

MISL/33/Qtr-1/2019-20

June 21, 2019

To,

BSE Limited
Corporate Relationship Department
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001

To

The Listing Department
The Calcutta Stock Exchange Ltd
7, Lyons Range
Kolkata-70001

Scrip ID: MESCON

CRIP CODE: 540744

Sub: Outcome of Board Meeting dated 21st June, 2019

Dear Sir/Madam,

The Board of Directors of the Company at its meeting held on 21st June, 2019 has considered and approved, inter-alia the followings:

- 1) Audited Financial Statements and results of the Company for the quarter and year ended 31st March, 2019 both (Standalone and Consolidated) as recommended by Audit Committee.

Further, Pursuant to regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Audited Financial results (Standalone and Consolidated) of the Company for the quarter and year ended 31st March, 2019 along with Audit Reports.

- 2) Statutory Auditor's Report with modified opinion on Audited (Standalone and Consolidated) Financial Results for the Quarter & Year ended on 31st March, 2019. **Copy of the same is enclosed.**
- 3) Statement on Impact of Audit Qualifications (For Audit Report with modified opinion) for the Financial Year ended March 31, 2019, submitted along with Annual Audited Financial Results – **Copy of the same is enclosed.**
- 4) Re-appointment of Mr. Sanjiv Batra [DIN: 00602669], as an Independent Directors of the Company for a second consecutive term of 5 years w.e.f. 01.10.2019, The said appointment is subject to the approval by the Members of the Company at the forthcoming Annual General Meeting.
- 5) Appointment of Mr. Hawa Singh Chahar (DIN:01691383) as an additional Non-executive Independent Director w.e.f June 21, 2019. Brief profile of same is annexed hereunder.

MIDEAST INTEGRATED STEELS LIMITED

Corporate Identity No. - L74899DL1992PLC050216

Regd. Off.: Mesco Towers, H-1, Zamrudpur, Community Centre, Kailash Colony, New Delhi - 110 048, India, T: 011-29241099, 40587085, 40587083
Bhubaneswar Office: Mesco Tower 3915, Lewis Road, Kedargouri Square, Bhubaneswar - 751 014, Odisha, T: 0674-2432755/59, Fax: 0674-2432256
Plant: Kalinga Nagar Industrial Complex, Khurunti, P. O. - Danagadi - 755 026, Dist. Jajpur Odisha, T: 06726-266042/45, 0671-2383100, Fax: 06726-266041
Mumbai Office: Unit No. 401, Silver Pearl Bldg. Water Field Road, Bandra (W), Mumbai - 400 050, T: 022-26603173/75/74
Kolkata Office: 14th Floor, Room No. 1412, 16, Strand Road, Kolkata - 700 001, T: 033-66451214 / 1215

W: www.mescosteel.com



MESCO STEEL
Partnering Progress



ISO 9001:2008

- 6) Reconstitution of Committees as given in **Annexure 1**.
- 7) Further, pursuant to Regulation 30(5) of the SEBI (LODR) Regulations, the Board has authorized Mrs Rita Singh , Chairman & Managing Director , Mrs Natasha Sinha –Director Finance, CFO and Mr. Pawan Kumar Thakur, Company Secretary to disseminate the material events or information to the Stock Exchange (s). The Contact details are as under:

Mrs. Rita Singh Chairman cum Managing Director Telephone: 011-41587085 Email id: ritasingh@mescosteel.com	Mrs. Natasha Sinha Chief Financial Officer Tel.: 011-41587085 Email ID.: natashasinha@mescosteel.com	Mr. Pawan Kumar Thakur Compliance Officer and Company Secretary Tel.: 011-41587085 Email. ID: pawanthakur@mescosteel.com
--	---	---

The Meeting of Board of Directors was commenced at 04: 30 P.M. and concluded at *10:00 Pm*

The above Limited Review Report and Results are also available on the website of the Company VIZ. Mescosteel.com

Submitted for your information and record.

Thanking you,
For **Mideast Integrated Steels Limited**

Pawan Kumar Thakur

Pawan Kumar Thakur
DGM-Company Secretary cum Compliance Officer
Encl: AA

MIDEAST INTEGRATED STEELS LIMITED

Corporate Identity No. - L74899DL1992PLC050216

Regd. Off.: Mesco Towers, H-1, Zamrudpur, Community Centre, Kailash Colony, New Delhi - 110 048, India, T: 011-29241099, 40587085, 40587083
Bhubaneswar Office: Mesco Tower 3915, Lewis Road, Kedargouri Square, Bhubaneswar - 751 014, Odisha, T: 0674-2432755/59, Fax: 0674-2432256
Plant: Kalinga Nagar Industrial Complex, Khurunti, P. O. - Danagadi - 755 026, Dist. Jajpur Odisha, T: 06726-266042/45, 0671-2383100, Fax: 06726-266041
Mumbai Office: Unit No. 401, Silver Pearl Bldg. Water Field Road, Bandra (W), Mumbai - 400 050, T: 022-26603173/75/74
Kolkata Office: 14th Floor, Room No. 1412, 16, Strand Road, Kolkata - 700 001, T: 033-66451214 / 1215

W: www.mescosteel.com



MESCO STEEL
Partnering Progress



ISO 9001:2008

Annexure 1

Re-composition of Committees

Audit Committee

S L No.	Name of Director	
1	Mr Hawa Singh Chahar-Independent Director	Chairman
2	Mr Sanjiv Batra- Independent Director	Member
3	Mrs Natasha Sinha-Executive Director	Member

Nomination & Remuneration Committee

S L No.	Name of Director	
1	Mr Hawa Singh Chahar-Independent Director	Chairman
2	Mr Sanjiv Batra- Independent Director	Member
3	Mr Gurjeet Singh Jawanda-Non-Executive Director	Member

Stakeholders Relationship Committee

S L No.	Name of Director	
1	Mr Hawa Singh Chahar	Chairman
2	Mr Sanjeev Batra	Member
3	Mrs Rita Singh	Member

Corporate Social Responsibility Committee (CSR)

S L No.	Name of Director	
1	Mr Hawa Singh Chahar	Chairman
2	Mrs Rita Singh	Member
3	Mrs Natasha Sinha	Member

Pawan Kumar



MIDEAST INTEGRATED STEELS LIMITED

Corporate Identity No. - L74899DL1992PLC050216

Regd. Off.: Mesco Towers, H-1, Zamrudpur, Community Centre, Kailash Colony, New Delhi - 110 048, India, T: 011-29241099, 40587085, 40587083
Bhubaneswar Office: Mesco Tower 3915, Lewis Road, Kedargouri Square, Bhubaneswar - 751 014, Odisha, T: 0674-2432755/59, Fax: 0674-2432256
Plant: Kalinga Nagar Industrial Complex, Khurunti, P. O. - Danagadi - 755 026, Dist. Jajpur Odisha, T: 06726-266042/45, 0671-2383100, Fax: 06726-266041
Mumbai Office: Unit No. 401, Silver Pearl Bldg. Water Field Road, Bandra (W), Mumbai - 400 050, T: 022-26603173/75/74
Kolkata Office: 14th Floor, Room No. 1412, 16, Strand Road, Kolkata - 700 001, T: 033-66451214 / 1215

W: www.mescosteel.com

Mideast Integrated Steels Limited

Regd. Off: H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi - 110 048
Website: www.mescosteel.com; CIN: L74899DL1992PLC050216; Ph. No. 011-29241099 & 40587085

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2019

Sr. No.	Particulars	Quarter ended			Year ended	
		31/03/2019	31/12/2018	31/03/2018	31/03/2019	31/03/2018
		Audited	Unaudited	Audited	Audited	Audited
	Rs. in Mn	Rs. in Mn	Rs. in Mn	Rs. in Mn	Rs. in Mn	
1	Revenue from Operations	2,155.96	2,460.60	2,294.20	8,702.37	6,302.31
2	Other Income	(488.52)	500.01	102.56	411.21	140.78
3	Total Income (1+2)	1,667.44	2,960.61	2,396.76	9,113.58	6,443.09
4	Expenses					
	(a) Cost of materials consumed	1,526.63	1,884.62	1,406.73	6,356.51	2,165.32
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(105.50)	133.92	32.56	(24.29)	(243.51)
	(c) Employee benefits expense	(37.79)	101.42	126.75	286.09	448.01
	(d) Finance cost	32.16	4.06	784.62	45.85	823.43
	(e) Depreciation and amortisation expense	140.14	141.22	148.70	564.04	565.35
	(f) Excise Duty	327.08	373.12	489.19	1,318.92	489.72
	(g) Other expenses	211.71	103.42	97.28	553.07	1,894.65
	Total Expenses	2,094.43	2,741.78	3,085.83	9,100.19	6,142.97
5	Profit / (Loss) from operations before exceptional items (3-4)	(426.99)	218.83	(689.07)	13.38	300.12
6	Exceptional items	-	-	-	-	-
7	Profit / (Loss) before tax (5+6)	(426.99)	218.83	(689.07)	13.38	300.12
8	Tax expense:	2.00	-	67.20	52.00	67.20
9	Net Profit / (Loss) after tax (7-8)	(428.99)	218.83	(756.27)	(38.62)	232.92
10	Other Comprehensive Income	0.35	0.15	0.40	0.80	0.60
11	Total Comprehensive Income / (Loss) (9+10)	(428.64)	218.98	(755.87)	(37.82)	233.52
12	Paid Up Equity Share Capital (Face Value of Rs. 10/- each)	1,378.75	1,378.75	1,378.75	1,378.75	1,378.75
13	Earnings per Share (of Rs 10 each) (not annualised) (including share suspense)					
	- Basic	(3.11)	1.59	(5.49)	(0.28)	1.69
	- Diluted	(3.11)	1.59	(5.49)	(0.28)	1.69

- The above results have been reviewed and recommended by the Audit Committee and have been approved and taken on record by the Board of Directors at its meeting held on June 21, 2019.
- The figures for the quarter ended March 31, 2019 and March 31, 2018 are the balancing figures between the audited figures in respect of the full financial year ended March 31, 2019 and March 31, 2018 and the unaudited published year-to-date figures upto December 31, 2018 and December 31, 2017 respectively being the dates of the end of the third quarters of the financial years which were subjected to limited review.
- The Company has adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder. The date of transition is April 1, 2016.
- Previous periods figures have been regrouped / rearranged wherever necessary to conform to the current period's classification(s).

For and on behalf of the Board of Directors
For Mideast Integrated Steels Limited

Rita Singh

Chairperson cum Managing Director

Place : New Delhi
Date : 21 June, 2019

Mideast Integrated Steels Limited
Standalone Statement of Assets and Liabilities as at 31 March, 2019

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
ASSETS		
Non current assets		
Property, plant and equipment	8,115.00	8,677.78
Capital work-in-progress	241.13	141.32
Non current investments	1,918.92	1,918.92
Financial assets		
Security deposits	62.43	53.17
Other financial assets	2,526.70	2,429.26
Other non current assets	872.32	918.32
Current assets		
Inventories	1,129.26	1,158.88
Financial assets		
Trade receivables	730.50	237.07
Cash and cash equivalents	534.95	222.41
Advances	558.56	369.48
Other financial assets	280.88	191.46
	16,970.65	16,318.09
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,378.75	1,378.75
Other equity		
Securities premium	677.70	677.70
Retained earnings	2,899.67	2,937.49
Other reserve	1,642.61	1,642.61
Total Equity	6,598.73	6,636.55
Non current liabilities		
Financial liabilities		
Borrowings	353.10	399.36
Trade payables	387.11	548.50
Other financial liabilities	4,957.01	5,199.63
Deferred tax liabilities (net)	739.48	737.48
Employee benefit obligations	65.97	57.38
Current liabilities		
Financial liabilities		
Trade payables	2,045.55	1,711.19
Other financial liabilities	1,814.53	1,019.97
Employee benefit obligations	9.15	8.02
	16,970.65	16,318.09

Place : New Delhi
Date : 21 June, 2019

For and on behalf of the Board of Directors
For Mideast Integrated Steels Limited

Rita Singh
Chairperson cum Managing Director

Auditor's Report On Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To Board of Directors of
Mideast Integrated Steels Limited

We have audited the quarterly financial results of Mideast Integrated Steels Limited for the quarter ended 31st March 2019 and for the year ended 31st March 2019, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. These quarterly financial results as well as the year end financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

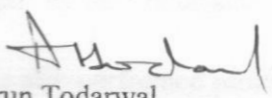
We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.

In our opinion and to the best of our information and according to the explanations given to us these quarterly as well as year end financial results:

(i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, in this regard; and

(ii) *subject to the qualifications as mentioned in our audit report*, give a true and fair view of the net loss and other financial information for the quarter ended 31st March 2019 as well as the year ended 31st March 2019.

For and on behalf of
Arun Todarwal & Associates LLP
Chartered Accountants
ICAI Reg No:W100291


Arun Todarwal
Partner
M. No. : 032822

Dated: 21st June, 2019
Place: Mumbai



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MIDEAST INTEGRATED STEELS LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion



1. We have audited the accompanying standalone financial statements of M/s Mideast Integrated Steels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion section of our report*, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive loss (comprising of the loss and other comprehensive loss), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

3. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Qualifications

1. *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 between Common Cause v/s Union of India & Others, there is a penalty imposed of Rs 924 crores along with interest on the company for excess production of Iron Ore during 2000-01 to 2010-11. The Company was supposed to make the payment of this compensation on or before 31st December 2017, failing which the mines of the Company are closed down wef 1st January 2018. The Company has filed a 'Curative petition' (Civil) on 28th March 2018, before the Honorable Supreme Court of India challenging the Judgement and which we have been informed is still pending. Hence, no provision has been made for the same in the books of accounts. However, in our opinion, this penalty has been crystalized and accordingly, a provision should have been made in the books to the extent of Rs 924 crores along with interest upto date.*
2. *Balance confirmations and bank statements have not been provided to us for some banks accounts and loans. Details are as per Annexure III attached herewith.*

3. *The deferred tax working has not been shared with us, hence we are unable to comment upon the correctness of the same, as on 31st March 2019.*
4. *The Company has an investment of Rs 179.88 crores in its Subsidiary, Maithan Ispat Limited. Based on the financials of its subsidiary, the Net worth is negative and the liabilities exceed the assets of the subsidiary company. In the absence of any impairment testing done, we are unable to comment on the investment value taken in the Company's books.*

Emphasis of Matter

1. *Balances of Debtors, creditors, loans & advances received & given and deposits received & given are subject to confirmations and reconciliations.*
2. *In the absence of complete details and documentation for additions made to Capital Work in progress, we are unable to comment on the same.*
3. *In our opinion, a provision for doubtful debts of Rs 8.87 crores needs to be made against the balances of non moving old Debtors & Creditors (where advances have been given by the Company), as on 31st March 2019. No litigation has been initiated by the Company on these balances.*
4. *In the absence of complete stock valuation details, we are unable to comment on the stock valuation taken as on 31st March 2019.*

Key Audit Matters

4. *Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no matters determined to be the key audit matters to be communicated in our report.*

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

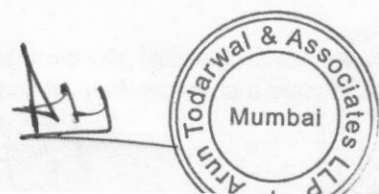
5. *The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.*

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Since we have not been provided with the other information, we will not be able to report on the same.



Responsibilities of management and those charged with governance for the Standalone Financial Statements

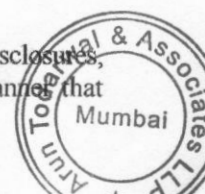
6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

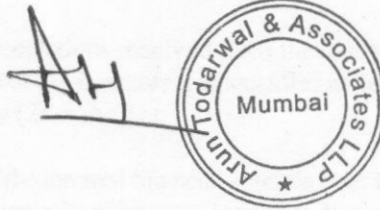
8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AM



ARUN TODARWAL & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
MUMBAI

- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order

14. As required by Section 143(3) of the Act, based on our audit, *subject to the qualified opinion given above*, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure II".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us, *subject to the qualified opinion given above*:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, if required to be transferred, to the Investor Education and Protection Fund by the Company.



ANNEXURE I TO AUDITORS' 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 2019]

- 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3 According to information and explanation given to us, the Company has granted unsecured loans to parties covered in the register maintained under Section 189 of the Act, *however in our opinion:*
 - *The terms and conditions of the grant of such loans are prejudicial to the company's interest as no interest is being charged on the same upto year ended 31st March 2019.*
 - *There is no schedule of repayment of principal and payment of interest that has been stipulated.*
- 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 public deposits, within the meaning 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, 2019 have not been deposited with appropriate authorities and no provision has been made for the same. Details are as follows:

<i>Sr. No.</i>	<i>Dues pertaining to</i>	<i>Amount (In Crores) March 2019</i>	<i>Amount (In Crores) March 2018</i>	<i>Forum where dispute is pending</i>
1	Excise Duty	114.26	28.77	Various Authorities
2	Service Tax	3.00	3.87	Various Authorities
3	Sales and Entry Tax	24.84	24.68	Various Authorities
4	Income Tax	5.77	5.77	Various Authorities
	Total	147.87	63.09	

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 defaulted in repayment of dues to a financial institution, bank, Government or dues to debenture holders, details are as below:

<i>Sr. No.</i>	<i>Bank / Financial Institution</i>	<i>Default Amount</i>	<i>Currency</i>	<i>Default made for the month of</i>
1	SREI Equipment Finance Limited	18,26,000	INR	March 2019
2	BanyanTree Bank Limited (Loan no 0024)	3,12,500	USD	December 2018
3	BanyanTree Bank Limited (Loan no 0126)	58,333	USD	March 2019
4	BanyanTree Bank Limited (Loan no 0046)	66,667	USD	December 2018

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.

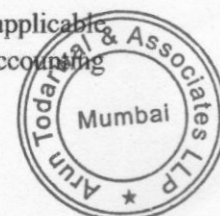
10 During the course of our examination of the books of account carried in accordance with the generally accepted auditing standards in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by 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.

[Handwritten Signature]



ARUN TODARWAL & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
MUMBAI

- 14 According to information and explanation given to us, the Company during the year, has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, hence the provision of clause 3(xiv) are not applicable to the company.
- 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.

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 2019

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, 2019 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

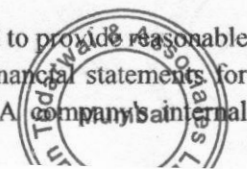
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on 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



AH

**ARUN TODARWAL & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
MUMBAI**

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

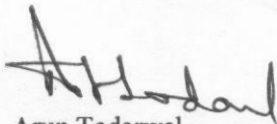
In our opinion, the Company has, in all material respects, an internal financial controls system over financial reporting *however they need to be strengthened and comprehensively documented*, based on the internal control over financial reporting criteria established by the Company considering the essential 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

Arun Todarwal & Associates LLP

Chartered Accountants

ICAI Reg No: W100291



Arun Todarwal

Partner

M. No.: 032822

Dated : 21st June, 2019

Place: Mumbai



ARUN TODARWAL & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
MUMBAI

ANNEXURE III TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF M/S MIDEAST INTEGRATED STEELS LIMITED AS ON 31ST MARCH 2019

Details for Qualification in the Audit report – Point no 2:



Details of banks and loans where balance confirmations and bank statements have not been provided to us for verification:

Bank balances:

Srn	Particulars	Account number	Closing Amount as per books (Rs)
1	Punjab National Bank	53002100031037	6,68,550
2	Central Bank of India (EEFC)	3096464776	9,778
3	ICICI Bank	059205002008	72,62,055
4	ICICI Bank	064005001275	14,20,257
5	ICICI Bank	077605003764	2,204

Loans by Other financial institutions:

Srn	Particulars	Closing Amount as per books (Rs)
1	SREI Equipment Finance Limited	(51,912,169)

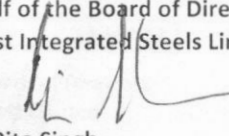
STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2019

Sr. No.	Particulars	Year ended	Year ended
		31/3/2019	31/3/2018
		Audited	Audited
		Rs. in Mn	Rs. in Mn
1	Revenue from Operations	12,509.92	10,663.32
2	Other Income	838.46	136.79
3	Total Income (1+2)	13,348.38	10,800.11
4	Expenses		
	(a) Cost of materials consumed	8,502.82	4,686.12
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	64.33	(488.78)
	(c) Employee benefits expense	423.26	588.26
	(d) Finance cost	1,089.22	1,732.06
	(e) Depreciation and amortisation expense	823.92	828.69
	(f) Excise Duty	1,888.01	1,186.20
	(g) Other expenses	1370.84	2842.61
	Total Expenses	14,162.40	11,375.16
5	Profit / (Loss) from operations before exceptional items (3-4)	(814.02)	(575.07)
6	Exceptional items	-	-
7	Profit / (Loss) before tax (5+6)	(814.02)	(575.07)
8	Tax expense:	52.00	66.47
9	Net Profit / (Loss) after tax (7-8)	(866.02)	(641.54)
10	Other Comprehensive Income	(0.03)	(3.26)
11	Total Comprehensive Income /(Loss) (13+14)	(866.05)	(644.80)
12	Earning Per Share (in Rs.)		
	- Basic	(6.28)	(4.65)
	- Diluted	(6.28)	(4.65)

- 1 The above results have been reviewed and recommended by the Audit Committee and have been approved and taken on record by the Board of Directors at its meeting held on June 21, 2019.
- 2 The Company has adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder. The date of transition is April 1, 2016.
- 3 Previous periods figures have been regrouped / rearranged wherever necessary to conform to the current period's classification(s).

Place : New Delhi
 Date : 21st June 2019

For and on behalf of the Board of Directors
 For Mideast Integrated Steels Limited


 Rita Singh

Chairperson cum Managing Director

Mideast Integrated Steels Limited
Consolidated Statement of Assets and Liabilities as at 31 March, 2019

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
ASSETS		
Non-current assets		
Property, plant and equipment	11,925.35	12,682.22
Capital work-in-progress	702.29	536.87
Non-current investments	120.10	120.10
Financial assets		
Security deposits	116.60	107.94
Other financial assets	2,401.70	2,304.26
Other non current assets	1,182.16	1,209.46
Deferred tax asset (Subsidiary)	1,398.05	1,398.05
Current assets		
Inventories	2,104.58	2,579.58
Financial assets		
Trade receivables	481.92	120.88
Cash and cash equivalents	695.89	694.12
Advances	731.52	537.07
Other financial assets	307.02	332.25
	22,167.18	22,622.80
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,378.75	1,378.75
Other equity		
Securities premium	677.70	677.70
Retained earnings	(391.07)	471.52
Other reserves	1,642.61	1,642.61
Equity attributable to Equity shreholders of Parent	3,307.99	4,170.58
Non-controlling interest	991.80	517.29
Total Equity	4,299.79	4,687.87
Non-current liabilities		
Financial liabilities		
Borrowings	3,563.67	3,873.10
Trade payables	-	548.50
Other financial Liabilities	4,957.01	5,714.15
Deferred tax liabilities	739.48	737.48
Employee benefit obligations	74.20	65.70
Capital reserves on consolidation	1,396.71	1,315.39
Current liabilities		
Financial liabilities		
Trade payables	3,534.38	3,681.34
Other financial liabilities	3,588.09	2,557.85
Employee benefit obligations	13.85	12.85
	22,167.18	23,194.23

For and on behalf of the Board of Directors
For Mideast Integrated Steels Limited

Rita Singh

Chairperson cum Managing Director

Place : New Delhi
Date : 21st June 2019

Auditor's Report on Consolidated Year end Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To Board of Directors of
Mideast Integrated Steels Limited

We have audited the statement of consolidated financial results of Mideast Integrated Steels Limited ("the Parent") and its subsidiary (the Parent and its subsidiaries together referred to as "the Group") and its share of the net profit/(loss) after tax and total comprehensive income / loss of its associates for the year end as on 31st March 2019, attached herewith, being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, as amended.

This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been compiled from the related consolidated financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.

3. 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 Statement is free from material misstatement.

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

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

ARUN TODARWAL & ASSOCIATES LLP
Chartered Accountants
Mumbai

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 5 below, is sufficient and appropriate to provide a basis for our qualified audit opinion.

4. In our opinion and to the best of our information and according to the explanations given to us, and the other financial information and joint operations of the Group & its subsidiary, referred to in paragraph 5 below, the Statement:

a. includes the results of the following entity:

Maithan Ispat Limited – Subsidiary

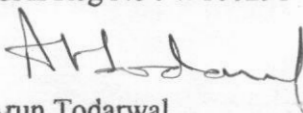
b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and

c. *Subject to the qualifications as mentioned in the audit report*, gives a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated total comprehensive income (comprising of net profit and other comprehensive income) and other financial information of the Group for the year ended 31st March 2019.

5. We have audited the financial statements of Maithan Ispat Limited (Subsidiary) included in the consolidated financial results and statements, whose financial statements reflect total assets of Rs. 738.25 crores as at 31st March, 2019, total revenues of Rs. 475.21 crores, total net (loss) after tax of Rs. 82.74 crores, and total comprehensive loss of Rs. 82.82 crores for the year ended on that date, as considered in the consolidated financial results.

6. The Statement includes the results for the quarter ended 31st March 2019 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For and on behalf of
Arun Todarwal & Associates LLP
Chartered Accountants
ICAI Reg No : W100291


Arun Todarwal
Partner
M. No. : 032822

Dated: 21st June, 2019
Place: Mumbai



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MIDEAST INTEGRATED STEELS LIMITED

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying Consolidated financial statements of M/s Mideast Integrated Steels Limited ("the Company"), which includes its subsidiary (the Company and its subsidiary, together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion section of our report*, the aforesaid Consolidated financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and total consolidated comprehensive loss (comprising of the consolidated loss and consolidated other comprehensive loss), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

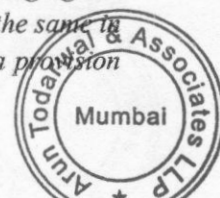
Basis for Qualified Opinion

3. We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated financial statements.

Qualifications

In the audit report of the Holding Company – Mideast Integrated Steels Limited

1. 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 between Common Cause v/s Union of India & Others, there is a penalty imposed of Rs 924 crores along with interest on the company for excess production of Iron Ore during 2000-01 to 2010-11. The Company was supposed to make the payment of this compensation on or before 31st December 2017, failing which the mines of the Company are closed down wef 1st January 2018. The Company has filed a 'Curative petition' (Civil) on 28th March 2018, before the Honorable Supreme Court of India challenging the Judgement and which we have been informed is still pending. Hence, no provision has been made for the same in the books of accounts. However, in our opinion, this penalty has been crystalized and accordingly, a provision should have been made in the books to the extent of Rs 924 crores along with interest upto date.



2. *Balance confirmations and bank statements have not been provided to us for some banks accounts and loans. Details are as per Annexure I attached herewith.*
3. *The deferred tax working has not been shared with us, hence we are unable to comment upon the correctness of the same, as on 31st March 2019.*
4. *The Company has an investment of Rs 179.88 crores in its Subsidiary, Maithan Ispat Limited. Based on the financials of its subsidiary, the Net worth is negative and the liabilities exceed the assets of the subsidiary company. In the absence of any impairment testing done, we are unable to comment on the investment value taken in the Company's books.*

In the audit report of the Subsidiary Company – Maithan Ispat Limited

1. *The deferred tax working has not been shared with us, hence we are unable to comment upon the correctness of the same, as on 31st March 2019.*
2. *Balance confirmations and bank statements have not been provided to us for some banks, fixed deposits and loans. Details are as per Annexure I attached herewith.*
3. *The internal audit report has not been shared with us, for the year ended 31st March 2019.*

Emphasis of Matter

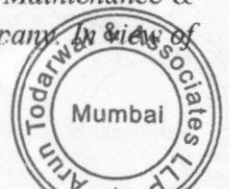
In the audit report of the Holding Company – Mideast Integrated Steels Limited

1. *Balances of Debtors, creditors, loans & advances received & given and deposits received & given are subject to confirmations and reconciliations.*
2. *In the absence of complete details and documentation for additions made to Capital Work in progress, we are unable to comment on the same.*
3. *In our opinion, a provision for doubtful debts of Rs 8.87 crores needs to be made against the balances of non moving old Debtors & Creditors (where advances have been given by the Company), as on 31st March 2019. No litigation has been initiated by the Company on these balances.*
4. *In the absence of complete stock valuation details, we are unable to comment on the stock valuation taken as on 31st March 2019.*

In the audit report of the Subsidiary Company – Maithan Ispat Limited

1. *The total assets of the company stand at Rs 738.25 crores, and the total liabilities as on 31st March 2019 are Rs 765.86 crores. The plant has been shut down since January 2019. The accumulated losses for the company as on 31st March 2019 are Rs 811.76 crores and the Net worth is negative Rs 27.62 crores. However, the Company has entered into a job work agreement (as Operation, Maintenance & Sales – OM&S) subsequently after the year end which would revive the plant of the Company. In view of the above, the Company may be considered as a going concern.*

Handwritten signature/initials.



**ARUN TODARWAL & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
MUMBAI**

2. *Balances of Debtors, creditors, loans & advances received & given and deposits received & given are subject to confirmations and reconciliations.*
3. *In our opinion, a provision of Rs 10.56 crores for doubtful debts needs to be made against the old non moving debtor & supplier balances (where advances have been given by the Company) as on 31st March 2019. Further, no litigation has been initiated by the Company on these amounts*

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We do not have any matters determined to be the key audit matters to be communicated in our report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Since we have not been provided with the other information, we will not be able to report on the same.

Responsibilities of management and those charged with governance for the Consolidated Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, total consolidated comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the Consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern.



continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing

of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

13. As required by Section 143(3) of the Act, *subject to the qualified opinion given above*, based on our audit, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Consolidated Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2019 of the Group, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, in our opinion and to the best of our information and according to the explanations given to us, the Group, have, in all material respects, internal financial controls system over financial reporting however they need to be strengthened, as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies 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.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:



ARUN TODARWAL & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
MUMBAI

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

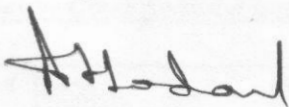
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us, *subject to the qualified opinion given above*:
- i. The Group has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements.
 - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, if required to be transferred, to the Investor Education and Protection Fund by the Group.

For and on behalf of

Arun Todarwal & Associates LLP

Chartered Accountants

ICAI Reg No: W100291



Arun Todarwal

Partner

M. No.: 032822

Dated : 21st June, 2019

Place: Mumbai



ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S MIDEAST INTEGRATED STEELS LIMITED AS ON 31ST MARCH 2019

In the audit report of the Holding Company – Mideast Integrated Steels Limited

Details of banks and loans where balance confirmations and bank statements have not been provided to us for verification:

Bank balances:

Srn	Particulars	Account number	Closing Amount as per books (Rs)
1	Punjab National Bank	53002100031037	6,68,550
2	Central Bank of India (EEFC)	3096464776	9,778
3	ICICI Bank	059205002008	72,62,055
4	ICICI Bank	064005001275	14,20,257
5	ICICI Bank	077605003764	2,204

Loans by Other financial institutions:

Srn	Particulars	Closing Amount as per books (Rs)
1	SREI Equipment Finance Limited	(51,912,169)

In the audit report of the Subsidiary Company – Maithan Ispat Limited

Details of banks, fixed deposits and loans where balance confirmations or bank statements have not been provided to us for verification:

Bank balances:

Srn	Particulars	Account number	Closing Amount as per books (Rs)
1	State Bank of India	34945767143	Nil

Fixed Deposit, Bank Guarantees (BG) Margin and Letter of Credit (LC) Margin balances:

Srn	Particulars	Closing Amount as per books (Rs)
1	State Bank of India – BG Margin	23,99,500
2	State Bank of India – LC Margin	67,764,662

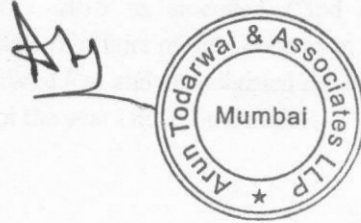


TODARWAL & ASSOCIATES LLP
REGISTERED ACCOUNTANTS
MUMBAI

3	State Bank of India Fixed Deposit	(55,809,082)
4	Allahabad Bank – BG Margin	78,96,000
5	Allahabad Bank – LC Margin	(31,05,000)
6	Punjab National Bank – BG Margin	44,40,000
7	Punjab National Bank – LC Margin	15,155,450

Secured Loans and LC Acceptances by Banks:

Srn	Particulars	Loan Account number	Closing Amount as per books (Rs)
1	Indian Overseas Bank	262403281500001	(486,735,631)
2	Dena Bank	030057023811	(459,900,000)
3	Dena Bank	030057023826	(15,805,664)
4	Punjab National Bank – LC Acceptance		(259,385,600)
5	State Bank of India – LC Acceptance		(62,000,014)
6	Allahabad Bank – LC Acceptance		(50,737,847)



ANNEXURE I

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations. 2016]

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)	
		(Rs. In Million)		
I.	1	Turnover / Total income	8702.37	8702.37
	2	Total Expenditure	8490.31	8490.31
	3	Net Profit/(Loss)	(38.62)	(38.62)
	4	Earnings /(Deficit) Per Share	(0.28)	(0.28)
	5	Total Assets	16583.54	16583.54
	6	Total Liabilities	9984.79	9984.79
	7	Net Worth	6598.73	6598.73
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II	Audit Qualification (each audit qualification separately):			
	(a)	Details of Audit Qualification:	<ol style="list-style-type: none"> 1. <i>In pursuance to the judgment dated 2nd August, 2017 of Honorable Supreme Court of India, in the matter of Writ Petition (Civil) No. 114 of 2014 between Common Cause v/s Union of India & Others, there is a penalty imposed of Rs 924 crores along with interest on the company for excess production of Iron Ore during 2000-01 to 2010-11. The Company was supposed to make the payment of this compensation on or before 31st December 2017, failing which the mines of the Company are closed down wef 1st January 2018. The Company has filed a 'Curative petition' (Civil) on 28th March 2018, before the Honorable Supreme Court of India challenging the Judgment and which we have been informed is still pending. Hence, no provision has been made for the same in the books of accounts. However, in our opinion, this penalty has been crystalized and accordingly, a provision should have been made in the books to the extent of Rs. 924 crores along with interest upto date.</i> 2. <i>Balance confirmations and bank statements have not been provided to us for some banks accounts and loans. Details are as per Annexure III attached herewith.</i> 3. <i>The deferred tax working has not been shared with us, hence we are unable to comment upon the correctness of the same, as on 31st March 2019.</i> 	

			<p>4. The Company has an investment of Rs 179.88 crores in its Subsidiary, Maithan Ispat Limited. Based on the financials of its subsidiary, the Net worth is negative and the liabilities exceed the assets of the subsidiary company. In the absence of any impairment testing done, we are unable to comment on the investment value taken in the Company's books.</p>
		Emphasis of Matter	<p>1. Balances of Debtors, creditors, loans & advances received & given and deposits received & given are subject to confirmations and reconciliations.</p> <p>2. In the absence of complete details and documentation for additions made to Capital Work in progress, we are unable to comment on the same.</p> <p>3. In our opinion, a provision for doubtful debts of Rs 8.87 crores needs to be made against the balances of non moving old Debtors & Creditors (where advances have been given by the Company), as on 31st March 2019. No litigation has been initiated by the Company on these balances.</p> <p>4. In the absence of complete stock valuation details, we are unable to comment on the stock valuation taken as on 31st March 2019.</p>

(b)	Type of Audit Qualification	Qualified Opinion and Emphasis of Matter / Disclaimer of Opinion / Adverse Opinion
(c)	Frequency of qualification	Appeared First Time
(d)	For Audit Qualification(s) where the impact is quantified by the auditor; and the , Management's Views on same	Impact has been not been quantified by the Auditor in their Report to the Members

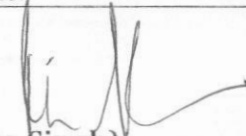
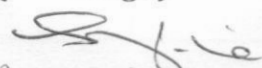
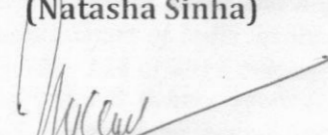
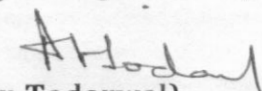
(e)	<p>For Audit Qualification(s) where the impact is not quantified by the auditor</p> <p>(i). Management's estimation on the impact of audit qualification:</p> <p>(ii). If management is unable to estimate the impact, reasons for the same:</p> <p>(iii). Auditors' Comments on (i) or (ii) above.</p>	<p>Presently Impact of these qualification/emphasis of matter can not be quantified; Management view on the Audit Qualification and Emphasis of Matter are as under:</p> <p>1. The curative petition with Hon'ble Supreme Court of India is still pending to be finalized. Further Management is of the view that the grounds on which penalty was imposed is not so severe and Company expects to have a positive judgment from the Hon'ble Court. Company already has stock of worth of Rs. 500 crore at mine which is adjustable against the penalty.</p> <p>2. Management is in process to confirmation/reconciliations of balances of certain secured and unsecured loan and borrowings,</p>
-----	---	--

balances with banks including certain fixed deposits, trade receivables, trade payables. Company is certain that on confirmation/reconciliation there will not be any material impact on the state of affairs of the company. Management has not provided bank statements of only two bank accounts which is not operational and have negligible balances. Further Management assured to provide the same by next week.

3. Company is in process of ascertaining the correct value of assets in the market and accordingly carrying out the deferred tax.
4. Management is of the view that in upcoming year 2019-20, it's proposed to revive the plant. Further its worth mentioning here that assets of the company are in good condition and company is in niche products/heavy sections which a very high margin products. Further the fair value of the assets are higher than the carrying value therefore as per the management view the impairment of assets is not required at this stage. Valuer has been appointed by the Banker of Maithan Ispat Limited and valuation is under process, the report is yet to come.

Emphasis of Matter

1. Company is in process to receive the balance confirmation from Debtors, creditors and some loan and advance as given and received and/or for the deposits received and given, as soon as same will be received by the company, the details will be shared with the Auditors. Further management is of certain view that on confirmation/reconciliation of the balances, there will not be any material impact on the state of affairs of the company. Confirmation are not available where there is dispute between companies and parties.
2. All records are available at the site bearing very few documents.
3. Management is very much confident of getting realization, hence not provided.
4. Stock as per the management verification has been taken and physical verification is being carried out.

	<p>Auditors comments on (i) and (ii) above</p>	<p>1. In view of the pending curative petition before the Supreme Court, we are unable to comment till the disposal of curative petition.</p> <p>2, 3 & 4: In the absence of required documents, we are unable to give the comments.</p> <p>Emphasis of Matter:</p> <p>1, 2 & 4: In the absence of required documents, we are unable to give the comments.</p> <p>3.: The management is of the opinion necessary recoveries will be made.</p>
<p>Signatories:</p> <ul style="list-style-type: none"> • Chairman & Managing Director  (Rita Singh) • Chief Financial Officer  (Natasha Sinha) • Audit Committee Chairman  (Hawa Singh Chahar) • Statutory Auditor  (Arun Tadarwal) <p style="text-align: right;">For Arun Tadarwal & Associates LLP Chartered Accountants ICAI Reg No.: W100291</p> <p>Place: New Delhi Date: 21st June, 2019</p>		