company use. The amount being charged for the said services is fixed after considering all the relevant factors and are on arms length basis	0.10

Any other information relevant or important for the Board/Members to take a decision: The respective resolution placed above are entered on arm's length basis and all factors relevant to the respective contracts have been considered by the Board. Documents relating to above resolution shall be available for inspection by the members at the Registered Office of the Company during the normal business hours (10 am to 6 pm) on all working days (except Saturdays) upto the date of Annual General Meeting of the Company.

The members are further informed that no member/s of the Company being a related party or having any interest in the resolution as set out at item No. 10 shall be entitled to vote on this special resolution.

Except Promoter Directors and their relatives (to the extent of their shareholding interest in the Company), no other director or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in passing of this resolution.

The Board, therefore recommends the Special Resolution set out in Item No. 10.

ITEM NO. 11

The Securities referred to in the resolution at Item No. 11, which will result in increase in paid-up capital of the Company. The Company therefore proposes to increase its authorised share capital.

As per section 61(1) and other applicable provisions of the Companies Act, 2013, the consent of shareholders is required for increasing the authorised share capital of the Company. Therefore, it is proposed to increase authorised share capital from ₹ 140 Crores to ₹ 200 Crores. Consequent to increase in the authorised share capital, it is necessary to change the existing capital clause of the Memorandum and Articles of Association of the Company. It is, therefore proposed to alter the Memorandum of Association and Articles of Association of the Company, pursuant to Section 13, Section 14 of the



Companies Act, 2013. Therefore, the Board of Directors recommends the proposed resolution for your approval.

None of the directors and key managerial personnel and their relatives is in any way concerned or interested in the above referred resolution.

ITEM NO. 12

The Board of Directors at their meeting held on June 8, 2018, upon the request letter received from the respective lenders wherein they requested the company either to make payment of their loan outstanding or to convert their loans in to Equity Shares/warrants, has decided to convert amount due toward the unsecured loan of Mrs. Rita Singh, Mr. Jitendra Kumar Singh, Mrs. Natasha Sinha and Mrs. Shipra Singh, Promoters of the Company on preferential basis to proposed allottees into the Equity Shares of the Company. Further The Board has also considered that in view of current financial situation and liquidity position of the company, it would be in the interest of the Company to convert the unsecured loans due to the Company of the promoters in Equity Shares, which will enhance the Networth and financial ratio of the Company.

The proposed issue and allotment of Equity Shares on a preferential basis, shall be governed by the applicable provisions of the SEBI ICDR Regulations and the Companies Act, 2013 read with the applicable provisions of the rules made there under. Further, in terms of Regulation 73 of the SEBI ICDR Regulations, certain disclosures are required to be made to the Members of the Company which forms part of this Explanatory Statement to the Notice. Without prejudice to the generality of the above, the salient features of the preferential

a) The Objects of the Preferential Issue: The objects of the proposed allotment are:

The members are informed that the object of the issue of the Equity Shares by way of the proposed preferential offer is to convert the outstanding amount of unsecured loans of Proposed Allottees due to the Company in to Equity Shares of the Company as it is considered more feasible rather than borrowing from banks and other sources for repayment of the unsecured loans, which are attributed to hefty interest payment. The promoters of the Company have requested the board of the Company to either to make payment of their loans outstanding or to convert their outstanding unsecured loan amount due to the Company in to Equity Shares in view of current financial position of the Company and board of directors of the Company have decided to convert unsecured loans in to Equity Shares which is in best interest of the Company and it will also strengthen the financial position of the Company which may increase net worth of the Company.

b) Type and the number of security offered: The Company proposes to offer, issue and allot 67,67,951 Equity Shares of ₹10/- each, fully paid-up for cash at an issue price of ₹ 38/- including premium of ₹28 (Rupees Twenty Eight) aggregating to ₹ 25,71,82,133/- (Rupees Twenty Five Crores Seventy One Lakhs Eighty Two Thousand One Hundred and Thirty Three)/- on preferential basis to the Investor on the terms and conditions determined by the Board.

c) Important terms and conditions:

- 1) The total subscription amount, payable by the Investor, shall be payable at the time of allotment of the Issue Shares. (including by conversion of unsecured loans lying into the credit of Promoters and Persons Acting in Concert).
- 2) The allotment of Equity Shares are subject to the Investor not having sold any Equity Shares during the six months preceding the Relevant Date (defined below) and the Investor not acquiring or selling Equity Shares until completion of the allotment of the Issue Shares under the proposed preferential issue;
- 3) Pricing has been determined in accordance with the provision of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
- 4) The "Relevant Date" for determining the issue price of the equity shares shall be August 30, 2018 being the date which is 30 days prior to the date of shareholders resolution i.e. September 30, 2018
- 5) The Company undertakes that, it shall re-compute the price of the above equity shares in terms of the provision of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 where it is required to do so.
- 6) The Company also undertakes that, if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.

d) The broad Shareholding Pattern of the Company before the issue of shares and after the allotment of shares of the Company will be as follows:

PRE ALLOTMENT

Category	No of Shares	% of Holding
Promoters Shareholding		
Shipra Singh	402800	0.29%
Rita Singh	107910	0.08%
Natasha Sinha	2300	0.00%
D K Singh	10	0.00%
J K Singh	10	0.00%
Mideast (India) Ltd	32549940	23.61%
Mesco Omc Mining Corporation Ltd	17000000	12.33%
Mesco Steels Ltd	13146800	9.54%
Mesco Logistics Ltd	12151700	8.81%
Mesco Kalinga Steels Ltd.	10000000	7.25%
Mesco Hotels Ltd	5000000	3.63%
Total Promoters Shareholding	90361470	65.54%
Non-promoters holding		
Mutual funds	0	0.00%
Banks, Financial Institutions and Insurance Companies	315700	0.23%
Public Bodies Corporate	2889257	2.10%
Stemcor India Private Limited	13787500	10.00%
Indian Public, Trust etc.	28014534	20.32%
NRI /FII/OCB	2506539	1.82%
Total Non Promoters Shareholding	47513530	34.46%
Grand Total	137,875,000	100.00%

POST ALLOTMENT

Category	Total Shareholding	% of holding
Promoters Shareholding		
Shipra Singh	1461980	1.01%
Rita Singh	2278285	1.58%
Natasha Sinha	1255176	0.87%
D K Singh	10	0.00%
J K Singh	2285530	1.58%
Mideast (India) Ltd	32549940	22.50%
Mesco Omc Mining Corporation Ltd	17000000	11.75%
Mesco Steels Ltd	13146800	9.09%
Mesco Logistics Ltd	12151700	8.40%
Mesco Kalinga Steels Ltd.	10000000	6.91%
Mesco Hotels Ltd	5000000	3.46%
Total Promoters Shareholding	97268689	67.15%
Non-promoters holding		
Mutual funds	0	0.00%
Banks, Financial Institutions and Insurance Companies	315700	0.22%

Public Bodies Corporate	2889257	1.99%
Stemcor India Private Limited	13787500	9.51%
Indian Public, Trust etc.	28014534	19.32%
NRI /FII/OCB	2506539	1.73%
Total Non Promoters Shareholding	47513530	32.85%
Grand Total	144642951	100.00%

- e) **Intention of the promoters/directors/key management persons to subscribe to the offer:** The Promoters & PACs, have indicated their intention to subscribe to the proposed Preferential issue as per details given below:
- f) **Proposed time within which the allotment shall be completed:** As required under the SEBI (ICDR) Regulations, 2009 the allotment of issue shares will be completed within 15 days from the date of the passing of the resolution. Provided that where the allotment is pending on account of pendency of any application for approval or permission by any regulatory authority, if applicable, the allotment would be completed within 15 days from date of such approval.
- g) **Lock in:** The aforementioned allotment shall be subject to lock-in in terms of SEBI (ICDR) Regulation, 2009, for the time being in force.
- h) **Change of Management:** Due to above preferential allotment of Equity Shares, no change of management control is contemplated.
- i) **The Identity of the proposed allottees and % of post preferential issue capital:**

Category	Existing No of Shares	Addition	Total Shareholding	% of Holding
Promoters Shareholding				
Shipra Singh	402800	1059180	1461980	1.01%
Rita Singh	107910	2170375	2278285	1.58%
Natasha Sinha	2300	1252876	1255176	0.87%
J K Singh	10	2285520	2285530	1.58%

- j) **Relevant Date:** The Relevant Date for the purpose of pricing of the Equity Shares is **August 30, 2018** being preceding the date of shareholders approval.
- k) **Documents for Inspection:** Certificate from the Practising Company Secretary confirming that the issue is being made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 will be made available for inspection at the Registered Office of the Company between 02:00 p.m. and 05.00 p.m. on any working day up to the last date for voting.
- l) **Pricing and Undertaking to re-compute the price:** The price of equity shares to be issued is at ₹38.00/- per share or at such price determined in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, whichever is higher. Further, the Company undertakes that, it shall re-compute the price of the above equity shares in terms of the provision of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 where it is required to do so.
- m) **Undertaking to put under lock-in till the recomputed price is paid:** The Company undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked- in till the time such amount is paid by the allottees.

The above proposal is in the interest of the Company and the Board of Directors recommends the Resolution in Item No. 12 of the Notice for approval by the members.

None of the Promoters, Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution except Mrs. Rita Singh, Mrs. Natasha Singh Sinha.

The Directors recommend the aforesaid resolution for the approval by the members as a Special Resolution.

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

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

New Delhi
August 13, 2018

DIRECTORS REPORT

To

The Members
Mideast Integrated Steels Limited

Your Directors are pleased to present 25th Annual Report and the Statements of Accounts for the financial year ended on March 31, 2018.

1. FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2018 along with previous year's figures is given hereunder:

(₹ in Mn)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Gross Sales & Other Income	6,443.09	3,030.20	10,800.11	7326.54
Profit/(Loss) Before Finance Cost & Depreciation	1,688.90	1,039.68	1985.70	1,302.52
Interest/ Finance Cost	823.43	402.69	1,732.06	1,009.57
Depreciation	565.35	546.58	828.69	836.31
Profit/(Loss) before Tax	300.12	90.41	(575.07)	(543.36)
Tax Expense	67.20	(49.93)	66.47	(138.36)
Profit/(Loss) After Tax	232.92	140.34	(641.54)	(405.00)
Appropriations / Adjustments				
Balance of profit / (loss) brought forward	2,703.97	2,563.23	1113.74	1689.03
Profit for the Year	232.92	140.34	(641.54)	(405.00)
Re-measurement gains/ (losses) on defined benefit plans	0.60	0.40	(3.26)	(172.79)
Proposed Final Dividend	-	-	-	-
Profit carried to Balance Sheet	2,937.49	2,703.97	471.52	1113.74

2. FINANCIAL PERFORMANCE HIGHLIGHTS

Standalone Operations:

- Revenue from operations for the year increased by 122% to ₹ 6302.31 Million from ₹ 2835.44 achieved during previous financial year.
- EBITDA for the year increased by 83.23% to ₹ 1688.90 Million as compared to EBITDA of ₹ 1039.68 Million achieved in previous financial year.
- Profit after tax increased to ₹ 232.92 Million as compared ₹ 140.34 Million in previous financial year.

Consolidated Operations:

- Revenue from operations for the year increased by 47.41% to ₹ 0080.11 Million from ₹ 7326.54 during the previous financial year;
- EBITDA for the year increased by 52.45% to ₹ 1985.70 Million as compared to EBITDA of ₹ 1302.52 Million achieved during previous financial year.
- Due to increase in finance cost Loss after tax increased by 11.60% to ₹ (644.80) Million as compared to Loss of ₹ (577.79) Million achieved during previous financial year.



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

In financial year 2018, Gross Sales increased by 122% to ₹ 6302.31 Million from ₹ 2835.44 in financial year 2017. Company's continuous focus on improving operational efficiencies helped in maintaining EBIDTA level. Growth in sales is mainly driven by restart of production and sale of pig iron. Company's Profit after Tax increased to ₹ 232.92 Million during the period under review as compared to ₹ 140.34 Million during previous year.

4. CHANGE IN NATURE OF BUSINESS

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

5. TRANSFER TO RESERVES

The Company has not transferred any amount to General Reserves during the Year.

6. DIVIDEND

Due to inadequate profit during the financial year ended March 31, 2018, your Directors have not recommended any dividend for the financial year ended March 31, 2018.

7. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

8. MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to regulations 34 of the Listing Regulations, Management's Discussion and Analysis Report for the year is presented in a separate section forming part of the Annual Report.

6. SHARE CAPITAL

During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. On March 31, 2018, it stood at ₹ 1378.75 Million divided into 13,78,75,000 equity shares of ₹ 10/- each. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme. No disclosure is required under Section 67(3)(c) of Companies Act, 2013 in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as Annexure-A

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

During the year under review, the Company has only 1 subsidiary i.e. Maitan Ispat Limited material unlisted subsidiary. Pursuant to Section 129(3) of the Companies Act, 2013 and Accounting Standard issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the Financial Statements of its Subsidiary. Consolidated Financial Statements form part of this Annual Report. Statement containing the salient feature of the financial statement of the Company's subsidiaries in Form AOC-1 is enclosed as **Annexure-B**.

In terms of provisions of Section 136 of the Companies Act, 2013, the Company shall place separate audited accounts of the Subsidiary Companies on its website at www.mescosteel.com.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, the Company entered into contracts or arrangements with related parties which were in the ordinary course of business and on arm's length basis. All related party transactions are placed before the Audit Committee for review on a quarterly basis. The details of the related party transactions as required under Accounting Standard are set out in Notes to the standalone financial statements forming part of this Annual Report.

No transaction with the related party is material in nature except transaction which was approved by Shareholders at 24th Annual General Meeting held on September 27, 2017, in accordance with Company's Related Party Transaction Policy and Regulation 23 of LODR Regulations.

As required under Regulation 46 (2) (g) of LODR, the Related Party Transaction Policy and Company's Material Subsidiary Policy is disclosed in the Company's website i.e. www.mescosteel.com

The details of the related party transactions as required under Section 134(3)(h) r/w Rule 8 (2) of the Companies (Accounts) Rules, 2014 and under Regulation 34(3), Para A of Schedule V of SEBI (LODR) Regulations, 2015 is as per Form AOC 2 is enclosed as **Annexure – C**.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Details of Loans, Guarantees and Investments covered under the provision of the Section 186 of the Companies Act, 2013 are given in the notes of Financial Statements.

11. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as **Annexure D** to this report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Annual Report and is attached as **Annexure-D**.

12. DIRECTORS OR KEY MANAGERIAL PERSONNEL

During the year under review, the shareholder of the Company in their AGM held on September 27, 2017 has re-appointed Smt. Rita Singh as Chairperson and Managing Director of the Company for a period of 5 years with effect from August 1, 2017, Mrs. Natasha Sinha has been reappointed as Whole-time Director for a period of 5 years with effect from April 1, 2017, Mr. Priyabrata Patnaik has been appointed as whole time director with effect from August 1, 2017 for a period of 5 years and Mr. Hanumantha Rao Ravipati has been re-appointed as Whole Time Director for a period of 3 years with effect from September 30, 2017.

During the year under review Mr. Priyabrata Patnaik (DIN:01709955) resigned as whole time director of the Company with effect from afternoon of February 28, 2018 and Mr. Hanumantha Rao Ravipati (DIN:00044028), Whole Time Director resigned with effect from the close of business hours of March 31, 2018. The Board of Directors records their appreciation for the services rendered by both Mr. Priyabrata Patnaik and Mr. Hanumantha Rao Ravipati.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mrs. Natasha Sinha, Whole time director retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

Pursuant to Rule 8 (5) (iii) of Companies (Accounts) Rules, 2014 it is reported that, there have been no changes in the Directors or Key Managerial Personnel during the year. However Mr. Sharanappa Neelappa Kambalii has been appointed as Chief Executive Officer of the Company with effect from June 9, 2018

Further the Board of Directors vide circulation appointed Mr. Sharanappa Neelappa Kambalii as Non-Executive Additional Director with effect from July 19, 2018. He being eligible offers himself for reappointment at the ensuing Annual General Meeting.

13. DECLARATION OF INDEPENDENCE

The Company has received necessary declaration from each Independent Director 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 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

14. PERFORMANCE EVALUATION

During the year, the evaluation of the annual performance of individual directors including the Chairman of the Company and Independent Directors, Board and Committees of the Board was carried out under the provisions of the Act and relevant Rules and the Corporate Governance requirements as prescribed under Regulation 17 of Listing Regulations, 2015 and the circular issued by SEBI with respect to Guidance Note on Board Evaluation from time to time.

In a separate meeting of Independent Directors, performance of Non Independent Directors and performance of the Board as a whole was evaluated. Further, they also evaluated the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-executive Directors.

15. NUMBER OF MEETINGS OF THE BOARD

During the financial year 2017-18, the Board of Directors of the Company, met 4 times i.e. on May 27, 2017, August 8, 2017, November 14, 2017 and February 14, 2018. 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 February 14, 2018.

16. AUDIT COMMITTEE

The Audit Committee Comprises of Five Independent Directors and a Whole Time Director as Members. 4 (Four) meetings were held during the financial year under review. All the recommendations made by the Audit Committee have been accepted and implemented by the Board of Directors. More details on the committee are given in the Corporate Governance Report.

17. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee Comprises of 2 Independent Directors and a Whole Time Director as Members. 4 (Four) meetings were held during the financial year under review. More details on the committee are given in the Corporate Governance Report.

18. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee Comprises of 3 Independent Directors as Members. No meeting were held during the financial year under review. More details on the committee are given in the Corporate Governance Report.

19. NOMINATION AND REMUNERATION POLICY

Company's Policy on Directors Appointment and Remuneration including criteria for determining qualification, positive attributes, independence of directors and other matters provided under section 178(3) of the Companies Act, 2013 there has been no change in the Policy since the last Financial Year. Given below is the link on the website of company where in complete policy is placed [http://www.mescosteel.com/admin/investor/Nomination%20 and%20 Remuneration%20 Policy.pdf](http://www.mescosteel.com/admin/investor/Nomination%20and%20Remuneration%20Policy.pdf)

20. RISK MANAGEMENT POLICY

The Board of Directors has constituted a Risk Management Committee which is entrusted with the responsibility of overseeing various strategic, operational and financial risks that the Organisation faces, along with the adequacy of mitigation plans to address such risks. There is an overarching Risk Management Policy in place that was reviewed and approved by the Board.

21. WHISTLE BLOWER POLICY AND VIGIL MECHANISM

Your Company recognizes the value of transparency and accountability in its administrative and management practices. The Company promotes the ethical behavior in all its business activities. The Company has adopted the Whistle blower Policy and Vigil Mechanism in view to provide a mechanism for the directors and employees of the Company to approach Audit Committee of the Company to report existing/ probable violations of laws, rules, regulations or unethical conduct. The Whistle Blower Policy has been posted on the website of the Company (www.mescosteel.com)

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

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the financial year ended March 31, 2018 no complaint pertaining to sexual harassment was received by the Company. Further company confirms that the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

22. AUDITORS

a. Statutory Auditors

M/s. Todarwal & Todarwal LLP has tendered their resignation to discontinue as the Statutory Auditor of the Company for the further remaining terms of their period i.e. from April 1, 2018 till March 31, 2022 due to change in constitution of their firm.

Hence, in order to fill up the casual vacancy the Company has appointed M/s. Arun Todarwal & Associates LLP in the Board Meeting held on August 13, 2018. The office of /s. Arun Todarwal & Associates., Chartered Accountants, are to be confirmed by the members in the ensuing Annual General Meeting, Further, their appointment shall be for the remaining period tenure of 4 (Four) years, subject to the approval of members in the ensuing Annual General Meeting. There are no qualifications or reservation 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 on the recommendation of the Audit Committee has appointed M/s. S.S. Sonthalia & Company

(Firm Regn. No. 00167), Cost Accountants for auditing the cost records of the Company for the Financial Year 2018-19. In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, appropriate resolution seeking your ratification of the remuneration of M/s M/s. Sonthalia & Company, (Firm Regn. No. 00167), Cost Accountants, as Cost Auditors, is included in the Notice convening the 37th AGM of the Company.

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, 2018. The Secretarial Audit Report is annexed as **Annexure-E** 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.

Management's 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 and same would be dematted once the dispute is resolved/settled"

d. Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of The Companies (Accounts) Rules 2014 and based on the Audit Committee recommendations, the Board of Directors of the Company have appointed of M/s. SRB & Co., Chartered Accountants, as the Internal Auditor of the Company for the financial year 2017-18.

22. CORPORATE SOCIAL RESPONSIBILITY

The CSR Committee consists of three directors including two Independent Director. The CSR Committee has formulated a CSR policy of the Company for undertaking the activities as specified in Schedule VII of the Companies Act, 2013. The Said policy has been approved and adopted by the Board of directors of the Company, the contents of which have been displayed on the Company's website. (Weblink: www.mescosteel.com).The Annual Report on CSR activities initiated and undertaken by the Company during the year under review is annexed herewith as an **Annexure-F**

23. ANNUAL RETURN

Given is the weblink www.mescosteel.com/admin/investor/2017-18.pdf where annual return referred to in sub-section (3) of section 92 has been placed.

24. CORPORATE GOVERNANCE

Report on Corporate Governance and Certificate of Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated in Part Cof Schedule V of the SEBI (LODR) Regulations, 2015 are enclosed as part of this report.

25. INTERNAL FINANCIAL CONTROLS

Details of internal financial control and its adequacy in compliance with the provisions of Rule 8 (5)(viii) of Companies (Accounts) Rules, 2014 are included in the Management Discussion and Analysis Report, which forms part of this Report.

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

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report and the date of this Report except to the extent disclosed below.

- During the year under review the Hon'ble Supreme Court vide judgment dated August 2, 2017 in Common Cause vs Union of India & Ors., Writ Petition No. 114 of 2014 upheld the calculation made by Central Empowered Committee ("CEC") and had directed all the mine lease holders to pay the entire amount by December 31, 2017, failing which the mining operations of the mine lease holders will be closed by the State of Odisha. As per this judgment our Company had come under the violation of production in excess of environmental clearances and as per the CEC calculations had to pay approximately ₹ 925 Crores.
- Our Company's equity shares got listed with Bombay Stock Exchange Limited (BSE) vide BSE trading approval dated October 16, 2017 and trading on shares started with effect from October 18, 2017.



- Mining operations of Mideast Integrated Steels Limited (herein after referred to "MISL") mines situated at Roida-I has been closed from December 31, 2017 till the time company makes the payment of the compensation as passed in the order dated August 2, 2017 passed by the Hon'ble Supreme Court in Common Cause Vs Union of India & Ors., Writ Petition No. 114 of 2014 due to non payment of aforesaid compensation amount.
- During the year under review, company has infused ₹ 225.00 Million by acquiring 2,25,00,000 equity shares having face value of ₹ 10 each.

26. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunals which impact the going concern status and Company's operations in future except to the extent disclosed regarding Supreme Court judgment dated August 2, 2017 in Common Cause vs Union of India & Ors., Writ Petition No. 114 of 2014 as detailed above

27. 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) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any Scheme or ESOS.
- c) We further confirm that maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.

28. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3)(c) and 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, 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.

29. COMPLIANCES WITH SECRETARIAL STANDARDS

During the year, the Company is in compliance of both erstwhile and revised Secretarial Standard -1(Meetings of the Board of Directors), Secretarial Standard-2 (General Meetings) effective from 1st October, 2017.

28. ACKNOWLEDGEMENTS

The Board expresses its sincere gratitude to the shareholders, bankers/lenders, Investors, vendors, State and Central Government authorities and the valued customers for their continued support. The Board also wholeheartedly acknowledges and appreciates the dedicated efforts and commitment of all employees of the Company.

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

New Delhi
August 13, 2018

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

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:

- ◆ Savings in coke consumption by 19 kg/thm through installing waste heat recovery system for coke from waste flue gases.
- ◆ Segregation of nut-coke and feeding with sinter, resulted savings of coke by 1.7 kg/thm.
- ◆ Reduction of coke rate by 15 kg/thm by optimizing moisture content in Hot Blast line.

RMHS

- ◆ Blending of raw material in windrow pattern and feeding to Blast Furnace with homogeneous mixture for which savings is 6.5 kg/thm.

CPP:

- ◆ Reduction in furnace oil consumption from 1200 lts/day to 900 lts/day by installing the furnace oil electric heater and through insulating the furnace oil supply line.

- ii) Steps taken by the company for utilizing alternate sources of energy : NIL
- iii) Capital investment on energy conservation equipment's : ₹ 85 lakhs

B) Technology Absorption

i) *Efforts, in brief, made towards technology absorption, adaption and innovation:*

- ◆ PCM: Ladle pre-heating system installed for better yield in pig-iron from hot metal.
- ◆ Sinter Plant : Installation of BF gas pre-heating system, resulted improvement in furnace temperature.

◆ Blast furnace:

- i) Drill bit diameter reduced from 48 to 42 mm for increase the casting duration.
- ii) Tar bonded trough mass replaced by Resin bonded trough mass for hot metal runner.

ii) *Benefits derived as a result of the above efforts:*

- ◆ PCM: Retaining life of hot metal ladle bricks increased from average life of 350 to 700.
- ◆ Sinter Plant: Causes increased productivity by 4 % and reduction in coke-consumption 15 kg / ton of sinter.

◆ Blast furnace:

- i) Resulted cost reduction of bit by 15.12 lakhs/annum.
- ii) The running life of the Main trough runner has been increased from 30 days to 42 days by implementing upgraded materials and better workmanships.
- iii) *Details about imported technology (imported during last three years reckoned from the date of beginning of the financial year, if any) - NIL*

C) Foreign Exchange Earnings And Outgo

(₹ In Mn)

Particulars	2017-18	2016-17
Foreign Exchange Earned	16.10	-
Foreign Exchange Used	11.26	13.84

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

Acquired on 31.03.2015

Particulars	2017-18	2016-17
Reporting currency	₹ In Mn	₹ In Mn
Reporting Period	March 31, 2018	March 31, 2017
Share capital	3,251.38	3,026.38
Reserves & surplus	(2,699.32)	(1,821.00)
Total assets	8,426.48	7,774.89
Total Liabilities	8,426.48	7,774.89
Investments	0.03	0.03
Turnover	5,980.66	4,657.92
Profit/ (Loss) Before Tax	(875.19)	(805.04)
Tax Provision	0.73	88.83
Profit/(Loss) After Tax	(874.45)	(716.21)
Dividend for the year	-	-
% of shareholding	99.60	99.57

Part "B": Associates and Joint Ventures: NA

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, 2018 which were not at arm's length basis.

2. Details of material contracts/arrangements or transactions at arm's length basis
A. Related Party Transactions with Maithan Ispat Limited

- Name(s) of the related party and nature of relationship:** Maithan Ispat Limited is subsidiary of the Company.
- Nature of contracts / arrangements / transactions:** Purchase and sale of blooms, billets, sponge iron, pig iron, scarp, coal or any other goods and all other type of services.
- Duration of the contracts / arrangements / transactions:** September 30, 2017 till September 30, 2018.
- Salient terms of the contracts or arrangements or transactions including the value, if any:** In tune with best negotiated terms/market price upto an amount not exceeding ₹ 350 Crores.
- Date(s) of approval by the Board and shareholders, if any:** Shareholders Approval- September 27, 2017
- Amount Paid as advance, if any:** Nil

B. Related Party Transactions with Mesco Steels Limited

- Name(s) of the related party and nature of relationship:** Mesco Steels Limited, Mrs. Rita Singh and Mrs. Natasha Sinha are common directors holding more than 2% of paid up capital of Mesco Steels Limited.
- Nature of contracts / arrangements / transactions:** Purchase and sale of goods and all other type of services
- Duration of the contracts / arrangements / transactions:** September 30, 2017 till September 30, 2018.
- Salient terms of the contracts or arrangements or transactions including the value, if any:** In tune with best negotiated terms/market price upto an amount not exceeding ₹ 250 Crores.
- Date(s) of approval by the Board and shareholders, if any:** Shareholders Approval- September 27, 2017
- Amount Paid as advance, if any:** ₹ 2093.07 Million

Annexure -D

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

1. Ratio of the each remuneration of director to the median remuneration of the employees of the company for the financial year

Name of Director	Ratio of the remuneration of, Whole-time Director to the median remuneration of the employees
Mrs. Rita Singh	100.37:1
Mrs. Natasha Sinha	55.56:1
Mr. P Patnaik	27.08:1
Mr. R.H Rao	3.61:1

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Directors/KMP	% Increase
Directors	Nil
KMP	
Ms. Sandhya Sethia- CS	Nil
Ms. Natasha Sinha-CFO	Nil

3. Percentage increase in median remuneration of employees, if any, in the financial year: 3.14

4. Number of permanent employees on the rolls of Company:708

5. 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: Median remuneration of employees increased by 3.14% in FY 18 over previous year. The salary increase is based on compensation philosophy of the organisation which takes into account internal as well as external factors.
6. Key parameters for any variable component of remuneration availed by the directors: There is no variable component in the remuneration
7. This is to affirm that remuneration is per the remuneration policy of the Company.

Particulars of Employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014:

SI No	Name of Employee	Designation	Remuneration Received/ per month	Nature of Employment	Qualification & Experience	Date of Commencement of Employment	Age	Last Employment held by such employee	% of equity shares held by such employee in the company	relative of any director or manager
1	Sanjeev Nandwani	President - Global Business Development	782933	Managerial	Former Member of Indian Trade Service, 1986 Batch Masters in Public Policy & Management from Harvard University	01.12.2016	57	Development Commissioner, SEZ -East & North East Zone and Addl. DGFT, Kolkata	Nil	No

					Course on Globalisation and Leadership from London School of Economics Special Management Program from IIM, Kolkata					
2	Raj Kedia	President-Sales & Marketing (MESCO I)	562578	Managerial	B COM, Diploma (Management)	10.05.2005	56	AGM, KIC Metalliks LTD.	Nil	No
3	KBR Sood	Director-Projects	499838	Managerial	Graduate in Mechanical Engg.	31.03.1993	83	GM, MECON, Govt. of India Enterprise prior to join MESCO	Nil	No
4	Suresh Dhingra	President-Sales & Marketing	438750	Managerial	BA	13.04.2009	53	AGM, Bhushan Steels Ltd.	Nil	No
5	Vijay Gupta	GM- F&A	402683	Managerial	CA, EPGM - IIMB	21.11.2005	51	Bhansali Engineering Polymers, GM	Nil	No
6	Rajeev Moudgil	President-Business Development	400000	Managerial	MBA	04.03.2010	54	Sr. Manager, Reliance Communications Ltd.	Nil	No
7	Jignesh H Vora	Sr. GM- Finance & Accounts	314867	Managerial	CA from Institute of Chartered Accounts of India & B. Com.	31.07.2017	45	VP-Finance & Accounts , MAN TUBINOX LIMITED	Nil	No
8	Ram Sharana-grawal	DGM- Finance & Accounts	314867	Managerial	PGDM in Marketing & Finance from IIM, Lucknow & B. Sc. Engineering , Metallurgical Engineering from NIT, Jamshedpur.	24.08.2017	37	EA to Director's Office (AGM, Strategy), Uttam Galva Steel Limited	Nil	No
9	S.N. Kambalii	VP-Mines	294450	Managerial	B Tech(Mining)	05.12.2016	50	VP-Essel Mining	Nil	No
10	MunuJee Dhar	VP- Commercial & Trading	279560	Managerial	Diploma in Material Management from Indian Institute of Materials Management , B. Sc. & M.Sc.	01.08.2017	57	Assistant Vice President (Raw Materials), Bhusan Steel Ltd	Nil	No

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED ON March 31, 2018*****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 Steels Limited
 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 Steels 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, 2018 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, 2018 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, 2015;
 - 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) The Listing Agreements entered into by the Company with Stock Exchanges along with SEBI (Listing Obligations and Disclosures Requirements) 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 percent 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 2,25,00,000 Equity Shares having face value of ₹ 10 of the Maithanlspat Limited.
- ii) Company shares got listed and traded at Bombay Stock Exchange with effect from October 18, 2017.

FCS ROBINDERPALL SINGH BATTH

Date: August 8, 2018
Place: Bhubaneswar

Practicing Company Secretary
CP NO. 3836

The report is to be read with our letter of even date which is annexed as Annexure-A and forms integral part of this report

Annexure-A

To
The Members
Mideast Integrated Steels Limited
H-1, Zamrudpur Community Centre,
Kailash Colony, New Delhi-110 048

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

FCS ROBINDERPALL SINGH BATTH

Date: August 8, 2018
Place: Bhubaneswar

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

Your Company has been actively involved in activities for the betterment of the community. The Company has identified health, education & livelihood, animal welfare, rural development projects and social causes as the areas where assistance is provided on a need-based and case-to-case basis. Your Company persisted with participation in such activities at the local, grass root level during the year. Company's CSR Policy is available on the weblink: <http://mescosteel.in/csr.php?page=initiative>.

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

* Mr. Priyabrata Patnaik ceased to be member of the committee with effect from 28th February, 2018

3. Average net profit of the Company for the last 3 Financial Years: ₹ 82.90 Million

4. Prescribed CSR expenditure (2% of the amount as in item 3 above): ₹ 1.66 Million

5. Details of CSR spent for the financial year:

- Total amount to be spent for the Financial Year: ₹ 1.66 Million.
- Total amount spent for the Financial Year: ₹ 27.70 Million
- Amount unspent, if any: Nil

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

(₹ In Mn)

CSR projects / Activities	Sector in which the Project is Covered	Location where project is undertaken	Amount outlay (budget) Project / Programs Wise	Amount Spent Project/ Programs Wise	Cumulative Expenditure upto reporting period*	Amount Spent directly or through agency
Promoting Health care and sanitation by conducting projects and programmes as follows:- <ul style="list-style-type: none"> Preventive health care and medical camps 24* 7 ambulance service. Providing housekeeping staff at the Government run Community Health Centre (CHC), for better facilities and hygienic environment. 	Health & Hygiene	Odisha (Gram Panchayat - Bhadrasahi, Barbil and Jajpur)		2.5		Direct
Facilitating the provision of safe drinking water to the community <ul style="list-style-type: none"> Facilitating the electricity connection of the bore well pumps. 	Health & Hygiene Care	Odisha (Gram Panchayat - Bhadrasahi, Barbil)		0.04		Direct

CSR projects / Activities	Sector in which the Project is Covered	Location where project is undertaken	Amount outlay(budget) Project / Programs Wise	Amount Spent Project/ Programs Wise	Cumulative Expenditure upto reporting period*	Amount Spent directly or through agency
Supporting Education Services by providing the following services:- <ul style="list-style-type: none"> Financial assistance to School Management Committees in 8 schools to engage 20 private teachers, for taking regular and remedial classes. Coaching classes Computer Centres Regular bus facility to pick and drop, children from their villages to school 	Education	O d i s h a (B a r b i l , K e o n j h a r a n d J a j p u r) a n d U t t a r P r a d e s h (H a p u r)		2.44		Direct
Facilitating social and rural development by :- <ul style="list-style-type: none"> Contribution to District Aahaar programme in jajpur Support to development programme in Jajpur Supporting cultural and traditional festivals, promoting indian culture, tradition and values. 	Social and Rural Development	E m p o w e r i n g W o m e n a n d S o c i a l E c o n o m i c W e l f a r e		0.99		Direct
Skill Development projects in form of :- <ul style="list-style-type: none"> Basic training of stitching to unemployed women. 		O d i s h a (V i l l a g e T a n t o a n d S e r e n d a i n B a r b i l)		0.05		Direct
Undertaking Animal Welfare Activities by providing the following:- <ul style="list-style-type: none"> Rescue small and large stray/abandoned animals and take care of their treatment. Shelter to more than 750 dogs and daily feeding of 250 dogs in the vicinity of the organization. Minor or big, all kind of surgery for stray dogs and other animals. 	A n i m a l W e l f a r e	N e w D e l h i		21.7		Through Krishna Ashram

CSR projects / Activities	Sector in which the Project is Covered	Location where project is undertaken	Amount outlay(budget) Project / Programs Wise	Amount Spent Project/ Programs Wise	Cumulative Expenditure upto reporting period*	Amount Spent directly or through agency
<ul style="list-style-type: none"> • Providing quality care, good food and timely medical care to the resident dogs. • Dedicated team including 4 full time doctors, 3 paravets, lab technician and care takers to look after the dogs. • Full time OPD with ambulance services. • Laboratory for blood testing and X ray facility. 						
Total				27.7		

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

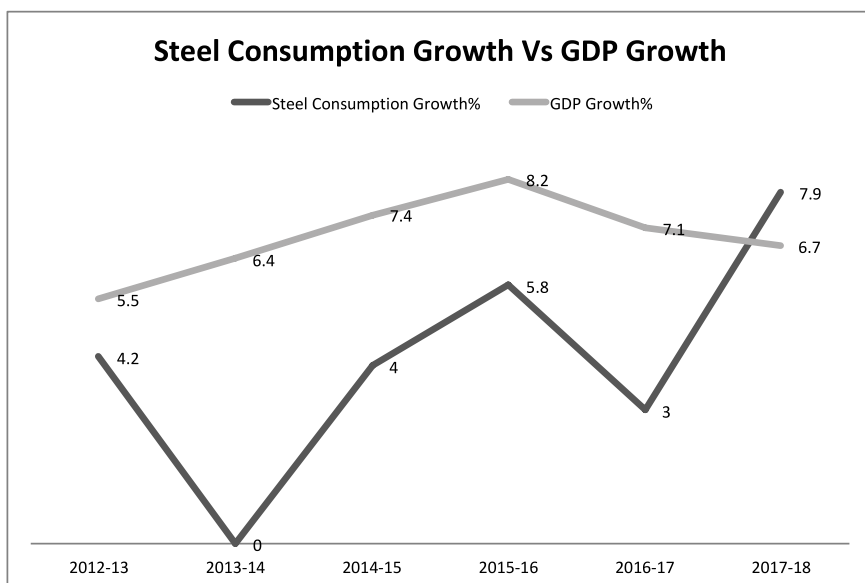
8. Responsibility Statement

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.

Management Discussion & Analysis Report

Business Review

The steel sector, which had seen a modest turnaround last year, witnessed full recovery as the year 2017-18 rolled on. The sector was propelled by strong growth in demand for steel in the country after a gap of almost 4 years. Steel consumption rediscovered its correlation with GDP growth during the year with consumption of finished steel increasing by 7.90% in tandem with GDP growth of 6.70% during the year 2017-18. The convergence of GDP growth with steel consumption growth can be seen in the chart below.



Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Finished Steel Consumption Million tons	74.0	74.0	77.0	81.5	84.0	90.7

Despite the curbs on cheap imports imposed by the Government, import of steel increased by 3.5 percent over the last year, however to an extent this was offset by exports.

The steel market remained well supplied and for the first time in history, India achieved the highest crude steel production of 102.34 million tons in 2017-18 marking an increase of 4.5% over the last year.

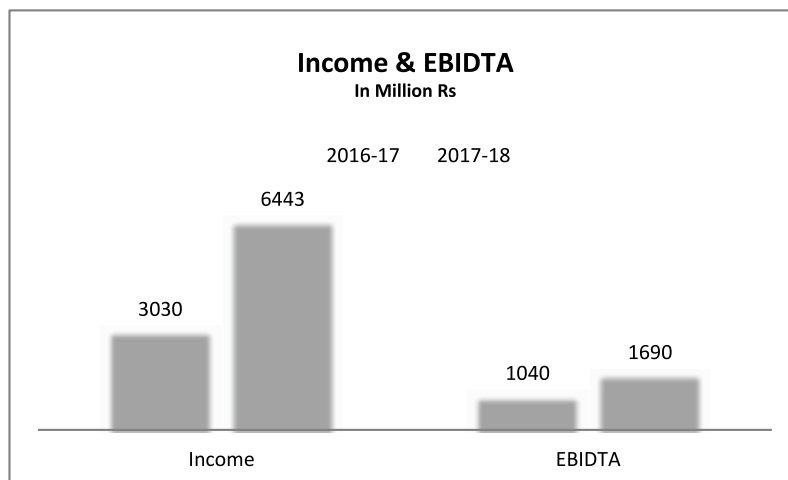
One significant regulatory issue relating to mining in the country emerged during the year and would impact supply and security of raw materials for the steel industry. As a result of the judgment of the Supreme Court, mining companies are required to pay monetary compensation to the Government for the excess mining. Eventually, this judgment would have an impact across the country impairing the financial health of most of the mining and steel companies. Another important development of the year under review is the introduction of the GST regime of indirect taxation in the country. This would have a positive impact on steel companies.

In view of the recovery in the steel sector during the year, your company initiated steps to resume production at the steel plant. A slew of measures was adopted for improving processes and procedures together with retraining of the staff to meet the stringent technical norms before restarting production at the pig iron plant of the company. Utilizing the shutdown period of the pig iron plant, all operational parameters were studied in details and several changes in the standard operating procedures were made. After this extensive exercise, the steel plant was restarted in October 2017 and is running successfully since then. A complete turn around in the operations of the steel plant has been accomplished. The operations at the steel plant remained profitable despite high prices of iron ore and coke during the year.

Between Oct-March period, total pig iron production of about 100 kilotons was achieved at the steel plant. The plant gave highest ever production of 863 tons of hot metal in a single day on 25 November 2017 and lowest ever coke rate of 589 kg per ton of hot metal on 23 January 2018.

While steel plant was successfully restarted, the Roida Iron Ore Mine was shutdown from 1 Jan 2018 in compliance with the order of the Supreme Court. All available legal remedies have been taken for dealing with the situation.

On the standalone basis, the company generated a total turnover of ₹ 6443 million representing an increase of 113% over the last year figure of ₹ 3030 million. The company posted EBIDTA of ₹ 1690 million during 2017-18 as against EBIDTA of ₹ 1040 million in the previous year. Profit after tax for the year was at ₹ 232.92 million, marking an increase of 66% over the PAT recorded in the last year.



The company made an additional investment of ₹ 225 million as equity in its subsidiary Maithan Ispat Ltd. With this infusion total equity investment in Maithan Ispat Ltd now stands at ₹ 1818.9 million. The equity infusion ensured that the subsidiary company met its obligations on payment of interests and repayment of loans to financial institutions.

Industry Structure and Development

Global crude steel production has posted an increase of 5.30% over the last year with a production of 1691 million tons in 2017 as against production of 1606 million tons in 2016. China contributed more than 50% share in the incremental production in the year. Production in China during the year stood at 832 million tons up from 787 million tons in 2016. It is estimated that China had slashed its production capacity by over 120 million tons up to 2017, and is on track to achieve target reduction of 150 million tons by 2020. It is notable that in spite of the reduction in capacity, the steel production continues to increase in China. Now Japan and India are vying for the second spot in global production, while production level of Japan was a tad higher at 105 million tons than India's production of 102 million tons.

Globally, capacity utilization has improved to 70% during the year under review; however, overcapacity in steel continues to be a long-term factor while considering the structure of the global steel industry. Increasing contribution of recycled steel in total production and customer preference for high strength thinner steel sections are the other noteworthy features of the evolution of steel industry. According to World Steel Association, 30% of global production is based on steel scrap and close to 83% of post-consumer steel is recycled. This makes steel one of the most enduring materials with the possibility of repeated re-use.

Another key factor to consider is the sustainability of raw material supply chains for steel making. Volatility in prices of iron ore, coal and coking coal is likely to remain a permanent feature largely on account of swings in demand for steel coupled with economic and trade policies of major raw material producing countries. Higher demand for steel causes raw material prices to go up that in turn drives up the price of steel, which in turn further raises the price of raw materials.

The steps taken by the Government of India last year to curb cheap imports of steel in the country through introduction of Minimum Import Prices (MIP) and anti-dumping duties have contributed in giving relief to the domestic steel industry. It is noticed that all major steelmaking countries are adopting measures to protect their domestic steel industry. These protectionist trends would have a greater negative impact on major steel exporting countries, though India may have to contend with rising imports as a consequence. Demand for steel in India is driven by domestic factors hence the protectionist measures globally would have a moderate impact on Indian steel, provided domestic steel industry continues to get the level playing field and import of steel is kept under check.

India produced 102.34 million tons of crude steel in 2017-18, representing growth of 4.5% over the preceding year. The



finished steel production was recorded at 105 million tons in the country while the capacity of steel making is estimated at 135 million tons in the country.

However, it needs to be noted that the steel industry is going through a phase of consolidation in the country triggered by the new Insolvency and Bankruptcy Code. Several large steel companies are facing insolvency proceedings, as their debt levels are too high and those companies have not been able to service their debts. One consequence of this is that it has become virtually impossible to obtain fresh debt financing for the expansion of steel mills as banks are reeling under the weight of humungous NPAs on the accounts of defaulting steel companies. In the medium term, this would be problematic for India as the demand for steel would continue to grow while there is little appetite among financial institutions and promoters to invest in new capacities. The consolidation in the sector would give the opportunity to several overseas companies to enter in the Indian steel market, which would intensify competition in the domestic steel market.

Opportunities and Threats

It is well recognized globally that India provides a growing market for steel. Over the next two decades, growth in steel demand is expected to range between 5 to 6 percent in India. Keeping this in view the Government has set a target of creating steelmaking capacity of 300 million tons in the country by 2030 under the National Steel Policy. The current steel consumption in India is at 65 Kg per capita while the global average is 217 Kg thus there is ample scope for more consumption of steel in the country with the rising standards of living. Per capita consumption of steel in rural areas is in low teens where two-thirds of the population lives, hence the rural market offers a low base to grow steel consumption exponentially. In general urbanization, infrastructure, housing, and automobiles would remain key drivers for the growth of steel demand in the country.

Your company is advantageously placed in seizing this mega opportunity in steel. All ingredients for expansion of capacity are in place – water, power, private railways siding and additional land within the existing steel plant, which is located in Odisha, the hub of steel making in India. With negligible debt on its balance sheet, the company can leverage itself for financing the expansion projects. The company has already obtained environment approval for expansion of the plant to 3.50 MTPA capacity. This work would be taken up in a phased manner.

There are several risk factors that pose a threat to the steel industry in general. First, it needs to be underlined that due to the adverse business cycle of the last 4 years, the steel industry is not in good shape to expand capacities at the pace that is required for meeting the growing demand. The serious problem of high NPAs of banks has further aggravated the problem of getting debt capital for viable steel projects. The general aversion of banks to lend money for steel plants is the main reason for the delay in expansion projects of your company.

The second risk factor of Indian steel industry is the high cost of production mainly on account of high costs of capital and logistics. It is possible that more foreign capital can reduce the cost of financing, however, this carries the currency exchange risk also. With the focus of the Government on building infrastructure and completion of critical highways and railways links, the cost of logistics would come down in the medium term, though persistently high crude oil prices would not let the logistics costs to come down significantly. Your company has the advantage of having its own private railways siding, which is a positive factor in lowering logistics costs.

Thirdly, sustainability and security of raw materials – iron ore and coke remain under the cloud of uncertainty. For example, the regulatory framework for mining particularly iron ore mining is such that despite the abundance of iron ore in the country ensuring the security of supply of iron ore remains a challenge. Added to this is the high incidence of levies like royalty, DMF, NMET that make iron ore expensive for steel mills. Volatility in international prices of metallurgical coal and coke makes steel industry vulnerable because India meets 85 percent of its requirement of metallurgical coal through imports.

Fourthly, global overcapacity in steel production always puts downward pressure on prices of steel. The overcapacity is here to stay for the next couple of decades. The pro-active action by the government can provide necessary protection to the steel industry from cheap imports even within the WTO framework. In case, the government decides to join Regional Comprehensive Economic Partnership with other blocks of nations like EU and ASEAN, that too without excluding steel then Indian market might be flooded with imported steel.

Outlook

According to IMF's global economic outlook, the world economy grew by 3.8 percent in 2017, which was the fastest since 2011. Global growth is expected to remain high in both 2018 and 2019. Easy monetary policy in Euro area and expansionary fiscal policy in the US would drive up the economy. Emerging and developing countries will see strong growth while commodity-exporting countries will see upswing after three years of weak performance.

The table below captures the economic growth numbers of major economies.

Economic Growth	2017 (%)	2018 (%)
World	3.8	3.9
Advanced Economies	2.3	2.7
USA	2.3	2.9
Euro Area	2.3	2.4
Emerging & Developing Economies	6.5	6.5
Brazil	1.0	2.3
Russia	1.5	1.7
India	6.7	7.4
China	6.9	6.6

Source – IMF

Risks around the short-term outlook are broadly balanced, but risks beyond the next two years are clearly to the downside. Several factors – sharp tightening of financial conditions, growing trade tensions and protectionist policies and geopolitical strains would weigh on the global growth in the medium term leading to softening of growth beyond 2019. Increasing apprehensions about technological change and globalization are driving sentiments against free trade and investment. Expansionary fiscal policy in the United States and a large current account deficit in the US combined with persistent excess current account surpluses in other countries are factors that may widen global imbalances.

In general, advanced economies will have the benefit of the recovery in investment but reduced labor force and weak productivity trends would impact growth negatively. Growth in the US is projected to increase to 2.90 percent in 2018; however, there is a risk of tighter financial conditions at a pace faster than anticipated.

Growth in China has been estimated at 6.60 percent, which lower than in 2017 on the back of diminishing of credit growth and winding down of fiscal stimulus. The growth prospects remain favorable in emerging Asia and Europe but are challenging in Latin America, the Middle East, and sub-Saharan Africa. Russia and Brazil would show better growth in 2018 on the back of the recovery in commodity prices.

The Indian economy grew at 6.70 percent in 2017-18, which was lower than 7.10 percent in the preceding year. According to RBI the introduction of GST had a transient effect on private consumption leading to lower growth during the year. However, government expenditure provided sustained support to aggregate demand, while the net exports dragged down the growth. The Economic Survey of India for 2018-19 had projected economic growth between 7 to 7.5 percent. The IMF growth forecast of 7.4 percent in India is in the similar range for the year.

IMF's commodity price index is anticipated to rise by about 11.9 percent in 2018 relative to its value in 2017; however, the commodity price index is expected to fall by 3.7 percent in 2019. According to IMF analysis, metal prices are expected to strengthen by 13 percent in 2018 on the back of strong global demand. This increase follows 22.2 percent increase in 2017. The outlook for metals is broadly stable from 2019 onwards.

Risks And Concerns:

Risk, which is the manifestation of business uncertainty affecting corporate performance and prospects, is an integral part of business. The Company follows a well-defined and exhaustive risk management process, which is integrated with its operations. This enables the Company to identify, categorize and prioritize operational, financial and strategic business risks. The Company has formed a Risk Management Committee which has the mandate of identifying the risks and suggesting the ways to mitigate them. To address the identified risks, the Company continues to spend significant time, effort and human resources to manage and mitigate such risks. Despite abundant resources of the key inputs for steelmaking, namely iron ore and coal, the development and opening up of new mines remains to be a concern. The performance of any steel player depends on the tie up of interrupted supplies of coal and iron ore and insulation from the volatility of their prices. The domestic steel industries run the risk of normal industry cycle as under:

- High cost of capital
- Delay in absorption in technology by existing units.
- High cost of basic input and services
- Poor quality of basic infrastructure like road, port etc.
- High logistics cost



The Company is exposed to the normal industry risk factors and manages these risks by prudent business and risk management practices. The Company has made efforts to lower the cost of production by improving productivity, Improving plant efficiency, reducing energy consumption etc.

Human Resources and Industrial Relations:

The Company's human resource policies and strategies seek to ensure a high level of motivation among employees so that they play a significant role in achieving the Company's goal. The Company has initiated various in-house training programs for skill advancement. The Company accords highest priority to ensure safety and protection of health of its employees which are essential to, and form an integral part of every HR development endeavor.

Internal Financial Control and its Adequacy

In order to attain the corporate objectives, strict internal controls systems are required to be implemented across the organization. The same is ensured by the senior management through a mix of periodic reviews, implementation of Standard Operating Procedures, defining Delegation of powers and constant upgradation of IT systems. The efficiency of internal control systems is ensured as a combined result of the following activities:

- Operational performance is reviewed each month by an executive committee comprising members of Senior Management.
- Performance of each function is closely monitored by the Senior Management through various Monthly review meetings. Reviews of all independent functions are regularly undertaken. Simultaneously, cross functional activities are also subject to periodic review.
- Various policies are introduced from time to time, to ensure effective functioning of various independent departments, such as, Marketing, Finance, HR, etc.

The Internal Financial control is supplemented by an extensive program of internal audit conducted by in house trained personnel and external firm of Chartered Accountants appointed on recommendation of the Audit Committee and the Board. The audit observations and corrective action, if any, taken thereon are periodically reviewed by the Audit committee to ensure effectiveness of the Internal Financial Control System. The internal financial control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of persons

Cautionary Statement:

The Management Discussions and Analysis describe Company's projections, expectations or predictions and are forward looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand and supply and price conditions in domestic and international market, changes in Government regulations, tax regimes, economic developments and other related and incidental factors.

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 ON CODE OF GOVERNANCE

Your Company believes that maintenance of Code of Corporate Governance is essential for economic growth of the Company and protecting the interest of all the Stakeholders. It strives to achieve these objectives through set of systems procedures, Policies, Practices and high standards in dealings and following business ethics in all its activities. The objective of the Company is to protect and enhance the value of all stakeholders of the Company viz. Shareholders, Creditors, Customers and employees. Company always envisages working towards high levels of transparency, accountability, consistent value systems, delegation across all facets of its operations leading to sharply focused and operationally efficient growth. Therefore, the Company is trying its best to follow the Code of Corporate Governance in letter and spirit.

The Company believes that Corporate Governance is about best practices of business to be imbibed into the culture of the organization and complying with value systems, ethical business practices, laws and regulations to achieve the main objectives of the Company

The Board of Directors of the company pays highest importance on the philosophies of Corporate Governance. The company is complying with the disclosure norms pursuant to relevant regulations 34 (3) read with Schedule V and other relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015).

2. BOARD OF DIRECTORS

I. Composition and Category of Directors

The Board consists of eminent persons with considerable professional expertise in various fields of finance, banking, taxation, law etc. and has a balanced mix of Executive and Non-Executive Independent Directors. The Board comprises of two (2) Executive Directors includes One Managing Director, Six (6) Non-Executive Independent Directors and One (1) Additional Director. Mrs. Rita Singh, Managing Director is the chairperson of the Company and more half of Directors are Independent Directors. The composition of the board is in conformity with SEBI (LODR) Regulations, 2015. As per the 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

Except the Independent Directors and Managing Director, all other Directors are liable to retire by rotation as per the provisions of the Companies Act, 2013.

II. Board Functioning and Procedures:

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. In case of business exigencies, the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

The Company has proper systems to enable the Board to review on quarterly basis compliance reports of all laws applicable to the Company, as prepared by the Company as well as to assess the steps taken by the Company to rectify instances of non-compliances.

III. Directors' Attendance Record and Directorships:

Structure of Board of Directors during the financial year 2017-18, their 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	Board Meeting Attended	Attendance at last AGM	Directorship in other Co.'s***	Committee positions held in other companies****	
					Chairman	Member
Rita Singh (DIN: 00082263)	Chairperson cum Managing Director	4	Yes	6	0	0
Natasha Sinha (DIN: 00812380)	Whole Time Director	3	No	3	0	0
Priyabrata Patnaik(DIN: 01709955) *	Whole Time Director	3	Yes	0	0	0
Hanumantha Rao Ravipati ** (DIN: 00044028)	Whole Time Director	1	No	0	0	0
Nandanadan Mishra (DIN: 00031342)	Independent Non- Executive Director	4	No	7	3	2
Debiprasad Bagchi (DIN: 00061648)	Independent Non- Executive Director	4	Yes	2	0	1
Madhukar (DIN: 00558818)	Independent Non- Executive Director	3	No	6	3	0
Sanjiv Batra (DIN: 00602669)	Independent Non- Executive Director	4	Yes	1	1	0
Dipak Chatterjee (DIN: 03048625)	Independent Non- Executive Director	4	No	0	0	0
G S Jawandha (DIN: 00213573)	Independent Non- Executive Director	4	Yes	2	1	0
*****Mr. Sharanappa Neelappa Kambalii (DIN :08182398)	Additional Director	-	-	-	-	-

*Mr. Priyabrata Patnaik has ceased to be whole time director of the Company w.e.f afternoon of 28th February, 2018

** Mr. Hanumantha Rao Ravipati has ceased to be whole time director of the Company w.e.f 31st March, 2018

*** Public Limited Companies excluding Mideast Integrated Steels Limited and excluding Section 8 Company

**** Board Committee includes Audit committee and Stakeholders' Relationship Committee as per Regulation 26 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015. None of the Directors on the board is a member in more than 10 committees or Chairman in more than 5 committees, across all the companies in which he is a director.

***** Mr. Sharanappa Neelappa Kambalii has been appointed as Additional director w.e.f July 19, 2018

IV. Details of Board Meetings held during the year:

During the financial year ended on March 31, 2018 four meetings were held on May 27, 2017, August 8, 2017, November 14, 2017 and February 14, 2018. The maximum gap between any two meetings had not exceeded 120 days.

V. Disclosure of relationship between director inter-se

Mrs. Rita Singh, Chairperson and Managing Director of the Company is related to Mrs. Natasha Sinha, Director-Finance and CFO of the company as her mother. Apart from that, there are no relationships existing among other Directors of the Company.

VI. Details of shareholding of non-executive Directors in the Company as on March 31, 2018

Except 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.

VII. Meeting of Independent Directors:

Pursuant to Schedule IV of the Companies Act, 2013, the Independent Directors met on February 14, 2018 without the presence of Non-Independent Directors and Members of the Management. The Independent Directors inter alia evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of

the Chairman of the Board taking into account the views of Executive and Non-Executive Directors and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

VIII. Familiarisation Programme For Directors

Pursuant to the provisions of the Regulation 25(7) of the SEBI (Listing Obligations and disclosure Requirement) Regulations, 2015 the web link of the details of Familiarization Programme for Independent Directors is disclosed here below: <http://www.mescosteel.com/admin/investor/Familiarization%20of%20Independent%20Directors.pdf>

All new Directors inducted on the Board are given a formal orientation. The Directors are encouraged to visit the plant locations of the Company and interact with the members of Senior Management as part of the induction programme. The Senior Management make presentations giving an overview of the Company's strategy, operations, products, markets, group structure and subsidiary, Board constitution and guidelines, matters reserved for the Board so as to enable them with an opportunity to familiarize themselves with the Company, its management, its operations and the industry in which the Company operates.

IX. Code of Conduct

The Board of Directors has adopted a Code of Conduct for Board Members and Senior Management Personnel of the Company. The said Code has been communicated to all the Directors and members of the Senior Management, who have affirmed their compliance with it, as approved and adopted by the Board. Declaration by the Managing Director to this effect is given to the Board and the Board has taken the same on its record and annual certificate in compliance to the same is annexed as **Annexure-I**. The Code is placed on the website of the Company, www.mescosteel.com.

3. COMMITTEES OF THE BOARD

I. Audit Committee

The constitution of the Audit committee is in accordance with the requirements of the Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The committee comprises of 6 directors out of which 5 are independent and 1 is executive director. Mr. Madhukar, Independent Director, acts as the Chairman of the Committee. The Audit Committee met four times during the year ended March 31, 2018 i.e. on May 27, 2017, August 8, 2017, November 14, 2017 and February 14, 2018. The composition of the committee during the year as well as the particulars of the attendance at the committee meeting during the year is given below:

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

*Mr. Dipak Chatterjee has been appointed as member by the Board in its meeting held on May 27, 2017

In addition to the above, the committee meetings were also attended and supported by Mr. Arun Todarwal & Ms. Mala Todarwal (Statutory Auditors), Mr. Vijay Gupta (AVP-Finance), Ms. Aarati Karandikar and Mr. Jignesh Vora (Sr. GM Finance & Accounts) as special invitees. The Company Secretary of the Company acts as the Secretary to the Committee.

The functioning and terms of reference of the Audit Committee the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of Section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as are in force/ applicable from time to time. All the members of the Audit Committee are financially literate as required by Regulation 18 of SEBI (LODR) Regulations, 2015. The brief description of terms of reference of Audit Committee is as follows:

- To oversee the Company's financial reporting process,
- To review with the management the financial statements



- To review and monitor the adequacy of the internal audit function, internal control
- To discuss significant internal audit findings, statutory compliance and issues related to risk management and compliances
- To review and approve the Related Party Transactions;
- To review the Cost Audit Report of the Cost Auditor;
- To review the Secretarial Audit Report of the Secretarial Auditor;
- To generally assist the Board to discharge their functions more effectively.
- Other roles and responsibilities as prescribed by LODR and Companies Act, 2013.

II. Stakeholders Relationship Committee

The constitution of Stakeholder relationship committee is in compliance of Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act 2013. The 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. The Committee met four times during the year ended March 31, 2018 i.e. on May 27, 2017, August 8, 2017, November 14, 2017 and February 14, 2018. The details of composition and attendance at the committee meetings during the year ended March 31, 2018 are 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

All members were present at the Stakeholders Relationship Committee meetings. The brief terms of reference of Stakeholders Relationship Committee are as follows:

- oversees, inter-alia, redressal of shareholder and investor grievances,
- transfer / transmission of shares,
- issue of duplicate shares, exchange of new design share certificates,
- recording dematerialization/ rematerialization of shares and
- Investor grievance related matters.

Number of investor complaints for the year ended March 31, 2018 is provided below:

Particulars	Status
Complaints outstanding as on April 1, 2017	0
Complaints received during the year ended March 31, 2018	14
Complaints resolved during the year ended March 31, 2018	14
Complaints not solved to the satisfaction of Shareholders as on March 31, 2018	0
Complaints Pending as on March 31, 2018	0

III. Nomination and Remuneration Committee

The constitution of Nomination and Remuneration Committee is in compliance of Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act 2013. 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 there was no meeting of nomination and remuneration committee.

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under Regulation 19 of SEBI (LODR) Regulations 2015 and Section 178 of the Companies Act, 2013. Brief description of terms of reference of the committee is as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board

- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on diversity of board of directors
- Identifying persons who are qualified to become directors and senior management

The Company has formulated a Nomination and Remuneration Policy which 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, 2018 is as under:**

₹ In Mn

Name of Director	Sitting Fees	Salaries & Perquisites	Commission	Total
Mrs. Rita Singh	-	33.36	-	33.36
Mrs. Natasha Sinha	-	18.47	-	16.29
Mr. Hanumantha Rao Ravipati*	-	1.20	-	1.20
Mr. Priyabrata Patnaik**	-	9.00	-	9.00
Mr. Nandanadan Mishra	0.50	-	-	0.53
Mr. Debiprasad Bagchi	0.38	-	-	0.41
Mr. Madhukar	0.27	-	-	0.35
Mr. Sanjiv Batra	0.47	-	-	0.50
Mr. Dipak Chatterjee	0.35	-	-	0.18
Mr. G S Jawandha	0.23	-	-	0.23

*Mr. Hanumantha Rao Ravipati, Whole Time Director of the company has resigned from the board with effect from March 31, 2018.

**Mr. Priyabrata Patnaik, Whole Time Director of the company has resigned from the board with effect from afternoon of February 28, 2018.

4. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time	Special Resolution
2017-18	The Claremont, Mehrauli Gurgaon Road, Aaya Nagar, Aya Nagar Phase 2, New Delhi -110047	September 27, 2017	11.00 A.M.	1. To re- appoint Mrs. Rita Singh, as Managing Director of the Company for a period of 5 years with effect from August 1, 2017 2. To re-appoint Mrs. Natasha Sinha, as Whole Time Director of the Company for a period of 5 years with effect from April1, 2017

				<p>3. To appoint Mr. Priyabrata Patnaik, as Whole Time Director of the Company for a period of 5 years with effect from August 1, 2017</p> <p>4. To re-appoint Mr. Hanumantha Rao Ravipati (DIN-00044028) as Whole-time Director of the Company for a period of 3 years with effect from September 30, 2017</p> <p>5. To increase the borrowing power of the Board under Section 180(1)(c) of the Companies Act, 2013</p> <p>6. To approve related party transactions under Section 188 of Companies Act, 2013</p>
2015-16	Kamani Auditorium, 1 Copernicus Marg, New Delhi-110001	September 27, 2016	11.30 A.M.	To approve related party transactions under Section 188 of Companies Act, 2013
2014-15	LUTYENS', 222/223, New Mangla Puri, Mehrauli Gurgaon Road, (Near Metro Pillar No.13), New Delhi-49	September 28, 2015	11.00 A.M.	To approve related party transactions under Section 188 of Companies Act, 2013

II. Postal Ballot

During financial year ended March 31, 2018 no resolution was passed through postal ballot. During previous year ended March 31, 2017, No Special Resolutions were passed through Postal Ballot.

5. MEANS OF COMMUNICATION

I. Quarterly Results:

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board through the modes specified by the respective stock exchanges.

II. Newspapers wherein results normally published:

Un-audited and Audited Financial Results are normally published in the Business Standard, Mint, Financial Express and Jansatta.

III. Website:

The results of the company are also displayed on the Company's Website. www.mescosteel.com.

IV. Official News Releases: All disclosure/release, if any are uploaded on the website of the company

V. Presentations: Presentation(s) made to Institutional Investors or analysts, if any are also put up on Company's website i.e. www.mescosteel.com.

No presentations have been made to institutional investors/ analysts during the financial year.

6. GENERAL SHAREHOLDER INFORMATION

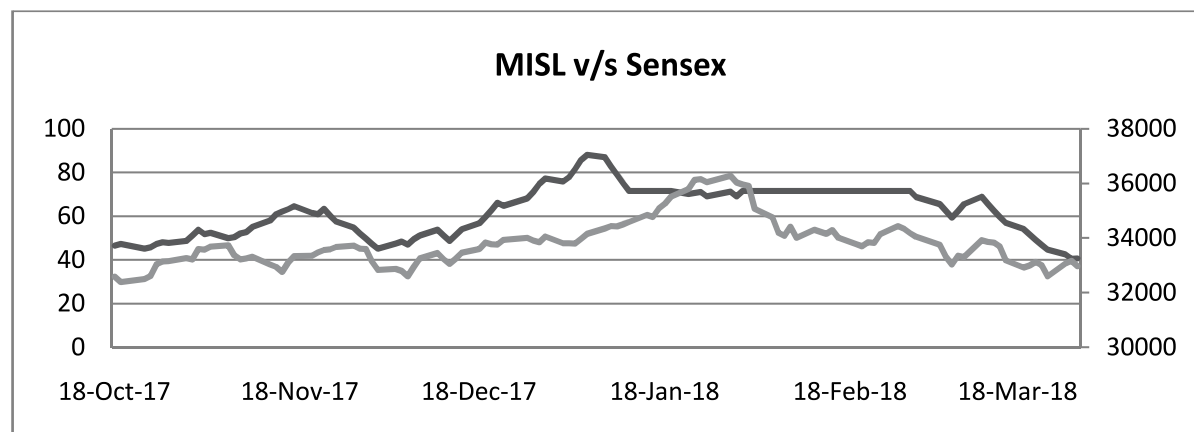
I.	Annual General Meeting (Date, Time and Venue)	<p>Date: September 30, 2018</p> <p>Time: 11.00 A.M.</p> <p>Venue: Lakshmi Pat Singhania Auditorium, 4/2, PHD House, August Kranti Marg, Siri Institutional Area, Block A, Nipccd Campus, Hauz Khas, New Delhi-110016</p>
II.	Financial Year	April 1, 2018 to March 31, 2019
III.	Dividend Payment Date	Not Applicable

IV. Listing on Stock Exchanges and Stock Code	BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 Scrip Code: 540744	Calcutta Stock Exchange (CSE) 7, Lyons Range, Kolkata-700001 Scrip Code:23143
V. Payment of Annual Listing Fee to Stock Exchange	The Company has paid the listing fees of BSE within the prescribed time	
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 40450193-95, Fax: +91 11 26812682 Email: admin@skylinerta.com Website: www.skylinerta.com	
VII. Share Transfer System	The Transfer of shares in physical form are registered and returned within the stipulated time, if documents are clear in all respects. In order to expedite the process of share transfers, the Company has delegated powers to Skyline Financial Services (P) Limited, Registrar and Share Transfer Agents for physical transfer of securities as well as dematerialization/ rematerialization of securities.	
VIII. Dematerialization of Shares and Liquidity	25.78% 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, 2018	
IX. Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity	NIL	
X. Plant Locations	a) Factory : Kalinga Nagar Industrial Complex, Khurunti, P. O. Danagadi - 755026 Dist. Jajpur, Odisha	b) Mines : Panchvati, P.O: Barbil Road, Barbil Keonjhar: 758035, Odisha
XI. Address for correspondence	Registered Office of Company: Mideast Integrated Steels Limited Mesco Tower H -1, Zamrudpur Community Centre, Kailash Colony, New Delhi – 110 048. Ph. No.- 011- 40587085 Email: Investor@mescosteel.com	Registrar and Transfer Agent: Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110020. Tel.: +91 11 40450193-95, Fax: +91 11 26812682 Email: admin@skylinerta.com Website: www.skylinerta.com

XII. MARKET PRICE DATA: Our Company, Mideast Integrated Steels Limited got listed on October 16, 2017 with Bombay Stock Exchange Limited and trading of the shares of the company under the Scrip Code: 540744 started with effect from October 18, 2017. Given below is the monthly high and low since the date of trading i.e. October 18, 2017 till March 31, 2018.

MARKET PRICE DATA (SCRIP CODE: 540744)				
Month	Open Price	High Price	Low Price	Close Price
Oct-17	42.8	56.8	39.2	56.8
Nov-17	59.6	71.6	57	71.6
Dec-17	71.6	71.6	68	71.6
Jan-18	75.15	92	46.35	51.15
Feb-18	53.7	65.85	43.45	62.15
Mar-18	62.15	62.85	44	46.55

XIII. Performance Comparison to Broad Based Indices such as Sensex



XIV. Distribution of Shareholding as on March 31, 2018

No. of equity shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	180543	98.1	22911942	16.62
501 – 1000	2115	1.15	1681129	1.22
1001-2000	773	0.42	1150393	0.83
2001-3000	228	0.12	576925	0.42
3001-4000	94	0.05	334864	0.24
4001-5000	70	0.04	330087	0.24
5001-10000	107	0.06	752413	0.55
10001 and above	117	0.06	110137247	79.88
TOTAL	184047	100	137875000	100

XV. Categories wise shareholding

Particulars	No of shares	%
Promoters Shareholding	90361470	65.54
Non promoters holding		
Mutual Funds and UTI	0	0
Banks, Financial Institution, Insurance Companies, Clearing Members	315700	0.23
Overseas Corporate Bodies	2000000	1.45
Foreign Venture Capital Investor/FII	0	
Bodies Corporate	14678931	10.65
India Public	27737534	20.12
Non resident Indians	2513268	1.82
Trusts	300	0
Others	267797	0.19
Grand Total	137875000	100

7. DISCLOSURES

- I. During the financial year ended March 31, 2018 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. No personnel have been denied the access to the Audit Committee.

- IV. The Company has adopted and complied with mandatory requirements as per SEBI (LODR) 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, 2018 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.
 - IX. 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
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.**
 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.
 11. **Disclosures with respect to demat suspense account/ unclaimed suspense account**
 - I. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year : NIL
 - II. Number of shareholders who approached listed entity for transfer of shares from suspense account during the year : NIL
 - III. Number of shareholders to whom shares were transferred from suspense account during the year : NIL
 - IV. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year : NIL

Annexure-I

Annual Compliance with the Code of Conduct for the Financial Year 2017-18

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, 2018 from all the Board Members and Senior Management Personnel.

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

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

New Delhi
 August 13, 2018



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, 2018, 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
June 8, 2018**

**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 the conditions of Corporate Governance by Mideast Integrated Steels Limited for the year ended 31st March 2018, as stipulated in Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable

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

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

Arun Todarwal
Partner
Membership No. 032822

New Delhi
August 13, 2018

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, 2018, 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

Management is responsible for the preparation 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 Standards notified under section 133 of the Companies Act 2013 and the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS Rules') and its amendments. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. 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 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 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.

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, 2018;
- (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 I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. We have inquired into the matters specified under section 143(1) and based on the information and explanations given to us, there is no matter to be reported under this section.
3. As required by section 143(3) of the Act, we report that,
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards notified under section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) In our opinion and based on the information and explanations given to us, there are no financial transactions or matters which have any adverse effect on the functioning of the company.
- f) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of subsection (2) of Section 164 of the Companies Act, 2013.
- g) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
- h) With regards to the adequacy and operating effectiveness of the internal financial controls over financial reporting system in place and their operating effectiveness, a report as Annexure II giving our responsibilities and opinion has been annexed herewith.
- i) Such other matters as are prescribed by the Companies (Audit and Auditors) Rules, 2014,
 - i. The company has disclosed the impact, if any, of pending litigations on its financial position in its financial statements.
 - ii. The company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - iii. There has been no any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For and on behalf of
Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

Arun Todarwal
Partner
M. No. 32822

Place: Mumbai
Date: June 8, 2018

ANNEXURE - I TO AUDITOR'S REPORT

[Referred to in above the Auditor's Report of even date for M/s Mideast Integrated Steels Limited on the Financial Statements for the year ended 31st March 2018]

- 1 a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As per 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. As informed to us, the management during the year had physically verified the fixed assets at certain locations.
- c) According to the information and explanation given to us, the title deeds of immovable properties are held in the name of the company.
2. As per the information provided to us, Inventory has been physically verified by the management during the year, and no material discrepancies have been found.
3. According to information and explanation given to us, the Company has not granted any secured or unsecured loans to parties covered in the register maintained under Section 189 of the Act.
4. In our opinion and according to information and explanation given to us, the company has, in respect of loans, investments, guarantees, and security provisions, complied with section 185 and 186 of the Companies Act, 2013.
5. According to the information and explanation given to us, the company has not accepted any deposits, whether the directives issued by the Reserve Bank of India, and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013. Hence the provisions of clause 3(v) are not applicable to the company.
6. Pursuant to the rules made by the Central Government, the maintenance of Cost Records have been prescribed u/s. 148(1) of the Companies Act, 2013. We are of the view that prima facie the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also management representations, undisputed statutory dues in respect of Provident fund, employees' state insurance, Income Tax, Sales Tax, Service tax, Custom duty, Excise duty, Value added tax, Cess and other statutory dues, if any, applicable to it, has been regularly deposited with the appropriate authorities.
- b) According to the records of the Company, the disputed dues in respect of Excise Duty, Service Tax, Sales Tax, Entry Tax and Customs duty as at March 31st, 2018 have not been deposited with appropriate authorities and no provision has been made for the same. Details are as follows:

Sr. No.	Dues pertaining to	Amount (In Crores) March 2018	Amount (In Crores) March 2017	Forum where dispute is pending
1	Excise Duty	28.77	81.26	Various Authorities
2	Service Tax	3.87	16.09	Various Authorities
3	Sales and Entry Tax	24.68	28.43	Various Authorities
	Total	57.32	125.78	

8. In our opinion and according to the information and explanation given to us and the books of accounts verified by us, the company has not defaulted in repayment of dues to a financial institution, bank, Government or dues to debenture holders.
9. As per information given to us, no money was raised by way of initial public offer or further public offer (including debt



instruments). As per the information and explanation given to us, the fresh term loans taken by the Company during the year have been applied for the purpose for which those were raised.

10. 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, either noticed or reported during the year, nor have we been informed of such case by the Management.
11. According to the information and explanation given to us and the books of accounts verified by us, the Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
12. The Company is not a Nidhi Company, hence the provision of clause 3(xii) are not applicable to the company.
13. 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.
14. According to information and explanation given to us, the Company during the year, has not made any preferential allotment of shares.
15. According to the information and explanation given to us and the books of accounts verified by us, the company has not entered into any non-cash transactions with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of
Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

Arun Todarwal
Partner
M. No. 32822

Place: Mumbai
Date: 8 JUNE, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF M/S MIDEAST INTEGRATED STEELS LIMITED AS ON 31ST MARCH 2018

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

To the Members of M/s Mideast Integrated Steels Limited

We have audited the internal financial controls over financial reporting of M/s Mideast Integrated Steels Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone 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. 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 the 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.

Auditor's 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 as specified 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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, the Company has, in all material respects, an internal financial controls system over financial reporting however they need to be strengthened and comprehensively documented, 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.

For and on behalf of
Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

Arun Todarwal
Partner
M. No. 32822

Place: Mumbai
Date: 8 JUNE, 2018



Balance Sheet as at 31 March, 2018

₹ in Mn

Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017
ASSETS			
Non current assets			
Property, plant and equipment	3	8,677.78	8,994.24
Capital work-in-progress		141.32	319.19
Non current investments	4	1,918.92	1,693.92
Financial assets			
Security deposits	5	53.17	55.33
Other financial assets	6	2,429.26	1,797.45
Other non current assets	7	918.32	952.20
Current assets			
Inventories	8	1,158.88	960.36
Financial assets			
Trade receivables	9	237.07	9.70
Cash and cash equivalents	10	222.41	273.04
Advances	11	369.48	53.45
Other financial assets	12	191.46	379.94
		16,318.09	15,488.81
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	1,378.75	1,378.75
Other equity			
Securities premium	14	677.70	677.70
Retained earnings		2,937.49	2,703.97
Other reserves		1,642.61	1,642.61
Total Equity		6,636.55	6,403.03
Non current liabilities			
Financial liabilities			
Borrowings	15	399.36	530.26
Trade payables	16	548.50	884.68
Other financial liabilities	17	5,199.63	5,411.50
Deferred tax liabilities (net)	30.5	737.48	734.98
Employee benefit obligations	18	57.38	52.83
Current liabilities			
Financial liabilities			
Trade payables	19	1,711.19	561.56
Other financial liabilities	20	1,019.97	895.99
Other payables	21	-	8.53
Employee benefit obligations	22	8.02	5.44
		16,318.09	15,488.81
Notes forming part of the financial statements	1 - 37		

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

For Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

For and on behalf of the Board of Directors

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

Place: New Delhi
Date: 8 June 2018

Sandhya Sethia
Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2018

₹ in Mn

Particulars	Note No.	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Revenue from operations (Gross)	23	6,302.31	2,835.44
Total revenue		6,302.31	2,835.44
Expenses			
Cost of materials consumed	24a	2,165.32	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24b	(243.51)	(49.66)
Excise duty on sales	23	489.72	3.94
Employee benefits expenses	25	448.01	440.65
Other expenses	26	1,894.65	1,595.59
Total expenses		4,754.20	1,990.52
Earnings before interest, tax, depreciation and amortization (EBITDA)		1,548.12	844.92
Depreciation and amortisation expense	3	565.35	546.58
Finance costs	27	823.43	402.69
Other income	28	140.78	194.76
Profit before extraordinary items, exceptional items and prior period items and tax		300.12	90.41
Exceptional/Extraordinary items		-	-
Profit before tax		300.12	90.41
Tax expense			
Current tax net of MAT		64.70	-
Tax expense relating to prior years		-	(71.43)
Deferred tax		2.50	21.50
Profit for the year		232.92	140.34
Other Comprehensive Income			
Not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		0.60	0.40
Less: Income tax effect		-	-
Other comprehensive income for the year, net of tax		0.60	0.40
Total Comprehensive income		233.52	140.74
Earnings per Equity share (of ₹ 10/- each)			
Basic & Diluted (₹)		1.69	1.02
Notes forming part of the financial statements	1-37		

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

For Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

For and on behalf of the Board of Directors

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

Place: New Delhi
Date: 8 June 2018

Sandhya Sethia
Company Secretary

Cash Flow Statement for the year ended 31 March, 2018

₹ in Mn

Particulars	For the year ended 31 March, 2018		For the year ended 31 March, 2017	
A. Cash flow from operating activities				
<i>Net Profit / (Loss) before extraordinary items and tax</i>		300.12		90.41
<i>Adjustments for:</i>				
Depreciation and amortisation	565.35		546.58	
Finance costs	63.43		402.69	
Interest income	(18.27)		(53.85)	
Rental income	(7.00)		(0.11)	
Liabilities / provisions no longer required written back	(102.01)		(120.37)	
Net unrealised exchange (gain) / loss	1.95		(12.35)	
		503.45		762.52
<i>Operating profit / (loss) before working capital changes</i>		803.57		852.93
<i>Changes in working capital:</i>				
<i>Adjustments for (increase)/decrease in operating assets:</i>				
Inventories	(198.52)		(70.73)	
Trade receivables	(227.37)		25.29	
Short-term loans and advances	(316.03)		(25.26)	
Long-term loans and advances	(631.81)		39.23	
<i>Other non-current assets</i>	36.03		(25.46)	
Other current assets	188.48		130.77	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	813.45		254.00	
Other current liabilities	265.45		(186.56)	
Other long-term liabilities	(211.87)		121.18	
Short-term provisions	2.58		2.01	
Long-term provisions	4.55		5.36	
		(275.06)		269.82
Cash generated from operations		526.56		1,122.75
Net income tax (paid) / refunds		(109.61)		(127.70)
Net cash flow from / (used in) operating activities (A)		416.95		995.05

Cash Flow Statement for the year ended March 31, 2018 (Contd.)

₹ in Mn

Particulars	For the year ended 31 March, 2018		For the year ended 31 March, 2017	
B. Cash flow from investing activities				
Purchase of fixed assets including capital advances	(71.02)		(154.86)	
Investment in subsidiaries	(225.00)		(639.06)	
Rental Income	7.00		0.11	
Interest Income	18.27		53.85	
Investment in fixed deposits/Proceeds from fixed deposits	(13.10)		123.99	
		(283.86)		(615.90)
Net cash flow from / (used in) investing activities (B)		(283.86)		(615.90)
C. Cash flow from financing activities				
Proceeds/(Repayment) of borrowings	(138.47)		327.17	
Finance cost	(63.43)		(402.69)	
		(201.90)		(350.18)
Net cash flow from / (used in) financing activities (C)		(201.90)		(350.18)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(66.87)		28.97
Cash and cash equivalents at the beginning of the year		184.22		155.25
Cash and cash equivalents at the end of the year		117.35		184.22

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

For Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

For and on behalf of the Board of Directors

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

Place: New Delhi
Date: 8 June 2018

Sandhya Sethia
Company Secretary



Notes forming part of the financial statements

Note 1 Corporate Information

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

On 31st March 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 2,25,00,000 Equity Shares and thus holds 32,38,26,010 (99.60%) equity shares as on 31st March, 2018.

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 of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 "the Act". For all periods upto and including the year ended March 31, 2016 were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and other relevant provisions of the Act. The date of transition to Ind AS is April 1, 2016. The financial statements have been prepared on a historical cost basis, except where the financial assets and liabilities had to be measured at fair value."

b) Use of estimates

The preparation of the financial statements is in conformity with Ind AS which 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

Inventories are valued at the lower of cost on weighted average basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, 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

'Leasehold Assets are amortised over the duration of the lease

e) Revenue recognition

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

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) Property Plant and Equipment

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. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

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.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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.

Transition to Ind AS

On transition to Ind AS, the Company has elected that to continue with the carrying value of all intangible assets recognised as at April 1, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of intangible assets.

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) 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. Re-measurement gain or losses arising from experience adjustments changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re measurements are not reclassified to profit or loss in subsequent periods.

j) 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.

Notes forming part of the financial statements

k) 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.

l) 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. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period.

m) Taxes on income

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Current tax and deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

n) 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.

Notes forming part of the financial statements

o) Impairment of Non Financial 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.

p) 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.

q) Measurement Of Profit Before Depreciation/Amortization, Interest And Tax (PBDIT)

As per Ind AS 1 "Presentation of financial statements", the Company has elected to present PBDIT as a separate line item on the face of the statement of profit and loss. The Company measures PBDIT on the basis of profit/loss from continuing operations. In its measurement, the Company does not include depreciation and amortisation expenses, finance costs and tax expenses.

r) Fair Value measurement of financial instruments

The financial assets and liabilities are valued at fair values based on Ind AS 39, 109 and 113.

Notes forming part of the financial statements
Note 3 Property, plant and equipment

Particulars	Gross Block			Depreciation			Net Block	
	As at March 31, 2017	Additions	Deductions	As at March 31, 2018	During the year	Deductions	As at March 31, 2017	As at March 31, 2018
Land (Free hold)	25.55	-	-	25.55	-	-	25.55	25.55
Land and Site Development	953.39	-	-	953.39	140.65	-	713.08	572.50
Building	1,417.15	59.37	-	1,476.52	53.85	-	1,082.43	1,088.03
Plant and Machinery	9,865.33	173.16	-	10,038.49	294.37	-	6,549.44	6,428.30
Furniture and Fixtures	157.43	0.51	-	157.94	14.56	-	70.60	56.62
Office Equipment	32.12	1.32	-	33.44	4.37	-	13.78	10.80
Computer	79.71	1.34	-	81.05	1.58	-	3.33	3.17
Vehicles	94.70	12.72	-	107.42	10.52	-	47.63	49.84
V Sat	0.82	-	-	0.82	-	-	-	-
Railway Siding	683.14	-	-	683.14	45.45	-	488.37	442.97
Total	13,309.34	248.42	-	13,557.76	565.35	-	8,994.24	8,677.78
Previous Year	13,294.63	14.66	-	13,309.34	546.58	-	9,525.78	8,994.24

Notes forming part of the financial statements**Note 4 Non current investments**

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Investments (At cost)		
Trade and Unquoted		
a) Investment in equity shares		
<u>Subsidiaries</u>		
Maithan Ispat Limited *	1,798.85	1,573.85
32,38,26,010 (PY - 30,13,26,010) equity shares of ₹10 each fully paid up		
<u>Others</u>		
(i) Keonjhar Infrastructure Development Company Limited	0.07	0.07
7,200 (PY - 7,200) equity shares of ₹ 10 each fully paid up		
(ii) Mesco Steels Limited		
2,50,000 (PY - 2,50,000) equity shares of ₹ 10 each fully paid up	100.00	100.00
b) Investment in preference shares		
<u>Subsidiaries</u>		
Maithan Ispat Limited	0.00	0.00
30,000,000 (PY- 30,000,000) 10% cumulative redeemable preference shares of ₹ 10 each fully paid up		
<u>Others</u>		
Keonjhar Infrastructure Development Company Limited	20.00	20.00
2,000,000 (PY - 2,000,000) 6% cumulative redeemable preference shares of ₹10 each fully paid up		
Total	1,918.92	1,693.92

* Out of which 15,43,45,526 (PY-12,17,53,001) equity shares have been pledged with the lenders of Maithan Ispat Limited. And balance of 1,14,75,000 equity shares would be pledged, totalling to 16,58,20,526 being the 51% of equity shares to be pledged as per agreement.

Note 5 Security deposits

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Security deposits		
Unsecured, considered good	53.17	55.33
Total	53.17	55.33

Note 6 Other financial assets

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Loans and advances to related parties		
Unsecured, considered good	2,429.26	1,797.45
Total	2,429.26	1,797.45

Note 7 Other non current assets

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Capital advances		
Unsecured, considered good	-	33.72
MAT credit entitlement		
Unsecured, considered good	918.32	918.48
Total	918.32	952.20

Note 8 Inventories

(At lower of cost and net realisable value)

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Raw materials	206.77	172.60
Work-in-progress	-	28.63
Finished goods	901.71	676.08
Goods-in-transit - FG	0.51	-
Stores and spares	49.90	83.04
Total	1,158.88	960.36



Notes forming part of the financial statements

Note 9 Trade receivables

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	11.77	2.58
Other Trade receivables	11.77	2.58
Unsecured, considered good	225.30	7.12
	225.30	7.12
Total	237.07	9.70

Note 10 Cash and cash equivalents

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Cash and cash equivalents		
Cash on hand	38.40	30.19
Balances with banks		
In current accounts	45.62	36.68
In deposit accounts	33.33	117.36
In deposit accounts*	60.46	42.34
In earmarked accounts		
- Unclaimed dividend accounts	33.72	33.75
Interest on Bank Deposits	10.88	12.72
Total	222.41	273.04

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

Note 11 Advances

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Loans and advances to Suppliers		
Unsecured, considered good	362.07	46.82
Loans and advances to employees		
Unsecured, considered good	7.42	6.63
Total	369.48	53.45

Note 12 Other financial assets

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Prepaid expenses		
Unsecured, considered good	8.32	2.28
Balances with government authorities		
Unsecured, considered good	120.26	367.66
Others Receivables		
Unsecured, considered good	10.00	10.00
Income Tax (Net of Provisions)	52.88	-
Total	191.46	379.94

Note 13 Equity share capital

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
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

Notes forming part of the financial statements

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

	As at 31 March, 2018		As at 31 March, 2017	
	No. of shares	₹ in Mn	No. of shares	₹ 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, 2018		As at 31 March, 2017	
	No. of shares	%	No. of shares	%
Equity Shares:				
Mideast (India) Ltd.	32,549,940	23.61	32,549,940	23.61
Mesco Mining Ltd.	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 shares

Equity Shares

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

Note 14 Other equity

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
(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	2,703.97	2,563.22
Add: Profit / (Loss) for the year	232.92	140.34
Add / Less: Re-measurement gains/ (losses) on defined benefit plans	0.60	0.40
Less: Proposed Dividend on Equity Shares	-	-
Less: Tax on Proposed Dividend	-	-
Closing balance	2,937.49	2,703.97
Total	5,257.80	5,024.28



Notes forming part of the financial statements

Note 15 Borrowings

₹ in Mn

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Non-Current	Current	Non-Current	Current
Secured				
Term loans from Banks (Refer note i)	6.16	79.75	66.40	131.93
Term loans from Other Parties (Refer note i)	50.23	18.61	70.48	17.27
	56.39	98.36	136.88	149.20
Unsecured				
From Promoters	262.64	-	295.46	-
From Banks (Refer note ii)	80.33	55.83	97.91	45.38
	342.97	55.83	393.37	45.38
Total	399.36	154.19	530.26	194.58

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, 2018		As at 31 March, 2017	
		Non-Current	Current	Non-Current	Current
Term loans from banks:					
ICICI Bank Limited	Vehicle loan of ₹ NIL (PY ₹ 3.89 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is NIL.	-	-	1.86	2.03
ICICI Bank Limited	Vehicle loan of ₹ NIL (PY ₹ 2.69 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is NIL.	-	-	0.94	1.75
ICICI Bank Limited	Vehicle loan of ₹ 1.56 Mn (PY ₹ 1.90 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 44.	1.19	0.37	1.56	0.33
ICICI Bank Limited	Vehicle loan of ₹ NIL (PY ₹ 0.61 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is NIL.	-	-	0.36	0.26
ICICI Bank Limited	Vehicle loan of ₹ NIL (PY ₹ 7.84 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is NIL.	-	-	4.62	3.22
ICICI Bank Limited	Vehicle loan of ₹ 0.54 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 33.	0.37	0.17	-	-
ICICI Bank Limited	Vehicle loan of ₹ 0.36 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 30.	0.23	0.13	-	-
ICICI Bank Limited	Vehicle loan of ₹ NIL (PY ₹ 0.74 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is NIL.	-	-	0.43	0.31

Notes forming part of the financial statements

ICICI Bank Limited	Vehicle loan of ₹ 5.96 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 33.	4.33	1.63	-	-
ICICI Bank Limited	Vehicle loan of ₹ 0.06 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 33.	0.04	0.02	-	-
Kotak Bank Limited	Term loan of ₹ 56.63 Mn (PY ₹ 128.81 Mn) is secured by 2nd charge on assets of Pig Iron Plant and residential flat at Bhubneswar.	-	56.63	56.63	72.18
Bank Of India	Loan against FD	-	20.80	-	51.85
Total - Term loans from banks		6.16	79.75	66.40	131.93

Particulars	Terms of repayment and security	As at 31 March, 2018		As at 31 March, 2017	
		Non-Current	Current	Non-Current	Current
Term loans from other parties:					
Daimler Financial Services Pvt. Ltd.	Vehicle loan of ₹ 1.56 Mn (PY ₹ 3.59 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 2.	0.12	1.44	1.55	2.04
Srei Equipment Finance Limited	Equipment loan of ₹ 67.28 Mn (PY ₹ 84.15 Mn) are secured by first charge by way of hypothecation of the respective equipment. Number of balance EMI payable is 79.	50.11	17.17	68.93	15.23
Total - Term loans from other parties		50.23	18.61	70.48	17.27

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

₹ in Mn

Particulars	Terms of repayment	As at 31 March, 2018		As at 31 March, 2017	
		Non-Current	Current	Non-Current	Current
Banyantree Bank Ltd, Mauritius	External Commercial Borrowing (ECB) of USD 1.88 Mn (PY USD 2.5 Mn) is payable in 8 equitable installments starting June 2016.	40.65	40.65	81.05	40.52
Banyantree Bank Ltd, Mauritius	External Commercial Borrowing (ECB) of USD 0.335 Mn (PY 0.4) Mn is payable in 12 installments. Number of instalments payable is 2.	9.32	7.59	16.86	4.86
Banyantree Bank Ltd, Mauritius	External Commercial Borrowing (ECB) of USD 0.7Mn (PY NIL) is payable in 12 installments. Number of instalments payable is 10.	30.35	7.59	-	-
Total long term borrowings		80.33	55.83	97.91	45.38

Note 16 Trade payables

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Trade payables	548.50	884.68
Total	548.50	884.68

Note 17 Other financial liability

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Advances from customers	5,199.63	5,411.50
Total	5,199.63	5,411.50

Notes forming part of the financial statements

Note 18 Employee benefit obligation

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Provision for employee benefits		
Provision for gratuity	46.68	43.46
Provision for leave encashment	10.70	9.37
Total	57.38	52.83

Note 19 Trade payables

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Micro, Small & Medium enterprises	-	-
Others	1,711.19	561.56
Total	1,711.19	561.56

Note 20 Other financial liabilities

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Current maturities of long-term debt	154.19	194.58
Interest accrued and not due on borrowings	-	0.15
Unclaimed dividends	33.73	33.76
Statutory Dues	339.45	59.42
Payables against purchase of fixed assets	-	30.71
Trade / security deposits received	35.28	38.42
Advances from customers	412.78	509.36
Employee related liabilities	44.54	29.58
Total	1,019.97	895.99

Note 21 Other payables

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Provision for tax (net of advance tax)	-	8.53
Total	-	8.53

Note 22 Employee benefit obligation

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Provision for employee benefits		
Provision for gratuity	6.51	4.19
Provision for leave encashment	1.51	1.25
Total	8.02	5.44

Note 23 Revenue from operations

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Sale of products	6,302.31	2,835.44
Less: Excise duty on sales	489.72	3.94
Total	5,812.59	2,831.50

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Sale of products comprises		
Plant	2,731.53	23.30
Mines	3,081.06	2,808.20
Total	5,812.59	2,831.50

Notes forming part of the financial statements**Note 24a Cost of materials consumed**

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Opening stock	172.60	152.94
Add: Purchases	2,199.49	19.66
Less: Closing stock	206.77	172.60
Cost of material consumed	2,165.32	-
Material consumed comprise		
Raw material -Iron ore	365.89	-
Raw material - Coke	1,720.40	-
Other items	79.03	-
Total	2,165.32	-

Note 24b Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
<u>Inventories at the end of the year</u>		
Finished goods	901.71	676.08
Work-in-progress	-	28.63
Stock-in-transit - FG	0.51	-
	902.22	704.71
<u>Inventories at the beginning of the year</u>		
Finished goods	676.08	640.19
Work-in-progress	28.63	16.40
	704.71	656.60
Less: Excise duties on increase / (decrease) of finished goods	(46.00)	(1.54)
Net increase / (decrease)	243.51	49.66

Note 25 Employee benefits expense

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Salaries and wages	415.45	408.51
Contributions to provident and other funds	18.11	16.87
Provision for gratuity	11.07	9.52
Provision for leave	(2.23)	0.84
Staff welfare expenses	5.60	4.91
Total	448.01	440.65

Note 26 Other expenses

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Consumption of stores and spare parts	98.93	16.81
Royalty cost	934.73	768.94
Mining cost	416.20	388.49
Power and fuel	76.74	58.76
Water charges	11.24	19.14
Material handling Charges	32.39	36.61
Rent & plot hiring charges	26.78	25.73
Repairs and maintenance - Buildings	3.69	1.12
Repairs and maintenance - Machinery	79.18	1.28
Repairs and maintenance - Others	6.75	0.44
Insurance	11.24	14.72

Contd....

Notes forming part of the financial statements

Contd....

Rates and taxes	14.39	5.63
Communication	3.87	4.61
Travelling and conveyance	36.86	45.18
Selling & Distribution	16.00	19.79
Donations and contributions	23.99	25.87
Legal and professional	64.80	64.27
Net loss on foreign currency transactions and translation	1.95	-
Payments to auditors (Refer Note below)	1.65	1.50
CSR expenses	3.71	3.90
Miscellaneous expenses	29.55	92.78
Total	1,894.65	1,595.59

Note ₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Payments to the auditors comprises		
As auditors - statutory audit	1.63	1.48
For Taxation Matters	0.02	0.02
Total	1.65	1.50

Note 27 Finance costs ₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Interest expense on		
Borrowings	800.42	393.52
Interest on delayed / deferred payment of statutory dues	10.42	5.80
Other borrowing cost	12.58	3.37
Total	823.43	402.69

Note 28 Other income ₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Interest income (Refer note i below)	18.27	53.85
Rental Income	7.00	0.11
Liabilities / provisions no longer required written back	102.01	120.37
Others (Refer note ii below)	13.50	20.43
Total	140.78	194.76

Note (i) ₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Interest income comprises:		
Interest from banks deposits	7.43	41.59
Interest from others	10.84	12.26
Total	18.27	53.85

Notes forming part of the financial statements

29.8	Details of consumption of imported and indigenous items		₹ in Mn
	Particulars	For the year ended 31 March, 2018	
	<u>Imported</u>		
	Raw Materials	-	-
	Spare parts	-	-
	<u>Indigenous</u>		
	Raw materials	2,165.32	95.63%
	Spare parts	98.93	4.37%
	Total	2,264.26	100.00%
	Previous year figures are Nil		
29.9	Earnings in Foreign Exchange		₹ in Mn
	Particulars	As at 31 March, 2018	As at 31 March, 2017
	Export of goods calculated on FOB basis	16.10	-

Note 30 Disclosures under Accounting Standards

Note			
30.1	Post retirement benefit plans		
30.1a	<u>Defined contribution plans</u>		
	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 ₹ 18.11 Mn (PY - ₹ 16.87 Mn) 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.		
30.1b	<u>Defined benefit plans</u>		
	The 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	As at 31 March, 2018	As at 31 March, 2017
	Components of employer expense		
	Current service cost	5.27	5.04
	Interest cost	3.28	3.10
	Past service cost	1.96	-
	Actuarial losses/(gains)	(4.44)	0.99
	Total expense recognised in the Statement of Profit and Loss	6.07	9.12
	Actual contribution and benefit payments for year		
	Actual benefit payments	0.53	1.48
	Actual contributions	-	-
	Net asset / (liability) recognised in the Balance Sheet		
	Present value of defined benefit obligation	(53.19)	(47.66)
	Fair value of plan assets	-	-
	Funded status [Surplus / (Deficit)]	-	-
	Unrecognised past service costs	-	-
	Net asset / (liability) recognised in the Balance Sheet	(53.19)	(47.66)
	Change in defined benefit obligations (DBO) during the year		
	Present value of DBO at beginning of the year	47.66	40.02
	Current service cost	5.27	5.04

Contd...

Notes forming part of the financial statements**Note 30 Disclosures under Accounting Standards (Contd.)**

Interest cost	3.28	3.10
Actuarial (gains) / losses	(4.44)	0.99
Past service cost	1.96	-
Benefits paid	(0.53)	(1.48)
Present value of DBO at the end of the year	53.19	47.66
Actuarial assumptions		
Discount rate	7.50%	7.20%
Salary escalation	6%	6%
Mortality tables	IALM(2006-08) Ult	IALM(2006-08) Ult

30.2 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 IND AS 108.

Related party transactions**Details of related parties:**

Note	Description of relationship	Names of related parties
30.3a	Subsidiaries	Maithan Ispat Limited
	Key Management Personnel (KMP)	Mrs. Rita Singh (Chairperson cum Managing Director) Mrs. Natasha Singh Sinha (Director Finance & CFO) Mr. R. H. Rao (Director)* Mr. Priyabrata Patnaik (Director)** Ms. Sandhya Sethia (Company Secretary)
	Relatives of KMP	Mr. Jitendra Kumar Singh 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) Mesco Shoes Limited k) Twenty First Century Finance Limited l) Mesco India Limited m) Chhindwara Coal Washing Private Limited n) Forrester Foods Private Limited o) Chhindwara Energy Limited p) Chhindwara Power Limited q) Gondwana Energy Limited r) SAARC Helicopters Private Limited s) Mesco Magic Cement Ltd t) SS & R Films Private Limited

Note: Related parties have been identified by the Management.

* Mr. R. H. Rao ceases to be Director from 31st March 2018.

** Mr. Priyabrata Patnaik ceases to be Director from 28th february 2018.

Notes forming part of the financial statements

Note 30 Disclosures under Accounting Standards (Contd.)

₹ in Mn

Note	Details of related party transactions during the year ended 31 March, 2018 and balances outstanding as at 31 March, 2018				
30.3.b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
	Rentals Services				
	Mesco Steels Limited				0.41 (0.36)
	Mesco Logistics Limited				0.68 (0.60)
	Mesco Hotels Limited				0.82 (0.72)
	Mesco Kalinga Steels Limited				0.82 (0.72)
	Mrs. Rita Singh		6.00 (6.00)		
	Mrs. Natasha Sinha		6.00 (6.00)		
	Mrs. Shipra Singh Rana			0.60 (0.60)	
	Remuneration*:				
	Mr. Jitendra Kumar Singh			30.04 (27.04)	
	Mrs. Rita Singh		33.36 (33.35)		
	Mrs. Natasha Sinha		18.46 (16.28)		
	Mrs. Shipra Singh Rana			8.37 (8.41)	
	Mr. Purna Chandra Sahu		- (3.96)		
	Mr. Ravipati Hanumantha Rao		1.20 (1.20)		
	Mr. Priyabrata Patnaik		9.00 (9.00)		
	Ms. Sandhya Sethia		1.21 (0.98)		
	Purchase of Goods				
	Maithan Ispat Limited	467.49			
	(including duties & taxes)	-			
	Advances given				
	Mesco Steels Limited				52.13 (70.42)
	Investment in shares				
	Maithan Ispat Limited	1,798.85 (1,573.85)			
	Rental Income				
	Maithan Ispat Limited	6.00 -			

Notes forming part of the financial statements**Note 30 Disclosures under Accounting Standards (Contd.)**

Note: Details of related party transactions during the year ended 31 March, 2018 and balances outstanding as at 31 March, 2018 (contd.....)

30.3.b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
	<u>Corporate guarantees given</u>				
	Maithan Ispat Limited	7,829.50			
		(7,829.50)			
	Balances outstanding at the end of the year				
	<u>Advances:</u>				
	Mesco Steels Limited				2,093.07
					(2,041.35)
	Mr. Jitendra Kumar Singh			-	
				(12.00)	
	Mrs. Shipra Singh Rana			-	
				(4.59)	
	Mrs. Natasha Singh Sinha		-		
			(0.30)		
	Maithan Ispat Limited	266.00			
		-			
	<u>Advances given to be reimbursed back</u>				
	Mesco Aerospace Limited				54.36
					-
	Mesco Logistocs Limited				81.36
					-
	S S & R Films Private Limited				0.01
					-
	Saarc Helicopters Private Limited				0.02
					-
	Mesco Pharmaceuticals Limited				0.33
					-
	21st Century Finance Limited				1.71
					-
	Mideast India Limited				3.69
					-
	Forrester Foods Private Limited				6.88
					-
	Mesco Mining Limited				61.29
					-
	Kayaana Constructions Limited				3.20
					-
	Mrs. Rita Singh		-		
			(8.44)		

Notes forming part of the financial statements

Note 30 Disclosures under Accounting Standards (Contd.)

30.3.b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
	Maithan Ispat Limited	-			
		(360.27)			
	Mesco Kalinga Steels Limited				1.31
	Mesco Hotels Limited				-
	Mesco Magic Cement Limited				0.05
	Mesco Shoes Limited				-
					0.67
					-
					0.76

* Remuneration includes perquisites computed as per Income Tax Act.

Note: Figures in bracket relates to the previous year

Note	Particulars	As at 31 March, 2018	As at 31 March, 2017
30.4	Earnings per share		
	<u>Basic & Diluted</u>		
	Net profit / (loss) for the year attributable to the equity shareholders (₹ in Mn)	232.92	140.34
	Weighted average number of equity shares	137,875,000	137,875,000
	Par value per share (₹)	10	10
	Earnings per share (₹)	1.69	1.02

₹ in Mn

Note	Particulars	As at 31 March, 2018	As at 31 March, 2017
30.5	Deferred tax (liability) / asset		
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	(753.98)	(754.79)
	Tax effect of items constituting deferred tax liability	(753.98)	(754.79)
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated leaves, gratuity and disallowances under Income Tax	16.50	19.81
	Tax effect of items constituting deferred tax assets	16.50	19.81
	Net deferred tax (liability) / asset	(737.48)	(734.98)

Note	
Note 31	The company has acquired 2,25,00,000 (Two Crores Twenty Five Lakhs) equity shares having face value of ₹ 10 each aggregating to ₹ 225 Mn. The Company is required to pledge 51% of paid up equity share capital of Maithan Ispat Limited, 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 16,58,20,526 equity shares with the Lenders. At present the company has pledged 15,43,45,526 equity shares with the lenders and balance 1,14,75,000 equity shares would be pledged by the company in the coming financial year.

Notes forming part of the financial statements

Note 32	<p>"In pursuance to the Judgement dated 2nd August, 2017 of Honorable Supreme Court of India, in the matter of Writ Petition (Civil) No. 114 of 2014 (Common Cause v/s Union of India & Others), an amount of ₹ 924.75 crores has been imposed on the Company towards 'Compensation' as determined in the said Judgement which was to be paid by 31st December 2017, eventhough the Government Taxes and Royalty was paid on the ores extracted. Since the amount was not paid by the stipulated date, the Honorable Supreme Court ordered to stop mining operations with effect from 1st January 2018.</p> <p>The Company has however filed a 'Curative petition' (Civil) before the Honorable Supreme Court of India challenging the Judgement and which is still pending. Hence provision has not been made for the same in the books of accounts."</p>
Note 33	Based on order dated 25th January 2018 passed in the Court of the 2nd Addl. Civil Judge (Sr. Divn.) Bhubaneshwar, with respect to the litigation with Industrial Promotion & Investment Corporation of India (IPICOL), the company has made a further provision of ₹ 76 crores in the books as the amount payable based on this Order.
Note 34	The company intends to convert unsecured loans received from Promoters into Equity in compliance with the provisions of Companies Act 2013 and SEBI (ICDR) Regulations 2009 subject to approval of requisite authority.
Note 35	The balances of Debtors, creditors, loans & advances received & given and deposits received & given and inter company balances are subject to confirmations and reconciliations.

Note 36: Disclosure in respect of Corporate Social Responsibility under section 135 of the Companies Act and the Rules thereon:

₹ in Mn

	Particulars	Cash	Yet to be paid in cash	Total
	Amount spent during the year ending March 31, 2018			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purpose other than (i) above	0.07	-	0.07
	Amount spent during the year ending March 31, 2017			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purpose other than (i) above	0.09	-	0.09

Note 37 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 statements.
As per our report of even date

For Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

For and on behalf of the Board of Directors

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

Place: New Delhi
Date: 8 June 2018

Sandhya Sethia
Company Secretary



AUDITOR'S REPORT

TO THE MEMBERS OF MIDEAST INTEGRATED STEELS LIMITED

Report on the Consolidated Financial Statements

We have audited the attached consolidated financial statements of Mideast Integrated Steels Limited ('the Company') and its subsidiary Maithan Ispat Limited (hereinafter referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss and the 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

Management is responsible for the preparation 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 Standards notified under section 133 of the Companies Act 2013 and Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' 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 issued by the Institute of Chartered Accountants of India. 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 the effectiveness of the entity's internal 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 consolidated financial statements.

We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of IndAS 110, Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements 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 Group as at March 31, 2018;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

- (a) We have audited the financial statements of the subsidiary company (Maithan Ispat Limited) included in the consolidated financial statements, which constitute total assets of ₹ 8426.48 million and Net Worth of ₹ 552.06 million as at March 31, 2018, total revenue 5982.67 million and Loss before taxes of ₹ 875.19 million for the year then ended. This financial statement has been audited by us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on that.

For and on behalf of
Todarwal & Todarwal LLP
Firm registration no. 111009W/W100231

ArunTodarwal
Partner
Membership No: 032822
Place: Mumbai
Date: 8th June 2018

Consolidated Balance Sheet as at 31 March, 2018

₹ in Mn

Particulars	Note No.	31st March, 2018	As at 31st March, 2017
ASSETS			
Non current assets			
Property, plant and equipment	3	12,682.22	13,260.63
Capital work-in-progress		536.87	590.60
Non-current investments	4	120.10	120.10
Financial assets			
Security deposits	5	107.94	91.68
Other financial assets	6	2,304.26	2,157.67
Other non current assets	7	1,209.46	1,033.42
Deferred tax asset		1,398.05	1,397.32
Current assets			
Inventories	8	2,579.58	1,967.36
Financial assets			
Trade receivables	9	120.88	57.91
Cash and cash equivalents	10	694.12	495.21
Advances	11	537.07	70.98
Other financial assets	12	389.16	446.97
		22,679.71	21,689.85
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	13	1,378.75	1,378.75
(b) Other equity	14		
Securities premium		677.70	677.70
Retained earnings		471.52	1,113.74
Other reserves		1,642.61	1,642.61
Equity attributable to Equity shareholders of Parent		4,170.58	4,812.80
(c) Non-controlling interests		517.29	433.58
Total Equity		4,687.87	5,246.38
Non-current liabilities			
Financial liabilities			
Borrowings	15	3,873.10	3,817.36
Trade payables	16	548.50	905.26
Other financial liabilities	17	5,199.63	5,411.50
Deferred tax liabilities	30.5	737.48	734.98
Employee benefit obligation	18	65.70	59.90
Capital reserves on consolidation		1,315.39	1,476.75
Current liabilities			
Trade payables	19	3,681.34	2,009.63
Other financial liabilities	20	2,557.85	2,010.25
Other payables	21	-	8.53
Employee benefit obligation	22	12.85	9.30
		22,679.71	21,689.85
Notes forming part of the financial statements	1 - 36		

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

For Todorwal & Todorwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

For and on behalf of the Board of Directors

Arun Todorwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

Place: New Delhi
Date: 8 June 2018

Sandhya Sethia
Company Secretary



Consolidated Statement of Profit and Loss for the year ended 31 March, 2018

₹ in Mn

Particulars	Note No.	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Revenue from operations (Gross)	23	10,663.32	7,073.09
Total revenue		10,663.32	7,073.09
Expenses			
Cost of materials consumed	24a	4,686.12	2,886.81
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24b	(488.78)	(392.82)
Excise Duty on Sales	23	1,186.20	483.54
Employee benefits expenses	25	588.26	583.79
Other expenses	26	2,842.61	2,462.70
Total expenses		8,814.40	6,024.02
Earnings before interest, tax, depreciation and amortization (EBITDA)		1,848.91	1,049.07
Depreciation and amortisation expense	3	828.69	836.31
Finance costs	27	1,732.06	1,009.57
Other Income	28	136.79	253.45
Profit before extraordinary items, exceptional items and prior period items and tax		(575.07)	(543.36)
Exceptional/Extraordinary items		-	-
Profit before tax		(575.07)	(543.36)
Tax expense			
Current tax(Net of MAT)		64.70	-
Tax expense relating to prior years		-	71.43
Deferred tax		1.77	66.93
Profit for the year		(641.54)	(405.00)
Other Comprehensive Income			
Not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		(3.26)	(173.19)
Less: Income tax effect		-	0.40
Other comprehensive income for the year, net of tax		(3.26)	(172.79)
Total Comprehensive income		(644.80)	(577.79)
Attributable to:			
Equity Shareholders of Parent		(642.22)	(575.30)
Non Controlling interest		(2.58)	(2.48)
Earnings per Equity share (of ₹ 10/- each)			
Basic & Diluted (₹)		(4.65)	(2.94)
Notes forming part of the financial statements	1 - 36		

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

For Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

For and on behalf of the Board of Directors

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

Place: New Delhi
Date: 8 June 2018

Sandhya Sethia
Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March, 2018

₹ in Mn

Particulars	For the year ended 31 March, 2018		For the year ended 31 March, 2017	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(575.07)		(543.36)
<i>Adjustments for:</i>				
Depreciation and amortisation	828.69		836.31	
Finance costs	1,316.78		1,009.57	
Interest income	(18.27)		(61.15)	
Rental income	(7.00)		(0.11)	
Liabilities / provisions no longer required written back	(102.17)		(211.11)	
Interest/Dividend/MEGA SalesTax incentive Received	(1.85)		(7.25)	
Receivables written back/off	6.11		0.00	
Net unrealised exchange (gain) / loss	2.77		(18.37)	
		2,025.06		1,547.89
Operating profit /(loss) before working capital changes		1,449.99		1,004.53
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(612.20)		(360.57)	
Trade receivables	(325.28)		48.06	
Short-term loans and advances	(316.03)		(42.68)	
Long-term loans and advances	(631.81)		-	
Other non-current assets	36.03		(395.47)	
Other current assets	188.48		457.72	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables	1,939.01		356.76	
Other current liabilities	265.45		416.96	
Other long-term liabilities	(211.87)		775.44	
Short-term provisions	2.58		-	
Long-term provisions	4.55		-	
		338.91		1,256.22
Cash generated from operations		1,788.90		2,260.75
Net income tax (paid) / refunds		(113.59)		(394.20)
Net cash flow from / (used in) operating activities (A)		1,675.31		1,866.55

Particulars	For the year ended 31 March, 2018		For the year ended 31 March, 2017	
B. Cash flow from investing activities				
Purchase of fixed assets including capital advance	(217.14)		(467.09)	
Rental income	7.00		0.11	
Interest income	18.27		61.15	
Interest/Dividend MEGA sales tax incentive received	(5.13)		(26.48)	
Investment in fixed deposit/Proceeds from fixed deposits	27.01		(66.32)	
		(169.99)		(498.63)
Net cash flow from / (used in) investing activities (B)		(169.99)		(498.63)
C. Cash flow from financing activities				
Proceeds/(Repayment) of borrowings	63.11		(353.81)	
Finance cost	(1,319.10)		(1,009.57)	
		(1,255.99)		(1,363.38)
Net cash flow from / (used in) financing activities (C)		(1,255.99)		(1,363.38)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		249.33		4.52
Cash and cash equivalents at the beginning of the year		192.54		188.02
Cash and cash equivalents at the end of the year		441.87		192.54

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

For Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

For and on behalf of the Board of Directors

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

Place: New Delhi
Date: 8 June 2018

Sandhya Sethia
Company Secretary

Notes forming part of the consolidated financial statements**Note 1 Corporate Information**

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

On 31st March 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 2,25,00,000 Equity Shares and thus holds 32,38,26,010 (99.60%) Equity Shares as on 31st March, 2018.

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 GAPP 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 a 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 lifeas 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.

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.

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.

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

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.

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) 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.

q) 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.

r) 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 consolidated financial statements

Note 3 Property, plant and equipment

₹ in Mn

Particulars	Gross Block			Depreciation				Net Block		
	As at March 31, 2017	Additions	Deductions	As at March 31, 2018	As at March 31, 2017	During the year	Deductions	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018
Land (Free hold)	25.55	-	-	25.55	-	-	-	-	25.55	25.55
Land and Site Development	1,014.42	-	-	1,014.42	247.55	141.95	-	389.49	766.90	624.96
Building	2,444.18	59.37	-	2,503.56	601.56	89.04	-	690.59	1,842.64	1,812.99
Plant and Machinery	15,656.14	173.99	-	15,830.13	5,660.30	519.63	-	6,179.92	9,995.87	9,650.27
Furniture and Fixtures	178.78	0.90	-	179.69	104.21	15.65	-	119.85	74.60	59.87
Office Equipment	36.72	1.35	-	38.08	22.58	4.46	-	27.03	14.17	11.13
Computer	94.27	1.48	-	95.76	90.23	1.82	-	92.04	4.06	3.92
Vehicles	100.29	12.72	-	113.02	51.86	10.69	-	62.54	48.44	50.58
V Sat	0.82	-	-	0.82	0.82	-	-	0.82	-	-
Railway Siding	683.14	-	-	683.14	194.82	45.45	-	240.26	488.37	442.92
Total	20,234.31	249.81	-	20,484.17	6,973.93	828.69	-	7,802.54	13,260.63	12,682.22
Previous Year	20,134.95	99.31	-	20,234.31	6,137.70	836.31	-	6,973.93	13,997.25	13,260.63

Note 4 Non current investments

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Investments (At cost)		
Trade and Unquoted		
Investment in equity shares	100.10	100.10
Investments in preference shares	20.00	20.00
Total	120.10	120.10

Note 5 Security deposits

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Security deposits		
Unsecured, considered good	107.94	91.68
Total	107.94	91.68

Note 6 Other financial assets

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Loans and advances to related parties		
Unsecured, considered good	2,304.26	2,157.67
Total	2,304.26	2,157.67

Note 7 Other non current assets

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Capital advances		
Unsecured, considered good	253.08	80.64
MAT credit entitlement		
Unsecured, considered good	918.32	918.48
Balances with government authorities		
Unsecured, considered good	26.31	27.13
Advances to other parties	11.75	7.17
Total	1,209.46	1,033.42

Notes forming part of the consolidated financial statements

Note 8 Inventories

(At lower of cost and net realisable value)

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Raw materials	610.80	408.56
Work-in-progress	6.05	31.97
Finished goods	1,344.28	817.16
Goods-in-transit - FG	0.51	-
Stores and spares	359.99	401.06
By products (At estimated NRV)	257.95	308.61
Total	2,579.58	1,967.36

Note 9 Trade receivables

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	28.14	38.89
Doubtful	3.15	3.15
Less: Provision for doubtful trade receivables	(3.15)	(3.15)
	28.14	38.89
Other Trade receivables		
Unsecured, considered good	92.74	19.02
Less: Provision for doubtful trade receivables	-	-
	92.74	19.02
Total	120.88	57.91

Note 10 Cash and cash equivalents

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Cash and cash equivalents		
Cash on hand	39.06	30.24
Balances with banks		
In current accounts	369.48	86.68
In deposit accounts	33.33	75.62
	441.87	192.54
Other bank balances		
In deposit accounts *	195.45	217.46
In earmarked accounts		
- Unclaimed dividend accounts	33.72	33.75
Interest on Bank Deposits	23.08	51.46
	252.25	302.67
Total	694.12	495.21

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

Note 11 Advances

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Loans and advances to Suppliers		
Unsecured, considered good	529.65	63.44
Loans and advances to employees		
Unsecured, considered good	7.42	7.54
Total	537.07	70.98

Note 12 Other financial assets

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Prepaid expenses		
Unsecured, considered good	14.35	11.36
Balances with government authorities		
Unsecured, considered good	270.90	422.15

Contd....



Notes forming part of the consolidated financial statements

Contd....

Others Receivables		
Unsecured, considered good	46.98	13.46
Income Tax (Net of provisions)	56.91	-
Total	389.16	446.97

Note 13 Share Capital

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
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, 2018		As at 31 March, 2017	
	No. of Shares	₹ in Mn	No. of Shares	₹ 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

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	No. of Shares	%	No. of Shares	%
Equity Shares				
Mideast (India) Ltd.	32,549,940	23.61	32,549,940	23.61
Mesco Mining Ltd.	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 Kalunga 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 shares

Equity Shares

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

Note 14 Reserves and surplus

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Capital Reserve		
Opening balance	1,642.61	1,642.61
Add: Changes during the year	-	-
Closing balance	1,642.61	1,642.61
Securities premium account		
Opening balance	677.70	677.70
Add : Premium on shares issued during the year	-	-
Closing balance	677.70	677.70
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	1,113.74	1,689.03
Add: Profit / (Loss) for the year	(642.22)	(575.30)
Closing balance	471.52	1,113.74
Total	2,791.83	3,434.05

Notes forming part of the consolidated financial statements

Note 15 Long-term borrowings

₹ in Mn

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Non-Current	Current	Non-Current	Current
Secured				
Term loans from banks	3,479.90	875.52	3,353.51	927.70
Term loans from other parties	50.23	18.61	70.48	17.27
	3,530.13	894.13	3,423.99	944.97
Unsecured				
From promoters	262.64	-	295.46	-
From banks	80.33	55.83	97.91	45.38
	342.97	55.83	393.37	45.38
Total	3,873.10	949.96	3,817.36	990.35

Note 16 Trade payables

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Trade payables	548.50	905.26
Total	548.50	905.26

Note 17 Other Financial Liabilities

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Advances from customers	5,199.63	5,411.50
Total	5,199.63	5,411.50

Note 18 Employee benefit obligations

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Provision for employee benefit		
Provision for gratuity	55.00	50.53
Provision for leave encashment	10.70	9.37
Total	65.70	59.90

Note 19 Trade payables

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Micro, Small & Medium enterprises	9.58	8.92
Others	2,820.28	1,298.31
Acceptances	851.48	702.40
Total	3,681.34	2,009.63

Note 20 Other financial liabilities

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Current maturities of long-term debt	1,051.68	990.35
Interest accrued and not due on borrowings	-	1.04
Unclaimed dividends	33.73	33.76
Statutory Dues	789.21	154.11
Payables against purchase of fixed assets	-	30.71
Trade / security deposits received	35.28	38.42
Advances from customers	603.41	723.21
Employee related liabilities	44.54	38.65
Total	2,557.85	2,010.25

Note 21 Other payables

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Provision for tax (net of advance tax)	-	8.53
Total	-	8.53



Notes forming part of the consolidated financial statements

Note 22 Employee benefit obligations

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Provision for employee benefit		
Provision for gratuity	6.87	5.06
Provision for leave encashment	5.98	4.24
Total	12.85	9.30

Note 23 Revenue from operations

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Sale of products	10,663.32	7,073.09
Less: Excise duty	1,186.20	483.54
Total	9,477.12	6,589.55

Particulars	As at 31 March, 2018	As at 31 March, 2017
Sale of products comprises		
Pig Iron	2,063.74	23.30
Minerals	2,268.34	2,808.20
Billets	4,700.39	3,744.47
Lam Coke	406.99	-
Others	37.66	13.58
Total	9,477.12	6,589.55

Note 24a Cost of materials consumed

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Opening stock	408.56	462.26
Add: Purchases	4,704.31	3,051.06
Less: Coal Consumption in Captive Power Plant (Shown as Coal Consumption in note no. 26)	(227.53)	(217.94)
Less: Closing Stock	610.80	408.56
Add: Traded goods consumed	411.57	-
Cost of material consumed	4,686.12	2,886.81

Note 24b Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Inventories at the end of the year		
Finished goods	1,344.28	817.16
Work-in-progress	6.05	31.97
By products	257.95	308.61
Stock-in-transit-FG	0.51	
	1,608.79	1,157.74
Inventories at the beginning of the year		
Finished goods	817.16	700.13
Work-in-progress	31.97	22.51
By products	308.61	38.51
	1,157.74	761.15
Less: Excise duties on increase / (decrease) of finished goods	(37.73)	3.77
Net increase / (decrease)	488.78	392.82

Notes forming part of the consolidated financial statements

Note 25 Employee benefits expense

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Salaries and wages	544.29	543.66
Contributions to provident and other funds	23.70	21.90
Provision for gratuity	11.07	9.52
Provision for leave	(2.23)	0.84
Staff welfare expenses	11.42	7.87
Total	588.26	583.79

Note 26 Other expenses

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Consumption of stores and spare parts	230.95	164.38
Royalty cost	934.73	768.94
Mining cost	416.20	388.49
Coal Consumption cost	227.53	217.94
Power and fuel	372.47	313.00
Water	28.55	33.41
Material handling Charges	62.19	74.95
Labour Charges	159.79	135.00
Rent & plot hiring charges	20.78	25.73
Repairs and maintenance - Buildings	9.22	1.34
Repairs and maintenance - Machinery	84.26	7.42
Repairs and maintenance - Others	16.57	6.43
Security charges	8.37	-
Insurance	18.78	19.93
Rates and taxes	33.59	13.16
Communication	3.87	4.61
Travelling and conveyance	47.56	52.54
Selling & Distribution	16.00	22.33
Independent directors sitting fees	0.68	-
Donations and contributions	24.05	25.90
Legal and professional	74.83	71.52
Net loss on foreign currency transactions and translation	3.22	-
Payments to auditors	1.75	3.74
CSR expenses	3.71	5.88
Miscellaneous expenses	42.94	106.04
Total	2,842.61	2,462.70

Note 27 Finance costs

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Interest expense on		
Borrowings	1,243.44	701.93
Interest on delayed / deferred payment of statutory dues	10.42	5.80
Other borrowing cost	129.94	130.57
Finance Cost on Fair Valuation	348.26	171.27
Total	1,732.06	1,009.57

Notes forming part of the consolidated financial statements

Note 28 Other income

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Interest income	27.61	61.15
Rental Income	1.00	0.11
Liabilities / provisions no longer required written back	102.01	165.74
Others	6.17	26.45
Total	136.79	253.45

Note 29 Additional information to the financial statements

Note 29.1 Contingent liabilities (to the extent not provided for)

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Claims against the company not acknowledged as debt		
Central excise, customs and service tax	595.07	1,143.25
Sales tax and entry tax	265.54	301.50
Income Tax	354.89	354.89
Electricity Duty #	94.74	94.74
Others	18.50	81.82
Customs duty on import of equipment and spare parts under Export Promotion Capital Goods scheme	164.75	164.75

"# Maithan Ispat Ltd. 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."

29.2 Capital Commitments

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	310.99	583.78

29.3 Details on unhedged foreign currency exposures

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

As on 31st March 2018		As on 31st March 2017	
Receivable /(Payable) ₹ in Mn	Receivable /(Payable) USD in Mn	Receivable /(Payable) ₹ in Mn	Receivable /(Payable) USD in Mn
(576.76)	(8.87)	(587.83)	(9.07)

Forward Contracts to buy

As on 31st March 2018		As on 31st March 2017	
₹ in Mn	USD in Mn	₹ in Mn	USD in Mn
41.19	0.64	107.69	1.66

29.4 Arrears of fixed Cumulative Redeemable Preference Shares (CRPS)

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Arrear Dividend (including tax) on 10% Cumulative Redeemable Preference Shares (CRPS)	200.19	169.29

Notes forming part of the consolidated financial statements

Note 29 Additional information to the financial statements (Contd.)

29.5 Value of imports calculated on CIF basis

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Raw materials	659.35	329.85
Spare parts	2.61	2.77

29.6 Expenditure in foreign currency

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Interest	7.95	7.95
Travelling	3.15	5.89
Consultancy	0.16	-

29.7 Details of consumption of imported and indigenous items

Particulars	For the year ended 31 March, 2018	
	₹ in Mn	%
Imported		
Raw Materials	1,009.75	16.16
	(505.14)	(18.76)
Spare parts	2.90	0.05
	(2.51)	(0.07)
Indigenous		
Raw materials	5,009.20	80.15
	(3019.22)	(82.22)
Spare parts	228.05	3.65
	(145.06)	(3.95)
Total	6,249.90	100.00
	(3671.93)	(100.00)

Note: Figures / percentages in brackets relates to the previous year

29.8 Earnings in foreign exchange:

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
Export of goods calculated on FOB basis	16.10	-

Note 30 Disclosures under Accounting Standards

Note	
30.1	Post retirement benefit plans
30.1a	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 23.70 Mn (PY - ₹ 21.90 Mn) 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.
30.1 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.

Notes forming part of the consolidated financial statements

Note 30 Disclosures under Accounting Standards (contd.)

₹ in Mn

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Gratuity	
Components of employer expense		
Current service cost	6.60	6.34
Interest cost	3.87	3.64
Past service cost	1.96	-
Actuarial losses/(gains)	(4.58)	0.69
Total expense recognised in the Statement of Profit and Loss	7.85	10.67
Actual contribution and benefit payments for year		
Actual benefit payments	0.53	2.08
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(53.19)	(47.66)
Present value of defined benefit obligation-Subsidiary	(8.68)	(8.04)
Net asset / (liability) recognised in the Balance Sheet	(61.87)	(55.70)
Change in defined benefit obligations (DBO) during the year		
Present value of Consolidated DBO at beginning of the year	55.70	47.11
Current service cost	6.60	6.34
Interest cost	3.87	3.64
Actuarial (gains) / losses	(4.58)	0.69
Past service cost	1.96	-
Benefits paid	(1.67)	(2.08)
Present value of Consolidated DBO at the end of the year	61.87	55.70
Actuarial assumptions		
Discount rate	7.5%-8.0%	7.2% - 8.0%
Mortality tables	IALM (2006-08) Ult	IALM (2006-08) Ult

30.2 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 Ind AS 108.

30.3 Related party transactions

30.3a Details of Related Parties

Note	Description of relationship	Names of related parties
30.3a	Subsidiaries	Maithan Ispat Limited
	Key Management Personnel (KMP)	Mrs. Rita Singh (Chairperson cum Managing Director) Mrs. Natasha Singh Sinha (Director Finance & CFO) Mr. R. H. Rao (Director)* Mr. Priyabrata Patnaik (Director)** Ms. Sandhya Sethia (Company Secretary)
	Relatives of KMP	Mr. Jitendra Kumar Singh 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

Notes forming part of the consolidated financial statements

Note 30 Disclosures under Accounting Standards (contd.)

30.3a Details of Related Parties

Note	Description of relationship	Names of related parties
		f) Mesco Pharmaceuticals Limited g) Mesco Hotels Limited h) Mesco Aerospace Limited i) Mesco Laboratories Limited j) Mesco Shoes Limited k) Twenty First Century Finance Limited l) Mesco India Limited m) Chhindwara Coal Washing Private Limited n) Forrester Foods Private Limited o) Chhindwara Energy Limited p) Chhindwara Power Limited q) Gondwana Energy Limited r) SAARC Helicopters Private Limited s) Mesco Magic Cement Ltd t) SS & R Films Private Limited
Note: Related parties have been identified by the Management.		

* Mr. R. H. Rao ceases to be Director from 31st March 2018.

** Mr. Priyabrata Patnaik ceases to be Director from 28th February 2018.

30.3b Details of related party transactions during the year ended March 31, 2018 and balances outstanding as at March 31, 2018.

₹ in Mn

Note:	Details of related party transactions during the year ended 31 March, 2018 and balances outstanding as at 31 March, 2018.				
30.3b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP/ relatives of KMP have significant influence
	<u>Rentals services</u>				
	Mesco Steels Limited				0.41 (0.36)
	Mesco Logistics Limited				0.68 (0.60)
	Mesco Hotels Limited				0.82 (0.72)
	Mesco Kalinga Steels Limited				0.82 (0.72)
	Mrs. Rita Singh		6.00 (6.00)		
	Mrs. Natasha Singh Sinha		6.00 (6.00)		
	Mrs. Shipra Singh Rana			0.60 (0.60)	
	<u>Remuneration</u>				
	Mr. Jitendra Kumar Singh			30.04 (27.04)	
	Mrs. Rita Singh		33.36 (33.35)		
	Mrs. Natasha Singh Sinha		18.46 (16.28)		



Notes forming part of the consolidated financial statements

Note 30 Disclosures under Accounting Standards (contd.)

30.3 b) Details of related party transactions during the year ended March 31, 2017 (Contd.)

₹ in Mn

Note:	Details of related party transactions during the year ended 31 March, 2018 and balances outstanding as at 31 March, 2018.				
30.3b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP/ relatives of KMP have significant influence
	Mrs. Shipra Singh Rana			8.37	
	Mr. Purna Chandra Sahu		-	(8.41)	
	Mr. Ravipati Hanumantha Rao		(3.96)		
	Mr. Priyabrata Patnaik		1.20		
	Ms. Sandhya Sethia		(1.20)		
	Advances repaid		9.00		
	Mesco Steels Limited		(9.00)		52.13
			1.21		(70.42)
			(0.98)		
	Balances outstanding at the end of the year				
	Advances:				
	Mesco Steels Limited				2,093.07
	Mr. Jitendra Kumar Singh			-	(2,041.35)
	Mrs. Shipra Singh Rana			(12.00)	
	Mrs. Natasha Singh Sinha			-	
			(0.30)	(4.59)	
	Advances given to be reimbursed back				
	Mesco Aerospace Limited				54.36
	Mesco Logistocs Limited				-
	S S & R Films Private Limited				81.36
	Saarc Helicopters Private Limited				-
	Mesco Pharmaceuticals Limited				0.01
	21st Century Finance Limited				-
	Mideast India Limited				0.02
	Forrester Foods Private Limited				-
	Mesco Mining Limited				0.33
	Kayaana Constructions Limited				-
	Payables:				
	Mrs. Rita Singh		-		1.71
	Mesco Kalinga Steels Limited		(8.44)		-
	Mesco Hotels Limited				3.69
					-
					6.88
					-
					61.29
					-
					3.20
					-
					1.31
					-
					0.05
					-

Notes forming part of the consolidated financial statements

Note 30 Disclosures under Accounting Standards (contd.)

Note:	Details of related party transactions during the year ended 31 March, 2018 and balances outstanding as at 31 March, 2018.				
30.3b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP/ relatives of KMP have significant influence
	Mesco Magic Cement Limited				0.67
	Mesco Shoes Limited				0.76
					-
* Remuneration includes perquisites computed as per Income Tax Act. Note: Figures in bracket relates to the previous year					

Note	Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
30.4	Earnings per share		
	Basic & Diluted		
	Net profit / (loss) for the year attributable to the equity shareholders (₹ in Mn)	(641.54)	(405.00)
	Weighted average number of equity shares	137,875,000	137,875,000
	Par value per share (₹)	10	10
	Earnings per share (₹)	(4.65)	(2.94)

₹ in Mn

Note	Particulars	As at 31 March, 2018	As at 31 March, 2017
		₹ in Mn	₹ in Mn
30.5	Deferred tax (liability) / asset		
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	(753.98)	(754.79)
	Tax effect of items constituting deferred tax liability	(753.98)	(754.79)
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated leaves, gratuity and disallowances under Income Tax	16.50	19.81
	Tax effect of items constituting deferred tax assets	16.50	19.81
	Net deferred tax (liability) / asset	(737.48)	(734.98)
Note 31	The company has acquired 2,25,00,000 (Two Crores Twenty Five Lakhs) equity shares having face value of ₹ 10 each aggregating to ₹ 225 Mn. The Company is required to pledge 51% of paid up equity share capital of Maithan Ispat Ltd. (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 16,58,20,526 equity shares with the Lenders. At present the company has pledged 15,43,45,526 equity shares with the lenders and balance 1,14,75,000 equity shares would be pledged by the company in the coming financial year.		

Note 32	In pursuance to the Judgement dated 2nd August, 2017 of Honorable Supreme Court of India, in the matter of Writ Petition (Civil) No. 114 of 2014 (Common Cause v/s Union of India & Others), an amount of ₹ 924.75 crores has been imposed on the Company towards 'Compensation' as determined in the said Judgement which was to be paid by 31st December 2017, eventhough the Government Taxes and Royalty was paid on the ores extracted. Since the amount was not paid by the stipulated date, the Honorable Supreme Court ordered to stop mining operations with effect from 1st January 2018. The Company has however filed a 'Curative petition' (Civil) before the Honorable Supreme Court of India challenging the Judgement and which is still pending. Hence provision has not been made for the same in the books of accounts.								
Note 33	Based on order dated 25th January 2018 passed in the Court of the 2nd Addl. Civil Judge (Sr. Divn.) Bhubaneswar, with respect to the litigation with Industrial Promotion & Investment Corporation of India (IPICOL), the company has made a further provision of ₹ 76 crores in the books as the amount payable based on this Order.								
Note 34	The company intends to convert unsecured loans received from Promoters into Equity in compliance with the provisions of Companies Act 2013 and SEBI (ICDR) Regulations 2009 subject to approval of requisite authority.								
Note 35	Net deferred tax assets (DTA) of ₹ 0.73 Mn. (PY ₹88.83 Mn.) as at 31st March, 2018 has been recognised in the accounts on account of provisions for Gratuity & Leave Encashment, as a mater of prudence and in terms of the accounting policy in case of Maithan Ispat Ltd. (MIL). With fresh capital infused, MIL has started with the expansion work on the project front. In F.Y 2018-19, MIL will start its Heavy Section Mill which will produce TMT steel having production capacity of 3,79,000 tonne per annum. MIL also plans to install a Rebar Mill which will have a production capacity 1,66,000 tonnes per annum. Net deferred tax Liability (DTL) of ₹ 532.34 Mn. as at 31st March, 2018 has not been recognised in the accounts. The break up of which is as follows.								
	₹ in Mn								
	<table border="1"> <thead> <tr> <th>Components of Deferred Tax Asset/(Liability)</th> <th>As on 31st March 2018</th> </tr> </thead> <tbody> <tr> <td>Timing Difference in Depreciable Assets</td> <td style="text-align: right;">(822.70)</td> </tr> <tr> <td>Accumulated Loss & Unabsorbed Depreciation for the year</td> <td style="text-align: right;">290.36</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">(532.34)</td> </tr> </tbody> </table>	Components of Deferred Tax Asset/(Liability)	As on 31st March 2018	Timing Difference in Depreciable Assets	(822.70)	Accumulated Loss & Unabsorbed Depreciation for the year	290.36	Total	(532.34)
Components of Deferred Tax Asset/(Liability)	As on 31st March 2018								
Timing Difference in Depreciable Assets	(822.70)								
Accumulated Loss & Unabsorbed Depreciation for the year	290.36								
Total	(532.34)								
Note 36	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 statements.
As per our report of even date

For Todarwal & Todarwal LLP
Chartered Accountants
ICAI Reg No : 111009W/W100231

For and on behalf of the Board of Directors

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Director Finance & CFO
DIN: 00812380

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263

Place: New Delhi
Date: 8 June 2018

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)

25th Annual General Meeting of the Company Held on Sunday, September 30, 2018 at 11 A.M. at Lakshmiptat Singhania Auditorium, 4/2, PHD House, August Kranti Marg, Siri Institutional Area, Block A, Nipccd Campus, HauzKhas, New Delhi-110016

DP ID*	
Client id*	

Folio No.	
No. of Shares	

Name of the Shareholder:

Address of the Shareholder:

.....
.....

I hereby record my presence at the **25th Annual General Meeting** of the Company held on Sunday, September 30, 2018 At 11 A.M. at Lakshmiptat Singhania Auditorium, 4/2, PHD House, August Kranti Marg, Siri Institutional Area, Block A, Nipccd Campus, HauzKhas, New Delhi-110016

*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.



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

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 **25th Annual General Meeting** of the Company held on **Sunday, September, 30 2018 At 11.00 A.M. At LakshmiPat Singhania Auditorium, 4/2, PHD House, August Kranti Marg, Siri Institutional Area, Block A, Nipccd Campus, HauzKhas, New Delhi-110016**

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, 2018 together with the reports of the Board of Directors and Auditors thereon.		
2	To appoint a Director in place of Mrs. Natasha Sinha (DIN 00812380), Director-Finance 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 M/s. Arun Todarwal & Associates LLP to fill casual vacancy caused by resignation of M/s Todarwal & Todarwal LLP		
4	To appoint M/s. Arun Todarwal & Associates LLP, Chartered Accountants, (Firm Registration No.W100291), as the statutory auditors of the company		
5	To approve the remuneration of the cost auditor for conducting cost audit of the Company for FY 2018-19		
6	To Approve borrowing limits under Section 180(1)(c) of the Companies Act, 2013		
7	To approve limits under section 186 to grant loans , invest or give guarantee or security		
8	To approve limits under Section 180(1)(a) to transfer, sell, lease, assign, deliver or otherwise dispose off, pledge, hypothecate, mortgage etc.		
9	To Appoint Mr. Sharanappa Neelappa Kambalii as Director of the Company		
10	To approve related party transactions as Section 188 of the Companies Act, 2013		
11	To alter memorandum and articles of association of the Company		
12	To create, issue and allot on preferential basis ("Preferential Issue") to promoters/promoters group		

*Applicable for investors holding shares in electronic form

Signed this day of 2018
Signature of Shareholder

Affix
Revenue
Stamp of
Re. 1

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

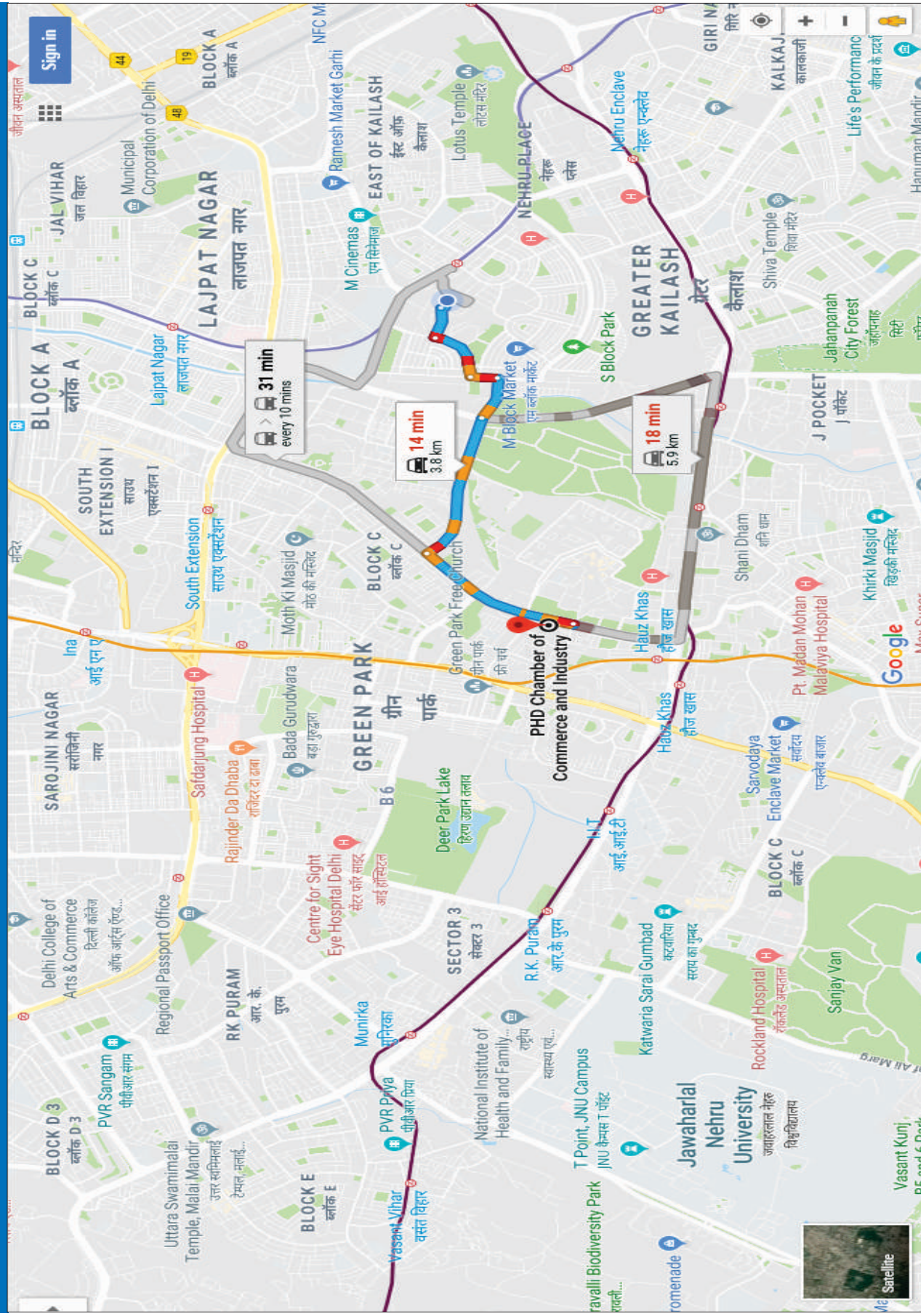
.....
Signature of 2nd Proxy holder

.....
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 joint holders, the signatures of any holder will be sufficient, but names of all joint holders should be stated.

ROUTE MAP AS PER SECRETARIAL STANDARDS -2





MESCO STEEL
Partnering Progress

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