



**MESCO STEEL**  
*Partnering Progress*

# 24<sup>th</sup> ANNUAL REPORT 2016-17



**Mideast Integrated Steels Limited**



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*Partnering Progress*

# **24<sup>th</sup> Annual Report 2016-2017**

**MIDEAST INTEGRATED STEELS LIMITED  
NEW DELHI**



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## CORPORATE INFORMATION

<p><b><u>Board of Directors</u></b></p> <p><b><i>Chairperson cum Managing Director:</i></b> Mrs. Rita Singh (DIN 00082263)</p> <p><b><i>Director (Finance) &amp; CFO :</i></b> Mrs. Natasha Sinha (DIN 00812380)</p> <p><b><i>Whole Time Directors:</i></b></p> <ol style="list-style-type: none"><li>1) Mr. Hanumantha Rao Ravipati (DIN:00044028)</li><li>2) Mr. Priyabrata Patnaik (DIN:01709955)</li><li>3) Mr. Purna Chandra Sahu* (DIN: 01262687)</li></ol> <p><b><i>Independent Directors:</i></b></p> <ol style="list-style-type: none"><li>1) Mr. Debiprasad Bagchi (DIN:00061648)</li><li>2) Mr. Dipak Chatterjee (DIN:03048625)</li><li>3) Mr. Gurjeet Singh Jawandha (DIN:00213573)</li><li>4) Mr. Madhukar (DIN:00558818)</li><li>5) Mr. Nandanadan Mishra (DIN:00031342)</li><li>6) Mr. Sanjiv Batra (DIN:00602669)</li></ol> <p><b><u>Company Information</u></b></p> <p>CIN: L74899DL1992PLC050216 H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi-110048 Tel: +91 (11) 40587085 Website: www.mescosteel.com</p>	<p><b><u>Joint Statutory Auditors</u></b></p> <ol style="list-style-type: none"><li>1) M/s Todarwal &amp; Todarwal, Chartered Accountants 12, Maker Bhavan No.3, 1st Floor, 21, New Marine Lines, Mumbai - 400 020. Tel: +91 (22) 22083115</li><li>2) Sangram Paul &amp; Co. Chartered Accountants 754-15 Jayadev Vihar. Bhubaneswar - 75 1 013 Ph.: 0674-2360863.</li></ol> <p><b><u>Registrar and Transfer Agent</u></b></p> <p>M/s Skyline Financials Services Pvt. Ltd Address: D-153A, Okhla Industrial Area, Phase-II Tel: +91 (11) 26812682 Email: <a href="mailto:admin@sklylinerta.com">admin@sklylinerta.com</a></p> <p><b><u>Plant Location</u></b></p> <p>Kalinga Nagar Industrial Complex, Khurunti, P. O. Danagadi - 755026 Dist. Jajpur, Odisha</p> <p><b><u>Mines Location</u></b></p> <p>Panchvati, P.O: Barbil Road, Barbil, Keonjhar: 758035, Odisha</p> <p><b><u>Other Offices</u></b></p> <ol style="list-style-type: none"><li>1) Mesco Towers, 3915, Lewis Road, Kedar Gauri Square, Bhubaneswar-751014</li><li>2) 16, Strand Road, Diamond Heritage, 14<sup>th</sup> Floor, Room-1412, Kolkata- 700001</li><li>3) 401, Silver Pearl   Opp. China Gate Restaurants, Waterfield Road   Bandra (W), Mumbai - 400 050</li></ol>
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\*Mr. Purna Chandra Sahu (DIN:01262687) has resigned with effect from December 21, 2016

## CHAIRPERSON SPEECH

### Dear Shareholders,

It is my pleasure to welcome you all at the 24<sup>th</sup> Annual General Meeting of Mideast Integrated Steels Ltd. The Board of Directors joins me in extending greetings to the esteemed shareholders on this occasion.

The last three years have been very challenging for the steel companies in general. The adverse business environment impacted your company.

I would like to inform the shareholders that pig iron prices through the year have remained low while there was exceptional spike in the coke prices. This uncommon situation made production of pig iron unviable. Just to put things in perspective, from November 2016 to March 2017, coke prices ranged between Rs 20,000 to Rs 24,000 per tonne, while pig iron prices remained around Rs 21,000 per tonne.

For preserving the shareholder value, the steel plant was kept in shutdown condition through the year. This decision enabled the company to post profit after tax of Rs 140.34 Million. The performance of your company is noteworthy in the face of extreme stress that steel companies are facing in India and globally. The profit is driven mainly by the mining operations, after absorbing the costs of shut-down of the steel plant.

### Financial Outcomes

Your company has withstood the impact of negative business cycle without showing losses in the last three years. This performance of the company at the time of low tide in business is indicative of its inherent strengths.

In spite of the shutdown of the steel plant, your company was able to generate gross total turnover of Rs 2835.44 Million in the year 2016-17. This drop in turnover in comparison to Rs 5164.60 Million achieved in the previous year was accompanied by increase in profit after tax in 2016-17 to Rs 140.34 Million from Rs 86.06 Million in 2015-16.

The company also showed better performance in terms of EBIDTA, which increased to Rs 844.92 Million in 2016-17 from Rs 734.18 Million in 2015-16.

Due to huge non-performing assets in the steel sector, banks are averse to lending to steel companies. This has resulted in delays in obtaining working capital for the steel plant despite the fact your company has no bad loans on its books.

With strong focus of controlling costs, the performance of the company is poised for a major improvement in its financial performance in the coming years.

### Operational Performance

The company has revamped its blast furnaces and has made several improvements in operational practices. It is expected that these improvements would give cost advantage on resuming production at the steel plant. The timing of restarting the steel plant will depend on the softening of coke prices or uptick in the prices of pig iron.

With a view to improving operational efficiency and gearing up for the increased production, a major investment was made at Roida-I Iron Ore Mine during the year. A 600 tonnes per hour state-of-the-art crusher plant was commissioned. The iron ore mine achieved production of 2.65 Million Tonnes, second highest in its history. Efforts are on to raise the production of iron ore to 6.0 Million Tonnes. Necessary infrastructure has already been created for this purpose, and process is on for obtaining environment and forest clearances for achieving this ambitious goal.

### Expansion Plans

The strategic approach of your company is to expand capacities both by way of acquiring stressed assets in the steel sector and to take up brownfield expansion of its existing steel plants. In view of the long-drawn downturn in the steel sector, your company is carefully examining the opportunities of offer for taking over steel plants.

The steel plant of your company has all the advantages for brownfield expansion of its capacity from 1.20 MTPA to 3.50 MTPA. In the light of National Steel Policy 2017, it is expected that priority would be given to expansion of capacities at the existing steel plants for meeting the ambitious national goal of 300 Million Tonnes per annum capacity. Various options for raising finances for starting the expansion of capacities are being considered.

The steel company – Maithan Ispat Ltd, which was taken over by your company in 2015 is being revamped and modernized for making the operations fully sustainable. As part of its commitments, your company has infused further capital of Rs 639.06 Million in this steel company, thereby ensuring repayment of interest and principal to the banks. A Rebar Mill and Electric Arc Furnace are being added to the steel plant.

### Corporate Social Responsibility

In the field of corporate social responsibility, your company has been at the forefront all through its history. Improving the life of the communities living around steel plants and mine has been the focus of its myriad social welfare initiatives spanning education, health, water and sanitation, women's empowerment through skill development, and protection of environment. During the year your company spent Rs 29 Million on a range of CSR programs. The expenditure is well above the minimum required. Your company is committed to work for the welfare and development of the local communities.

For Mideast Integrated Steels Limited

New Delhi  
August 8, 2017

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



## NOTICE

### MIDEAST INTEGRATED STEELS LIMITED

CIN: L74899DL1992PLC050216

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

**Website:** www.mescosteel.com, **Tel No.:** 011-40587083

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held on Wednesday, 27<sup>th</sup> Day of September, 2017 at 11.00 A.M. at The Claremont, Mehrauli Gurgaon Road, Aaya Nagar, Aya Nagar Phase 2, New Delhi -110047 to transact the following businesses:-

#### ORDINARY BUSINESS

1. To receive, consider and adopt audited Financial Statements for the year ended March 31, 2017, together with reports of the Directors and the Auditors thereon and the Consolidated Financial Statements for the year ended March 31, 2017 along with the Auditors' Report thereon.
2. 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 and other applicable provisions of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the recommendation made by the Audit Committee and Board, M/s Todarwal & Todarwal LLP (Firm Regn No. 111009W/W100231), Chartered Accountants be and is hereby appointed as the Statutory Auditors of the Company individually, in place of the retiring Statutory Auditors M/s Sangram Paul & Co., (Firm Regn No. 308001E) Chartered Accountants to hold office from the conclusion of this 24<sup>th</sup> Annual General Meeting till conclusion of the 29<sup>th</sup> Annual General Meeting (subject to ratification of such appointment by the Members at every Annual General Meeting held after this Annual General Meeting up to and including the 28<sup>th</sup> Annual General Meeting) and that the Board be and is hereby authorised to fix such remuneration as may be recommended by the Audit Committee.”

#### 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 148 read with the 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 Rs. 1,00,000 (Rupees One Lakh only) plus applicable Goods and Service Tax and reimbursement of out of pocket expenses subject to maximum of Rs. 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, 2018,.”  
“**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.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:  
“**RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to re-appoint Mrs. Rita Singh, as Managing Director of the Company for a period of 5 years with effect from August 1, 2017 upon the terms and conditions as detailed in the explanatory statement attached hereto and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Mrs. Rita Singh.

**RESOLVED FURTHER THAT** the remuneration payable to Mrs. Rita Singh shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or in the event of absence of or inadequacy of profit in any Financial Year during her tenure the remuneration shall be governed as provided under Section II of Part II of Schedule V to the Companies Act, 2013 or other limits specified in Schedule V to the Companies Act, 2013.

**RESOLVED FURTHER THAT** Mrs. Rita Singh is appointed as a Managing Director on Board not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to re-appoint Mrs. Natasha Sinha, as Whole Time Director of the Company for a period of 5 years with effect from April 1, 2017 upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mrs. Natasha Sinha.

**RESOLVED FURTHER THAT** the remuneration payable to Mrs. Natasha Sinha shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or in the event of absence of or inadequacy of profit in any Financial Year during her tenure the remuneration shall be governed as provided under Section II of Part II of Schedule V to the Companies Act, 2013 or other limits specified in Schedule V to the Companies Act, 2013.

**RESOLVED FURTHER THAT** Mrs. Natasha Sinha is appointed as a Whole Time Director on Board liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to appoint Mr. Priyabrata Patnaik, as Whole Time Director of the Company for a period of 5 years with effect from August 1, 2017 upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Priyabrata Patnaik.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Priyabrata Patnaik shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or in the event of absence of or inadequacy of profit in any Financial Year during his tenure the remuneration shall be governed as provided under Section II of Part II of Schedule V to the Companies Act, 2013 or other limits specified in Schedule V to the Companies Act, 2013.



**RESOLVED FURTHER THAT** Mr. Priyabrata Patnaik is appointed as a Whole Time Director on Board liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

7. 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 provision of Section 196, 197, 198 and 203 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, consent of the members be and is hereby accorded to re-appoint Mr. Hanumantharao Ravipati (DIN-00044028) as Whole-time Director of the Company for a period of 3 years with effect from September 30, 2017 who has attained the age of 71 years, upon the terms and conditions and remuneration as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Mr. Hanumantharao Ravipati.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Mr. Hanumantha Rao Ravipati as Whole Time Director, the Company incurs losses or its profits are inadequate, the Company shall pay to Mr. Hanumantha Rao Ravipati, the above remuneration by way of fixed salary, perquisites, allowances and other benefits, subject to the limits, restrictions / requirements stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013 and related statutory regulations.

**RESOLVED FURTHER THAT** Mr. Hanumantharao Ravipati is appointed as a Whole Time Director on Board liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

8. 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 Rs. 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.”

9. **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	
3	Office of Place of profit to Mr. Jitendra Kumar Singh	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO are relative	Mr. Jitendra Kumar Singh		3.00
4	Office of Place of profit to Mrs. Shipra Singh Rana	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO are relative	Mrs. Shipra Singh Rana		1.00
5	Leasing/sublease/rent for office sharing of property	Mrs. Natasha Sinha, Whole Time Director & CFO of the company, is a common director and promoters carry shareholding interest	Mesco Kalinga Steels Limited		0.10
6	Leasing/sublease/rent for office sharing of property	Mrs. Natasha Sinha, Whole Time Director & CFO of the company, is a common director and promoters carry shareholding interest	Mesco Hotels Limited		0.10
7	Hiring of Vehicle	Mrs. Rita Singh, director of the company, is a common director and promoters carry shareholding interest	Mesco Logistics Limited		0.10
8	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 carry 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 and office of place of profit to Mr. Jitendra Kumar Singh and Mrs. Shipra Singh Rana (the "transactions"), either in part or in full, as it may, in its absolute discretion, deem appropriate, subject to the specified limits for effecting the aforesaid transactions and to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith.

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

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

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

New Delhi  
August 8, 2017



## 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](http://www.mescosteel.com) in the Investor Section.
6. The Notice of AGM along with the Annual Report 2016-17 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, 2017 to September 27, 2017 (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](mailto: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, 1<sup>st</sup> 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. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to

submit the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to Skyline Financial Services Private Limited, Registrar and Share Transfer Agent of the Company.

14. **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.**
15. 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 23, 2017 (11.00 AM) to September 26, 2017 (up to 5.00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 18, 2017, 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.
16. 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.
17. **The instructions for shareholders for voting electronically are as under:-**
  - (i) The voting period begins on September 23, 2017 at 9:00 Hours and ends on September 26, 2017 at 17:00 Hours. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Monday, September 18, 2017 (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](http://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](http://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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
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"> <li>• 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.</li> <li>• 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.</li> </ul>
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"> <li>• 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)</li> </ul>

- (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](http://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](mailto: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](mailto: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](http://www.evotingindia.com), under help Section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
18. 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).
19. The Board of Directors has appointed Bharat Choudhary, Practicing Chartered Accountant (Certificate of Practice No.14231), as the Scrutinizer for conducting remote e-voting in a fair and transparent manner.
20. 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.
21. The results declared along with the report of Scrutinizer shall be placed on the website of the Company i.e. [www](http://www).

[mescosteel.com](http://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.

22. A route map showing directions to reach the venue of the 24th 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.
23. Pursuant to Regulation 36 of the SEBI (LODR) Regulations 2015 and Secretarial Standard 2 Issued by ICSI, the brief profile of Director eligible for re-appointment vide item no. 4, 5, 6 & 7 is as follows:-

Particulars	Mrs. Rita Singh	Mrs. Natasha Sinha	Mr. Priyabrata Patnaik	Mr. Hanumantharao Ravipati
DIN	00082263	00812380	01709955	00044028
Age	67	45	64	74
Date of appointment	07.09.1992	04.01.1994	01.02.2014	06.07.2006
Qualifications	Graduate	Economic Hons	IAS officer	M Sc. And B.E in Mining
Expertise in specific functional areas	<p>Mrs. Rita Singh has set a great example of woman entrepreneurship in the country. Starting from a small business, through sheer determination and entrepreneurial drive, she navigated. Mesco Steel through choppy waters to the present position of strength. Currently Mrs. Singh is the Chairperson Cum Managing Director of the Company.</p> <p>The fundamental reason for any enterprise to exist is to create economic value for the greater good. Mesco has always maintained a sharp focus on this principle, while redeeming its promises to its stakeholders and pushing the envelope at every stage of its existence.</p>	<p>Mrs. Natasha Singh 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 &amp; mines businesses of the group.</p>	<p>He is a retired IAS officer who has served as Collector of undivided Cuttack, Collector of undivided Balasore, Collector of undivided Dhenkanal, Director Industries, Chairman of Orissa State Small Scale Corporation, CMD of Orissa Construction Corporation, CMD of Grid Corporation of Orissa, CMD - IPI-COL, CMD - IDCO, Commissioner Cum Secretary- Energy Department, Special Secretary -General Administration Department, Principal Secretary Industries Department, Principal Secretary–Commerce and Transport Department and Additional Chief Secretary – Government of Orissa</p>	<p>Mr. RH Rao holds a B. E. Mining from Jodhpur University and M. Sc. Mining Planning from Banaras University. He has also done I and II Class Mines Manager Certificate of Competency Board of Mining Examinations, DGMS, Dhanbad. He has more than 42 years of work experience in mining like worked in the deepest mines of the World i.e. Kolar Gold Mines, Development of virgin limestone deposit into a producing mines of 1.8 million tonnes per annum, started Manganeese Mines and River Sand as a captive Source for RINL/VSP thus saving about Rs. 2.00 crores per annum. Commissioned the Captive Mines of RINL/VSP and rectified the construction defects and obtaining of forest clearance etc. He was last served as Executive Director (Mines) of Rashtriya Ispat Nigam Limited.</p>

Particulars	Mrs. Rita Singh	Mrs. Natasha Sinha	Mr. Priyabrata Patnaik	Mr. Hanumantharao Ravipati
Directorships in other Companies	1. Mesco Laboratories Limited 2. Mesco Steels Limited 3. Mesco Logistics Limited 4. Mesco India Limited 5. Mideast (India) Limited 6. Mesco Hotels Limited	1. Mesco Kalinga Steel Limited 2. Mesco Steels Limited 3. Mesco Logistics Limited 4. Veer Realcon Private Limited 5. Chrisp Solutions Private Limited 6. Happy Associates Private Limited	1. B.C. Mohanty & Sons Pvt. Ltd. 2. Bhubaneswar Club.	1. Aastha Minmet (India) Limited
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Nil	Nil	Nil	Nil
Number of shares held in the Company	107810	2300	Nil	Nil
Relationship with any Director(s) of the Company	Mother of Mrs. Natasha Singh Sinha	Daughter of Mrs. Rita Singh	Nil	Nil
Terms & Conditions of Appointment/ Re-appointment	Appointment for a period of five years not liable to retire by rotation	Appointment for a period of five years subject to retirement by rotation	Appointment for a period of five years subject to retirement by rotation	Appointment for a period of three years subject to retirement by rotation
Remuneration Details	Last drawn remuneration is given in the Corporate Governance Section of the Annual Report. The remuneration details for proposed appointment is given in the text of the resolution.	Last drawn remuneration is given in the Corporate Governance Section of the Annual Report. The remuneration details for proposed appointment is given in the text of the resolution.	Last drawn remuneration is given in the Corporate Governance Section of the Annual Report. The remuneration details for proposed appointment is given in the text of the resolution.	Last drawn remuneration is given in the Corporate Governance Section of the Annual Report. The remuneration details for proposed appointment is given in the text of the resolution.
No. of Board meetings attended out of 4 meetings held during the year	4	3	3	2

**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 8, 2017

## 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 9 of the accompanying notice dated August 8, 2017

### Item No. 3

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, 2018 at a remuneration of Rs. 1,00,000 (Rupees One Lakh Only) plus service tax and reimbursement of out of pocket expenses subject to maximum of Rs. 15,000 (Rupees Fifteen Thousand Only). The said auditors have given their eligibility certificate for appointment as Cost Auditors. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) (ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2018 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. 3 of the Notice for approval by the Members.

### Item No 4

The Board of Directors of the Company in its meeting held on May 27, 2017 on recommendation of Nomination and Remuneration Committee and subject to the Shareholders' approval, has approved re-appointment of Mrs. Rita Singh as Managing Director of the Company for a further period of 5 year w.e.f. August 1, 2017 to July 31, 2022.

The material terms of appointment and remuneration payable to Mrs. Rita Singh is as under:

**(a) Salary, Allowances and Commission (hereinafter referred to as "Remuneration"):**

**Salary Comprising**

- (i) **Basic salary:** At the rate not exceeding 20,00,000 per month; and
- (ii) **Allowances:** Not exceeding three times the Basic salary, with increments as per the Company's policy and as may be determined by Board of Directors, from time to time, subject to a ceiling on increment of 30% in a year (following April to March year) over the existing Basic salary and Allowances, as on April 1 every year, commencing from April 1, 2018.

**(b) Perquisites:** In addition to the Remuneration as stated above, Mrs. Rita Singh shall be entitled, as per Rules of the Company, to perquisites like:

1. Rent-free furnished residential accommodation with free use of all the facilities and amenities, such as air conditioners, geysers etc. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance as per policy of the Company.
2. Reimbursement of all medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalization.
3. Air passage and/or leave travel allowance for self and members of his family residing in India and for visit to India of the members of his family not residing in India.
4. Subscription to clubs.
5. Use of Company maintained cars with drivers for business and personal use.
6. Use of communication devices such as telephones, audio and video conference facilities etc., at the residence. Personal long distance telephone calls shall be borne by Mrs. Rita Singh
7. Encashment of leave at the end of his tenure as per policy of the Company.
8. Contributions to provident fund, superannuation or annuity fund and any other retirement benefits.
9. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mrs. Rita Singh
10. The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.





The value of the perquisites evaluated as per Income-tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, shall be subject to an overall annual ceiling of an amount not exceeding the Salary in (a) above for the relevant period. The perquisites mentioned above from (1) to (8) shall be based in the actual amounts and excluded from the aforesaid perquisite limit.

**(c) Other Benefits:**

- i) The Company shall provide her with car, expenses relating to fuel, maintenance and driver will be reimbursed on actuals. Further the Company shall also provide telephones and other communication facility (for official business).
- ii) Such other benefits as may be decided by the Board or its Committee from time to time.

**Other terms and conditions:** The Director shall abide by the 'Code of Conduct Directors and Senior Management Personnel'.

Mrs. Rita Singh satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Sub-section (3) of Section 196 of the Act for being eligible for extension and is not disqualified from being appointed as Managing Director in terms of Section 164 of the Act.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mrs. Rita Singh, Mrs. Natasha Singh Sinha is concerned or interested in the said resolution set out at Special Business Item No. 4 of the Notice.

Given his expertise, knowledge and experience, the Board considers the appointment of Mrs. Rita Singh as the Managing Director, to be in the interest of the Company and in view of the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013, recommends the Special Resolution as set out in the accompanying Notice for the approval of the Members.

The details of Mrs. Rita Singh, as required to be given pursuant to the Companies Act, SEBI (LODR) Regulations 2015 and Secretarial Standards, are attached to the Notice.

**Item No 5**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee at their meeting held on February 14, 2017, subject to the Shareholders' approval, has approved re-appointment of Mrs. Natasha Singh Sinha as Whole Time Director designated as Director- Finance of the Company for a further period of 5 year w.e.f. April 1, 2017 to March 31, 2022 on terms and conditions including remuneration as detailed below

**(a) Salary, Allowances and Commission (hereinafter referred to as "Remuneration"):**

**Salary Comprising**

- (i) *Basic salary:* At the rate not exceeding 5,00,000 per month; and
- (ii) *Allowances:* Not exceeding three times the Basic salary,

with increments as per the Company's policy and as may be determined by Board of Directors, from time to time, subject to a ceiling on increment of 30% in a year (following April to March year) over the existing Basic salary and Allowances, as on April 1 every year, commencing from April 1, 2018.

**(b) Perquisites:** In addition to the Remuneration as stated above, Mrs. Natasha Sinha shall be entitled, as per Rules of the Company, to perquisites like:

1. Rent-free furnished residential accommodation with free use of all the facilities and amenities, such as air conditioners, geysers etc. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance as per policy of the Company.
2. Reimbursement of all medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalization.
3. Air passage and/or leave travel allowance for self and members of his family residing in India and for visit to India of the members of his family not residing in India.
4. Subscription to clubs.
5. Use of Company maintained cars with drivers for business and personal use.
6. Use of communication devices such as telephones, audio and video conference facilities etc., at the residence. Personal long distance telephone calls shall be borne by Mrs. Natasha Sinha
7. Encashment of leave at the end of his tenure as per policy of the Company.
8. Contributions to provident fund, superannuation or annuity fund and any other retirement benefits.
9. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mrs. Natasha Sinha

10. The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

The value of the perquisites evaluated as per Income-tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, shall be subject to an overall annual ceiling of an amount not exceeding the Salary in (a) above for the relevant period. The perquisites mentioned above from (1) to (8) shall be based in the actual amounts and excluded from the aforesaid perquisite limit.

**(c) Other Benefits:**

- i) The Company shall provide her with car, expenses relating to fuel, maintenance and driver will be reimbursed on actuals. Further the Company shall also provide telephones and other communication facility (for official business).
- ii) Such other benefits as may be decided by the Board or its Committee from time to time. Other terms and conditions:

The Director shall abide by the 'Code of Conduct Directors and Senior Management Personnel'

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mrs. Rita Singh, Mrs. Natasha Sinha is concerned or interested in the said resolution set out at Special Business Item No. 5 of the Notice.

Given his expertise, knowledge and experience, the Board considers the appointment of Mrs. Natasha Sinha as the Whole Time Director designated as Director- Finance, to be in the interest of the Company and in view of the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013, recommends the Special Resolution as set out in the accompanying Notice for the approval of the Members.

The details of Mrs. Natasha Sinha, as required to be given pursuant to the Companies Act, SEBI (LODR) Regulations 2015 and Secretarial Standards, are attached to the Notice.

**Item No 6**

The Board of Directors of the Company in its meeting held on May 27, 2017 on recommendation of Nomination and Remuneration Committee and subject to the Shareholders' approval has approved appointment of Mr. Priyabrata Patnaik as Whole Time Director of the Company for a period of 5 year w.e.f. August 1, 2017 to July 31, 2022 on terms and conditions including remuneration as detailed below.

The material terms of appointment and remuneration payable to Mr. Priyabrata Patnaik is as under:

**(a) Salary, Allowances and Commission (hereinafter referred to as "Remuneration"):**

**Salary Comprising**

- (i) *Basic salary:* At the rate not exceeding 7,50,000 per month; and
- (ii) *Allowances:* Not exceeding three times the Basic salary, with increments as per the Company's policy and as may be determined by Board of Directors, from time to time, subject to a ceiling on increment of 30% in a year (following April to March year) over the existing Basic salary and Allowances, as on April 1 every year, commencing from April 1, 2018.
- (iii) In addition to the above he shall be entitled to use company maintained vehicles or company hired vehicles for official purposes.

**(b) Perquisites:** In addition to the Remuneration and facilities as stated above, Mr. Priyabrata Patnaik shall be entitled, as per Rules of the Company subject to Board approval, to perquisites like:

1. Rent-free furnished residential accommodation with free use of all the facilities and amenities, such as air conditioners, geysers etc. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance as per policy of the Company.
2. Reimbursement of all medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalization.
3. Air passage and/or leave travel allowance for self and members of his family residing in India and for visit to India of the members of his family not residing in India.
4. Subscription to clubs.
5. Use of Company maintained cars with drivers for business and personal use.
6. Use of communication devices such as telephones, audio and video conference facilities etc., at the residence. Personal long distance telephone calls shall be borne by Mr. Priyabrata Patnaik
7. Encashment of leave at the end of his tenure as per policy of the Company.

8. Contributions to provident fund, superannuation or annuity fund and any other retirement benefits.
9. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Priyabrata Patnaik
10. The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

The value of the perquisites evaluated as per Income-tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, shall be subject to an overall annual ceiling of an amount not exceeding the Salary in (a) above for the relevant period. The perquisites mentioned above from (1) to (8) shall be based in the actual amounts and excluded from the aforesaid perquisite limit.

**(c) Other Benefits:**

- i) The Company shall provide him with car, expenses relating to fuel, maintenance and driver will be reimbursed on actuals. Further the Company shall also provide telephones and other communication facility (for official business).
- ii) Such other benefits as may be decided by the Board or its Committee from time to time.

**Other terms and conditions:**

The Director shall abide by the 'Code of Conduct Directors and Senior Management personnel Mr. Priyabrata Patnaik satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Sub-section (3) of Section 196 of the Act for being eligible for extension and is not disqualified from being appointed as Whole Time Director in terms of Section 164 of the Act.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mr. Priyabrata Patnaik is concerned or interested in the said resolution set out at Special Business Item No. 6 of the Notice.

Given his expertise, knowledge and experience, the Board considers the appointment of Mr. Priyabrata Patnaik as the Whole Time Director, to be in the interest of the Company and in view of the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013, recommends the Special Resolution as set out in the accompanying Notice for the approval of the Members.

The details of Mr. Priyabrata Patnaik, as required to be given pursuant to the Companies Act, 2013, SEBI (LODR) Regulations 2015 and Secretarial Standards, are attached to the Notice.

**Item No. 7**

The Board of Directors at its meeting held on August 8, 2017 approved the re-appointment of Mr. RH Rao as Whole-time Director, for a further period of 3 years on the Board of the Company with effect from September 30, 2017 to September 30, 2020, subject to the shareholders' approval. The material terms of appointment and remuneration payable to Mr. RH Rao is as under:

**(a) Salary, Allowances and Commission (hereinafter referred to as "Remuneration"):**

**Salary Comprising**

- (i) Basic salary : At the rate not exceeding 1,20,000 per month; and
- (ii) Allowances: Not exceeding three times the Basic salary, with increments as per the Company's policy and as may be determined by Board of Directors, from time to time, subject to a ceiling on increment of 30% in a year (following April to March year) over the existing Basic salary and Allowances, as on April 1 every year, commencing from April 1, 2018.
- (iii) In addition to the above he shall be entitled to use company maintained vehicles or company hired vehicles for official purposes.

**(b) Perquisites:** In addition to the Remuneration and facilities as stated above, Mr. RH Rao shall be entitled, as per Rules of the Company subject to Board approval, to perquisites like:

1. Rent-free furnished residential accommodation with free use of all the facilities and amenities, such as air conditioners, geysers etc. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance as per policy of the Company.
2. Reimbursement of all medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalization.

3. Air passage and/or leave travel allowance for self and members of his family residing in India and for visit to India of the members of his family not residing in India.
4. Subscription to clubs.
5. Use of Company maintained cars with drivers for business and personal use.
6. Use of communication devices such as telephones, audio and video conference facilities etc., at the residence. Personal long distance telephone calls shall be borne by Mr. RH Rao
7. Encashment of leave at the end of his tenure as per policy of the Company.
8. Contributions to provident fund, superannuation or annuity fund and any other retirement benefits.
9. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. RH Rao
10. The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

The value of the perquisites evaluated as per Income-tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, shall be subject to an overall annual ceiling of an amount not exceeding the Salary in (a) above for the relevant period. The perquisites mentioned above from (1) to (8) shall be based in the actual amounts and excluded from the aforesaid perquisite limit.

(c) **Other Benefits:**

- i) The Company shall provide him with car, expenses relating to fuel, maintenance and driver will be reimbursed on actuals. Further the Company shall also provide telephones and other communication facility (for official business).
- ii) Such other benefits as may be decided by the Board or its Committee from time to time.

Other terms and conditions: The Director shall abide by the 'Code of Conduct Directors and Senior Management personnel.

Mr. RH Rao satisfies all the conditions set out in Part-I of Schedule V to the Act except that he has attained 70 years age and also conditions set out under Sub-section (3) of Section 196 of the Act for being eligible for extension and is not disqualified from being appointed as Whole Time Director in terms of Section 164 of the Act.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mr. RH Rao is concerned or interested in the said resolution set out at Special Business Item No. 7 of the Notice.

Given his expertise, knowledge and experience, the Board considers the appointment of Mr. RH Rao as the Whole Time Director, to be in the interest of the Company and in view of the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013, recommends the Special Resolution as set out in the accompanying Notice for the approval of the Members.

The details of Mrs. Hanumantha Rao Ravipati, as required to be given pursuant to the Companies Act, SEBI (LODR) Regulations 2015 and Secretarial Standards, are attached to the Notice.

**Item Nos. 8**

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). Your consent is required under the provisions of Sections 180(1)(c) of the Act, to increase the borrowing limits and to mortgage and / or create a charge on any of the moveable and / or immovable properties and / or the whole or any part of the undertaking(s) of your Company to secure its borrowings.

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. 8 of this Notice are accordingly recommended for your approval.

**Item No. 9**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and in case of the Company having a paid up share capital of rupees Ten Crores or more and exceeding limits as prescribed under the Act, prior approval of the shareholders by way of a Special Resolution must be obtained.



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

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 section2(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.	Mr. Jitendra Kumar Singh	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO are relative
5.	Mrs. Shipra Singh Rana	
6.	Mesco Kalinga Steels Limited	Mrs. Natasha Sinha, Whole Time Director & CFO of the company, is a common director and promoters carry shareholding interest
7.	Mesco Hotels Limited	
8.	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.	<b>Sale/Purchase Price</b>	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.	<b>Payment Schedule:.</b>	To be determined by both the parties by mutual consent	
3.	<b>Nature, material terms and particulars of the arrangement:</b>	All the Contracts/transactions are at best negotiated terms/market price.	
4.	<b>Duration of the Contract:</b>	The agreement is valid for a period of 1 year	
	<b>Any other information relevant or important for the members to take a decision on proposed transaction:</b>	NA	

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

The Company has entered/proposed 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. Office of Place of Profit:

#### a) Mr. Jitendra Kumar Singh:

Mr. Singh, aged 72 years, graduated from Yale University in 1966 with specialization in metallurgy and served the Indian Air Force as fighter pilot before embarking on the journey of wealth creation. Mr. Singh has over 30 years of experience in the steel industry. He has resigned as whole time director of the Company on May 30, 2015 after serving for more than 20 years. As the Chairman Emeritus, he is responsible for streamlining systems and processes and identifying new growth avenues for our Company. The business of company has been growing over the years under his guidance.

The Board of Directors of the Company had approved at their meeting held on August 8, 2017, on the basis of the recommendation of the Nomination and Remuneration Committee and approval of the Audit Committee, subject to the consent of the Members of the Company, to appoint Mr. Jitendra Kumar Singh as Chairman Emeritus and pay the remuneration not exceeding such sum as detailed below to Mr. Jitendra Kumar Singh for a period of 3 years, viz.:

1. **Basic Salary:** Not exceeding Rs. 10,00,000/- per month, with liberty to the Board of Directors to increase the salary by not exceeding 30% annually, with one or two annual increment not exceeding 30% each, and as may be approved by the Nomination and Remuneration Committee and the approval Audit Committee of the Board of Directors of the Company.
2. **Other Allowances:** As per salary structure applicable to salary senior management of the Company including annual customary bonus equivalent to an aggregate and not exceeding three times amount of Basic Salary.
3. **Perquisites:** He shall be entitled to medical reimbursement, club fees, personal accident insurance, Company maintained car, telephone, mobile, other communication facilities at residence and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962, as per the Company remuneration structure applicable to senior management cadre and to be decided by Nomination & Compensation Committee. The value of the all the above perquisites in aggregate will not exceed 10% of the basic salary.
4. He shall also be entitled to followings as per company's policy:
  - a) Leave Encashment at the end of the tenure.
  - b) Contributions to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961.
  - c) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

Provided further that in all cases aggregate salary (including all basic salary, allowances, perquisites by whatever name called) should not exceed Rs.3,00,00,000 p.a. (Rupees Three Crores per annum)

#### b) Mrs. Shipra Singh Rana:

Mrs. Shipra Singh Rana, aged 36 years, graduated from Sydenham College has been appointed as General Manager-Procurement & Materials by the members with effect from 01.04.2012. Mrs. Shipra Singh Rana has over 10 years of experience in the steel industry. She has proven her mettle by successfully managing procurement and operations of the company. She was instrumental in negotiating and concluding several procurement deals. Through her business acumen, she reduced costs of operations by bringing down inventories and adopting new system for the purchase of raw materials. She is an expert in sourcing materials and equipment both domestically and globally for a wide range of business requirements of Mesco Group.

In order to adequately compensate and taking into account the size and operations of the business of the Company, the Board of Directors of the Company had approved at their meeting held on August 8, 2017, on the basis of the recommendation of the Nomination and Remuneration Committee and approval of the Audit Committee, subject to the consent of the Members of the Company, to re-appoint Mrs. Shipra Singh Rana as Chief Procurement Officer and to pay the remuneration not exceeding such sum as detailed below to Mrs. Shipra Singh Rana for a period of 5 years, viz.:

1. **Basic Salary:** Not exceeding Rs. 5,00,000/- per month, with liberty to the Board of Directors to increase the salary by not exceeding 30% annually, with one or two annual increment not exceeding 30% each, and as may be approved by the Nomination and Remuneration Committee and the approval Audit Committee of the Board of Directors of the Company.



2. **Other Allowances:** As per salary structure applicable to salary senior management of the Company including annual customary bonus equivalent to an aggregate and not exceeding three times amount of Basic Salary.
3. **Perquisites:** He shall be entitled to medical reimbursement, club fees, personal accident insurance, Company maintained car, telephone, mobile, other communication facilities at residence and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962, as per the Company remuneration structure applicable to senior management cadre and to be decided by Nomination & Compensation Committee. The value of the all the above perquisites in aggregate will not exceed 10% of the basic salary.
4. He shall also be entitled to followings as per company's policy:
  - a) Leave Encashment at the end of the tenure.
  - b) Contributions to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961.
  - c) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

Provided further that in all cases aggregate salary (including all basic salary, allowances, perquisites by whatever name called) should not exceed Rs. 1,00,00,000 p.a. (Rupees One Crores per annum)

As Mr. Jitendra Kumar Singh, is husband of Mrs. Rita Singh, Chairperson and Managing Director of the Company and Father of Mrs. Natasha Sinha, Whole-Time Director of the Company and Mrs. Singh Rana, is daughter of Mrs. Rita Singh, Chairperson and Managing Director of the Company and Sister of Mrs. Natasha Sinha, Whole-Time Director of the Company The aforesaid appointment will be deemed to be holding an office / place of profit by a relative of Director within the meaning of Section 188 of the Companies Act, 2013. Hence, the prior approval of the members by way of Special Resolution is sought, to pass the above resolution.

Further, in the case of a material related party transaction, in terms of Regulation 23 (4) of the SEBI (LODR), all the related parties shall abstain from voting on the resolution whether the entity is a related party to the particular transaction or not. The appointment of Mr. Jitendra Kumar Singh and Mrs. Shipra Singh Rana are not a material related party transaction as defined under Regulation 23 of the SEBI (LODR), considering the proposed payout will not exceed 10% of the turnover of the Company, however, the consent of the members are being sought as per the requirements under the provisions of Section 188 of the Companies Act, 2013.

#### 4. 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. 9 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. 9.

**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 8, 2017

## DIRECTORS REPORT

To

The Members  
Mideast Integrated Steels Limited

Your Directors are pleased to present 24<sup>th</sup> Annual Report and the Statements of Accounts for the financial year ended on March 31, 2017.

### 1. FINANCIAL PERFORMANCE

The Board's Report is prepared based on the standalone financial statements of the Company. The Company's financial performance for the year ended March 31, 2017 along with previous year's figures are given hereunder:

(Rs. in Mn)

Particulars	2016-17	2015-16*
Gross Sales & Other Income	3030.20	5297.42
<b>Profit/(Loss) Before Finance Cost &amp; Depreciation</b>	<b>1039.68</b>	<b>867.01</b>
Interest/ Finance Cost	402.69	141.57
Depreciation	546.58	607.82
<b>Profit/(Loss) before Tax</b>	<b>90.41</b>	<b>117.61</b>
Current Tax Expense	18.43	24.50
Less: MAT Credit	(18.43)	(24.50)
Taxation relating to prior years	(71.43)	-
Deferred Tax	21.50	31.55
<b>Profit/(Loss) After Tax</b>	<b>140.34</b>	<b>86.06</b>
Appropriations / Adjustments		
Balance of profit / (loss) brought forward	2563.23	2477.89
<b>Profit for the Year</b>	<b>140.34</b>	<b>86.06</b>
Re-measurement gains/ (losses) on defined benefit plans	<b>0.40</b>	<b>(0.73)</b>
Proposed Final Dividend	-	-
<b>Profit carried to Balance Sheet</b>	<b>2703.97</b>	<b>2563.23</b>

*\*The Company has adopted Indian Accounting Standard (referred to as 'Ind AS') with effect from 1 April, 2016 and accordingly these financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.*

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

The year under review was very difficult and challenging. Recession in steel industry saw a sharp decline in finished products. Due to continuous fall in market prices of pig iron and closure of the Company's Plant at Jajpur for entire year the gross revenues from operations was Rs. 2835.44 Million as compared to Rs. 5164.60 Million during the previous year. Despite tough environment within the sector, the Company managed to achieve a remarkable performance on the operational front. The growth in profit is mainly driven by start of mining operations by the Company. Company's Profit after Tax increased to Rs. 140.34 Million during the period under review as compared to Rs. 86.06 Million during previous year. During the year under review, there were no changes in the nature of the business of the Company.

### 3. TRANSFER TO RESERVES

The Company does not propose to transfer any amount to its Reserves.

### 4. DIVIDEND

Directors have not recommended any dividend for the financial year ended on March 31, 2017.



## 5. PUBLIC DEPOSITS

The Company has not invited or accepted deposits from the public covered under Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

## 6. MANAGEMENT DISCUSSION AND ANALYSIS

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

## 7. SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2017 was Rs 1378.75 Million. 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

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

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

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

As on March 31, 2017 the company has only one material unlisted subsidiary i.e. Maithan Ispat Limited, and do not have any associates and Joint Venture Companies. The company has framed a Policy for determining Material Subsidiaries which is available on the website of the company ([www.mescosteel.com](http://www.mescosteel.com)). In accordance with Section 129(3) of the Companies Act, 2013 we have prepared consolidated financial statements of the Company, which forms part of this Annual Report. Further a statement containing the salient features of the financial statement of our subsidiary in **AOC-1** is appended as **Annexure-B** to the Director's Report.

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

## 10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

## 11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on March 31, 2017, are set out in Notes to the Standalone Financial Statements forming part of this report.

## 12. PARTICULARS OF EMPLOYEES

The information required 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 in respect of employees of the Company and pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed herewith as **Annexure-D** and forms part of this Report.

**13. DIRECTORS OR KEY MANAGERIAL PERSONNEL**

The Board of Directors of your Company ('the Board') at its meeting held on February 14, 2017 on the recommendation of Nomination & Remuneration Committee approved re-appointment of Mrs. Natasha Sinha (DIN:00812380) as Whole Time Director of the Company with effect from April 1, 2017.

The Board of Directors of your Company ('the Board') at its meeting held on May 27, 2017 on the recommendation of Nomination & Remuneration Committee approved re-appointment of Mrs. Rita Singh (DIN:00088623) as Managing Director of the Company with effect from August 1, 2017 and appointment of Mr. Priyabrata Patnaik as Whole time director of the Company with effect from August 1, 2017.

The Board of Directors of your Company ('the Board') at its meeting held on 8<sup>th</sup> August, 2017 on the recommendation of Nomination & Remuneration Committee approved re-appointment of Mr. RH Rao as Whole Time Director of the Company with effect from September 30, 2017.

During the year under review term of all directors who are liable to retire by rotation is expiring and is placed before the shareholder for their approval, thus during the period under review no director is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014.

Mr. Purna Chandra Sahu (DIN:01262687), Whole Time Director resigned with effect from the close of business hours of December 21, 2016. The Board of Directors records their appreciation for the services rendered by Mr. Purna Chandra Sahu.

The information on the particulars of Director eligible for appointment and re-appointment in terms of Regulation 36 of SEBI (LODR) Regulations 2015 and Secretarial Standards- 2 issued by ICSI has been provided in the notes to the notice convening the Annual General Meeting. Your Directors recommend their re-appointment.

**14. DECLARATION OF INDEPENDENCE**

The Independent Directors of the Company have given the certificate of independence to the Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013. None of the Independent Directors are related to any other director of the Company

**15. PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, the performance evaluation of the Board, the Committees of the Board and individual Directors has been carried out. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report. The Directors expressed their satisfaction over the evaluation process and results thereof.

**16. NUMBER OF MEETINGS OF THE BOARD**

During the financial year 2016-17, the Board of Directors of the Company, met 4 times i.e. on May 24, 2016, September 13, 2016, December 13, 2016 and February 14, 2017. 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 December 13, 2016.

**17. AUDIT COMMITTEE**

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

**18. STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

**19. NOMINATION AND REMUNERATION COMMITTEE**

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



## 20. NOMINATION AND REMUNERATION POLICY

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

The Policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters as required under sub-Section (3) of Section 178 of the Companies Act, 2013 is available on our website <http://www.mescosteel.com/admin/investor/Nomination%20and%20Remuneration%20Policy.pdf> and is also Annexed as **Annexure-E**.

There has been no change in the Policy since the last Financial Year. We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

## 21. RISK MANAGEMENT POLICY

The Company has adopted a Risk Management Policy in accordance with the provisions of the Section 134(3)(n) of the Companies Act, 2013 and SEBI (LODR) Regulations 2015. Details and implementation of Risk Management Policy provided in Management Discussion and Analysis Report which forms integral part of this Report

## 22. VIGIL MECHANISM

In terms of Section 177 of the Companies Act, 2013, the Company has formulated a Whistle Blower Policy as a vigil mechanism to encourage all, employees and directors to report any unethical behavior, actual or suspected fraud or violation of the Company's 'Code of Conduct' which also provides for adequate safeguard against victimization of person who use such mechanism and there is a provision for direct access to the Chairman of the Audit Committee in appropriate/exceptional cases. The details of the Whistle Blower Policy is given in the Corporate Governance Report and also posted on the Company's website at: [www.mescosteel.com](http://www.mescosteel.com)

## 23. DISCLOSURE AS PER THE SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has a policy on prohibition, prevention and redressal of Sexual Harassment of women at workplace and matters connected there with or incidental there to covering all the aspects as contained under "The Sexual Harassment Of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013". During the financial year 2016-17, no complaint was received under the policy.

## 24. AUDITORS

### a) Statutory Auditors

The Auditors, M/s Todarwal & Todarwal LLP, (Firm Regn No. 111009W/W100231) Chartered Accountants, and M/s Sangram Paul, (Firm Regn No: 308001E) Chartered Accountants, were re-appointed as the Joint Statutory Auditors of the Company under Section 139 of the Companies Act, 2013 to hold office for a period of three years upto the conclusion of the 24<sup>th</sup> Annual General Meeting to be held in 2017. Term of M/s Sangram Paul expires at the ensuing Annual General Meeting. In compliance with Section 139 of the Companies Act, 2013, the Board, on the recommendation of the Audit Committee and subject to approval of the Members, has proposed appointment of M/s. Todarwal & Todarwal LLP, Chartered Accountants as statutory auditor of your Company for a period of five years commencing from the conclusion of 24th Annual General Meeting till the conclusion of 29th Annual General Meeting subject to ratification by the Members at every Annual General Meeting. The certificate from the Auditors have been received to the effect that their reappointment, if made, would be within the prescribed limit under Section 141 of the Companies Act, 2013. There are no qualifications or reservation or remarks made by the Auditors in their Report. The observations of Statutory Auditors in their reports on standalone and consolidated financials are self-explanatory and therefore do not call for any further comments.

### b) Cost Auditor

The Board of Directors has on the recommendation of Audit Committee, approved the appointment of M/s. Sonthalia & Company, Cost Accountants (Firm Regn. No. 00167), as the Cost Auditors of the company for the year 2017-18 at a remuneration of Rs. 1,00,000(Rupees One Lakh Only) plus reimbursement of out of pocket expenses subject to maximum of Rs. 15,000 (Rupees Fifteen Thousand Only). The proposed remuneration of the Cost Auditors would be approved by the members in the ensuing AGM.

**c) Secretarial Auditor**

During the year under review, **Mr. Robinderpal Singh Batth**, Practicing Company Secretary (Certificate of Practice No.3836), who was appointed as the Secretarial Auditor of the Company has issued the audit report in respect of the secretarial audit of the Company for the financial year ended March 31, 2017. The Secretarial Audit Report is annexed as **Annexure-F** 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 at its meeting held on May 24, 2016, has approved the appointment of M/s. SRB & Co., Chartered Accountants, as the Internal Auditor of the Company for the financial year 2016-17 to conduct the internal audit of the Company.

**25. CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility Committee comprises of Mr. Debi Prasad Bagchi as the Chairman and Mr. Priyabrata Patnaik, Mr. Nandanandan Mishra and Mrs. Natasha Sinha as the members. During the year we focused on improving the quality of life of the community in and around Odisha, Delhi and Uttar Pradesh through health and sanitation, education and skill based training, sports and infrastructure development. Details about the CSR policy and initiatives taken by the Company during the year are available on your company's website [www.mescosteel.com](http://www.mescosteel.com). The Report on CSR activities is given in **Annexure – G** forming part of this Report.

**26. EXTRACT OF ANNUAL RETURN**

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

**27. CORPORATE GOVERNANCE**

In terms of Regulation 34 of the SEBI (LODR) Regulations, 2015 a Report on Corporate Governance along with Compliance Certificate issued by Statutory Auditor's of the Company is provided as a separate Section in the Annual Report which forms integral part of this Report.

**28. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

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.

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

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

Our Board of Directors in its Meeting held on September 13, 2016 and February 14, 2017, have approved investment of Rs 636.10 Million and Rs. 240.00 Million as per the terms of acquisition of Maithan Ispat Limited and . During the year under review, company has infused Rs 639.07 Million by acquiring 6,39,06,912 equity shares having face value of Rs.10 each.

Our Company has also made an application for direct listing of 13,78,75,000 equity shares with Bombay Stock Exchange Limited (BSE) and company has received In-Principle approval from BSE for listing of the securities.



### 30. 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) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations.

### 31. 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.

### 32. ACKNOWLEDGEMENTS

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

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

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

New Delhi  
August 8, 2017

## Annexure-A

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

**B) Technology Absorption And Research & Development**

- i) Efforts, in brief, made towards technology absorption, adaptation and innovation. – Nil
- ii) Benefits derived as a result of the above efforts – Nil
- iii) Details about imported technology (imported during last three years reckoned from the date of beginning of the financial year, if any.) – Nil

**C) Foreign Exchange Earnings And Outgo**

(₹ In Mn)

Particulars	2016-17	2015-16
Foreign Exchange Earned	-	-
Foreign Exchange Used	13.84	284.56

## Annexure-B

## 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	2016-17	2015-16
Reporting currency	₹ In Mn	₹ In Mn
Reporting Period	March 31, 2017	March 31, 2016
Share capital	3,026.38	2,387.31
Reserves & surplus	(1821.00)	(1102.47)
Total assets	7774.89	7159.90
Total Liabilities	6569.51	5875.06
Investments	0.03	0.03
Gross Turnover	4657.92	3809.10
Profit/ (Loss) Before Tax	(633.77)	(804.68)
Tax Provision	88.43	100.83
Profit/(Loss) After Tax	(545.34)	(703.85)
Dividend for the year	-	-
% of shareholding	99.57	99.45

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, 2017 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
- a) **Name(s) of the related party and nature of relationship:** Maithan Ispat Limited is subsidiary of the Company.
  - b) **Nature of contracts / arrangements / transactions:** Purchase and sale of blooms, billets, sponge iron, pig iron, scarp, coal or any other goods and all other type of services
  - c) **Duration of the contracts / arrangements / transactions:** September 30, 2016 till September 30, 2017.
  - d) **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 Rs.350 Crores.
  - e) **Date(s) of approval by the Board and shareholders, if any:** Shareholders Approval- September 27, 2016
  - f) **Amount Paid as advance, if any:** NA
- B) Related Party Transactions with Mesco Steels Limited
- a) **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.
  - b) **Nature of contracts / arrangements / transactions:** Purchase and sale of goods and all other type of services
  - c) **Duration of the contracts / arrangements / transactions:** September 30, 2016 till September 30, 2017.
  - d) **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 Rs. 250 Crores.
  - e) **Date(s) of approval by the Board and shareholders, if any:** Shareholders Approval- September 27, 2016
  - f) **Amount Paid as advance, if any:** Rs. 2041.35 Mn

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	104.87:1
Mrs. Natasha Sinha	51.20:1
Mr. P C Sahu	15.40:1
Mr. P Patnaik	28.30:1
Mr. R.H Rao	3.77:1

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
<b>Directors</b>	Nil
<b>KMP</b>	
Ms. Sandhya Sethia- CS	10.95%
Ms. Natasha Sinha-CFO	Nil

3. Percentage increase in median remuneration of employees, if any, in the financial year: Nil
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: Nil
6. Key parameters for any variable component of remuneration availed by the directors;
7. Affirmation that the remuneration is as per the remuneration policy of the Company. **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:

Sl 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	IAS (Retd.)	01.12.2016	56	Development Commissioner-SEZ	-	-
2	Raj Kedia	President-Sales& Marketing (MESCO I)	562578	Managerial	B COM, Diploma (Managementt)	10.05.2005	55	AGM, KIC Metalliks LTD.	-	-
3	KBR Sood	Director- Projects	499838	Managerial	Graduate in Mechanical Engg.	31.03.1993	82	GM, MECON, Govt. of India Enterprise prior to join MESCO	-	-
4	Suresh Dhingra	President-Sales& Marketing	438750	Managerial	BA	13.04.2009	52	AGM, Bhushan Steels Ltd.	0.001	-
5	Rajeev Moudgil	President-Business Development	400000	Managerial	MBA	04.03.2010	53	Sr. Manager, Reliance Communications Ltd.	-	-
6	Vijay Gupta	GM- F&A	350159	Managerial	CA, EPGM - IIMB	21.11.2005	50	Bhansali Engineering Polymers, GM	-	-
7	S.N. Kam-balii	VP-Mines	280050	Managerial	B Tech (Mining)	05.12.2016	49	VP-Essel Mining	-	-
8	A. Nagendra Kumar	President-Commercial	236678	Managerial	B Tech (Mechanical Eng), M Tech (Metallurgical Eng) & MBA	15.11.2013	53	Monnet Ispat & Energy Ltd, Raigarh, VP - Commercial	-	-
9	Baidya Narayan Swain	Head-HR & Admin.	230900	Managerial	P.G. in Personnel Mgt. & IR from XISS	18.07.2013	65	Executive Director (HR&Ad) , M/s NALCO Ltd. (A Navaratna PSU)	-	-
10	Digambar Panda	GM(Works)	207014	Managerial	BE Mechanical, Energy Auditor from BEE, BOE from Odish Board, MBA (Finance), Piping Eng. from Bombay IIT	20.06.2012	51	DGM (Power Plant), Birla Tyre	-	-



## NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

### Definitions:

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

### “Key Managerial Personnel” means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) Such other officer as may be prescribed.

“**Senior Managerial Personnel**” mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads

### Objective:

The objective of the policy is to ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### Role of the Committee:

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director’s performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its Duties

### Appointment and Removal of Director, Key Managerial Personnel and Senior Management

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company’s Policy.

- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of 95 years. Provided that the term of the person holding this position may be extended beyond the age of ninety five years with the approval of shareholders by passing a special resolution.

#### **Term/Tenure**

##### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re appointment shall be made earlier than one year before the expiry of term.

##### **b) Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

#### **Evaluation**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

#### **Removal**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

#### **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

#### **Policy For Remuneration To Directors/KMP/Senior Management Personnel**

1. Remuneration to Managing Director / Whole-time Directors:
  - a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
  - b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
2. Remuneration to Non- Executive / Independent Directors:
  - a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies



Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
  - d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
    - i) The Services are rendered by such Director in his capacity as the professional; and
    - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
3. Remuneration to Key Managerial Personnel and Senior Management:
- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
  - b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
  - c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
  - d) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

#### **Implementation**

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

**Annexure-F**

### **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> March, 2017**

***[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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 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 6,39,06,912 Equity Shares having face value of Rs. 10 of the Maithan Ispat Limited.
- ii) The Company has made an application for direct listing of 13,78,75,000 equity shares with Bombay Stock Exchange Limited (BSE) and company has received In-Principle approval from BSE for listing of the securities.

**FCS ROBINDERPALL SINGH BATTH**

**Date: August 8, 2017**

**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 and annexure.



**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 BATT**

**Practicing Company Secretary  
CP NO. 3836**

**Date: August 8, 2017  
Place: Bhubaneswar**

**Annexure-G**

**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**

Corporate Social Responsibility is a Company’s sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large. Company’s CSR Policy is available on the weblink: <http://mescosteel.in/csr.php?page=initiative>.

Our Company is committed to remaining a responsible corporate entity mindful of its social responsibilities and to make a positive impact in the society. As a responsible corporate entity, we will consistently strive for opportunities to meet the expectation of its stakeholders by pursuing the concept of sustainable development with focus on the following:

- Education
- Health and sanitation
- Environment
- Rural development

**2. Composition of the CSR Committee:**

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

**3. Average net profit of the Company for the last 3 Financial Years: Rs. 669.65 Million**

**4. Prescribed CSR expenditure (2% of the amount as in item 3 above): Rs. 13.39 Million**

**5. Details of CSR spent for the financial year:**

- Total amount to be spent for the Financial Year: Rs. 13.39 Million.
- Total amount spent for the Financial Year: Rs. 29.18 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 through agency
<b>Undertaking Animal Welfare Activities by providing the following:-</b> <ul style="list-style-type: none"> <li>Shelter to more than 750 dogs.</li> <li>Providing quality care, good food and timely medical care to the resident dogs.</li> <li>Sterilization and treatment of stray dogs.</li> <li>Dedicated team including 4 full time doctors, 3 paravets, lab technician and care takers to look after the dogs.</li> <li>Rescue small and large stray/abandoned animals and take care of their treatment.</li> </ul>	<b>A n i m a l Welfare</b>	<b>New Delhi</b>	Total budget outlay of 13.39	25.40	Expenditure as on March 31, 2017 is 29.18	Through Krishna Ashram
<b>Promoting Health care and sanitation by conducting projects and programmes as follows:-</b> <ul style="list-style-type: none"> <li>Preventive health care and medical camps</li> <li>24* 7 ambulance service.</li> <li>Providing housekeeping staff at the Government run Community Health Centre (CHC), for better facilities and hygienic environment.</li> </ul>	<b>Health &amp; Hygiene</b>	<b>Odisha (Gram Panchayat-Bhadra-sahi, Barbil and Jajpur)</b>		1.52		<b>Direct</b>

CSR projects / Activities	Sector in which the Project is Covered	Location where project is undertaken	Amount out-lay (budget) Project / Programs Wise	Amount Spent Project/ Programs Wise	Cumulative Expenditure upto reporting period	Amount Spent Directly through agency
<b>Facilitating the provision of safe drinking water to the community</b> <ul style="list-style-type: none"> <li>• Constituting the water committees in the villages for managing the operations of the bore wells constructed by MESCO.</li> <li>• Facilitating the electricity connection of the bore well pupms.</li> </ul>	Health & Hygiene Care	Odisha ( Gram Panchayat - Bhadrasahi, Barbil)		0.13		Direct
<b>Supporting Education Services by providing the following services:-</b> <ul style="list-style-type: none"> <li>• Financial assistance to School Management Committees in 8 schools to engage 20 private teachers, for taking regular and remedial classes.</li> <li>• Coaching classes</li> <li>• Computer Centres</li> </ul>	Education	Odisha ( Barbil, Keonjhar and Jajpur) and Uttar Pradesh (Hapur)		0.95		Direct
<b>Facilitating social and rural development by :-</b> <ul style="list-style-type: none"> <li>• Constructing cycle shed and boundary wall at Block Office.</li> <li>• Repair of Road.</li> <li>• Supporting cultural and traditional festivals, promoting indian culture, tradition and values.</li> </ul>	Social and Rural Development	Empowering Women and Social Economic Welfare		0.69		Direct
<b>Skill Development projects in form of :-</b> <ul style="list-style-type: none"> <li>• Basic training of stitching to unemployed women.</li> </ul>		Odisha (Village Tanto and Serenda in Barbil)		0.03		Direct
<b>Avenue plantation :-</b> <ul style="list-style-type: none"> <li>• Planting 1000 mango tress</li> <li>• Maintenance of the trees planted in the previous years.</li> </ul>	Protection of Flora and Fauna	Barbil		0.46		Direct

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.

## FORM NO. MGT. 9

Extract of Annual Return as on the financial year ended on March 31, 2017

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

## I) REGISTRATION AND OTHER DETAILS:

- i) CIN:- L74899DL1992PLC050216
- ii) Registration Date: 07/09/1992
- iii) Name of the Company: Mideast Integrated Steels Limited
- iv) Category/Sub Category of the Company:
- a) Category of the company: Public Company
- b) Sub Category of the Company: Company Limited by shares
- v) Address of the Registered office: H-1, Zamrudpur Community Centre, Kailash Colony New Delhi 110048
- vi) Contact Details: 011-40587085
- vii) Whether listed company Yes / No: Yes
- viii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Skyline Financial Services Private Limited, D-153A, Okhla Industrial Area, Phase-I, New Delhi-110020

## II) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
i)	Minerals	13100	100

## III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GIN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	Maithan Ispat Limited, Diamond Heritage, 14 <sup>th</sup> Floor, Room No. 1402, 16 <sup>th</sup> Strand Road, Kolkata	U27109WB2003PLC096854	Subsidiary	99.57%	Section 2(87) of Companies Act, 2013

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

Category-wise Shareholding

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



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):Total Shareholding of Promoter (A) = (A) (1)+(A) (2)</b>	<b>3,11,26,000</b>	<b>5,92,35,470</b>	<b>9,03,61,470</b>	<b>65.54</b>	<b>3,11,26,000</b>	<b>5,92,35,470</b>	<b>9,03,61,470</b>	<b>65.54</b>	<b>No change</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	3,00,600	15,101	3,15,701	0.23	3,00,600	15,101	3,15,701	0.23	No change
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>3,00,600</b>	<b>15,101</b>	<b>3,15,701</b>	<b>0.23</b>	<b>3,00,600</b>	<b>15,101</b>	<b>3,15,700</b>	<b>0.23</b>	<b>No change</b>
<b>2. Non Institutions</b>									
a) Bodies Corp									
i) Indian	3,20,190	1,43,48,500	1,46,68,690	10.64	2,80,885	1,43,55,400	1,46,36,285	10.62	(-0.02)
ii) Overseas	0	20,27,500	20,27,500	1.47	0	20,27,500	20,27,500	1.47	No change
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs 1 lakh	13,77,964	2,39,35,213	2,53,13,177	18.36	14,81,570	2,35,34,813	2,50,16,383	18.14	(0.22)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	19,45,970	5,91,000	25,36,970	1.84	21,46,910	5,91,000	27,37,910	1.99	0.15
c) Others (NRI & HUF)	1,46,791	25,04,701	26,51,492	1.92	2,95,650	24,84,101	27,79,751	2.02	0.09
<b>Sub-total (B)(2)</b>	<b>37,90,915</b>	<b>4,34,06,914</b>	<b>4,71,97,829</b>	<b>34.23</b>	<b>42,05,015</b>	<b>4,29,92,814</b>	<b>4,71,97,829</b>	<b>34.23</b>	<b>No change</b>
<b>Total Public Shareholding (B)= (B) (1)+(B)(2)</b>	<b>40,91,515</b>	<b>43,42,2015</b>	<b>4,75,13,530</b>	<b>34.46</b>	<b>45,05,615</b>	<b>4,30,07,915</b>	<b>4,75,13,530</b>	<b>34.46</b>	<b>No change</b>
<b>C. Shares held by Custodian for GDR's &amp; ADR's</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>35,217,515</b>	<b>102,657,485</b>	<b>137,875,000</b>	<b>100.00</b>	<b>35,631,615</b>	<b>102,243,385</b>	<b>137,875,000</b>	<b>100.00</b>	<b>No change</b>

## i) Shareholding of Promoters

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

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

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

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

Sl. No. and Name of the Shareholder	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
i) Stemcor India Pvt Ltd	At the beginning of year	13787500	10.00		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			13787500	10.00
ii) China Metallurgical Import & Export	At the beginning of year	2000000	1.45		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			2000000	1.45
iii) Mahendra Girdharilal	At the beginning of year	434800	0.32		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			434800	0.32
iv) Sunita Sunderdas Damani	At the beginning of year	13100	0.01		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Purchase: 17.06.2016-24200 30.06.2016-5600 08.07.2016-7400 29.07.2016-4900 05.08.2016-4700 19.08.2016-3900 26.08.2016-700 09.09.2016-5000 16.09.2016-9600 07.10.2016-2500 14.10.2016-50500	

Sl. No. and Name of the Shareholder	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year		
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company	
				21.10.2016-101100 04.11.2016-13200 11.11.2016-36440 25.11.2016-12400 02.12.2016-21800 09.12.2016-11000 16.12.2016-4400 30.12.2016-16300 13.01.2017-30500 27.01.2017-8700 03.02.2017-11500 10.02.2017-2900 17.02.2017-48000 24.02.2017-13600 Sale : 28.10.2016-99000 18.11.2016-5000 06.01.2017-50000 03.03.2017-10000 17.03.2017-27800 24.03.2017-21900 31.03.2017-5000		
	At the End of the year			245240	0.18	
v) D Jayachandra Reddy	At the beginning of year	0				
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Purchase: 12.08.2016-265700 26.08.2016-100 16.09.2016-100 20.09.2016-200 30.09.2016-100 07.10.2016-100 18.11.2016-100 02.12.2016-100 13.01.2017-22200 20.01.2017-213700 03.02.2017-900 17.02.2017-22100 24.02.2017-2800 10.03.2017-100 Sale: 14.10.2016-50000 28.10.2016-25000 27.01.2017-192500 03.03.2017-22100		
	At the End of the year			238700	0.17	

Sl. No. and Name of the Shareholder	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
vi) Rajan M Shah	At the beginning of year	150200	0.11		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Purchase: 29.07.2016-55000 05.08.2016-60000 12.08.2016-85000 13.01.2017-25000 02.03.2017-200000 Sale: 20.09.2016-350000 20.01.2017-5000	
	At the End of the year				
vii) Punjab National Bank	At the beginning of year	200400	0.15		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			200400	0.15
viii) Saroj Budhiraja	At the beginning of year	113400	0.08		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)				
	At the End of the year			113400	0.08
ix) Bharat Hydro Power Corporation Ltd	At the beginning of year	107000	0.08		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			107700	0.08
x) Bank of Baroda	At the beginning of year	100200	0.07		
	Date wise Increase/Decrease in Promoters Shareholding during year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.)			Nil	Nil
	At the End of the year			100200	0.07

## iv) Shareholding of Directors and Key Managerial Personnel:

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

Other than above mentioned director, no director and key managerial personnel holds any shares in the company during any part of the year.

## v) INDEBTEDNESS

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

(₹ In Mn)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	185.82	486.50	-	672.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>185.82</b>	<b>486.50</b>	<b>-</b>	<b>672.32</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	327.17	-	-	327.17
• Reduction	226.91	47.75	-	274.66
<b>Net Change</b>	<b>100.26</b>	<b>(47.75)</b>	<b>-</b>	<b>52.51</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	286.08	438.75	-	724.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>286.08</b>	<b>438.75</b>	<b>-</b>	<b>724.84</b>

## VI) Remuneration of Key Managerial Personnel and other directors

(₹ In Mn)

S. No.	Particulars of Remuneration	Key Managerial Personnel						Total Amount
		Mrs. Rita Singh	Mrs. Natasha Sinha	Mr. Priyabrata Patnaik	Mr. Purna Chandra Sahu	Mr. Hanumantha Ravipati Rao	Ms. Sandhya Sethia	
1	Gross salary							
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	28.97	14.13	9.00	3.96	1.20	0.98	58.24
	b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	4.39	2.16	-	-	-	-	6.55
	c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-

S. No.	Particulars of Remuneration	Key Managerial Personnel						Total Amount
		Mrs. Rita Singh	Mrs. Natasha Sinha	Mr. Priyabrata Patnaik	Mr. Purna Chandra Sahu	Mr. Hanumantha Ravipati Rao	Ms. Sandhya Sethia	
4	Commission	-	-	-	-	-	-	-
	as % of profit	-	-	-	-	-	-	-
	others, specify	-	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-	-
	<b>Total</b>	33.36	16.29	9.00	3.96	1.20	0.98	64.79

(₹ In Mn)

Particulars of Remuneration	Other Directors						Total Amount
	Mr. Nandanadan Mishra	Mr. Sanjiv Batra	Mr. Madhukar	Mr. Debiprasad Bagchi	Mr. Dipak Chatterjee	Mr. Gurjeet Singh Jawandha	
Independent Directors							
a) Fee for attending board/committee meetings	0.53	0.50	0.35	0.41	0.18	0.23	2.20
b) Commission	-	-	-	-	-	-	-
c) Others, please specify	-	-	-	-	-	-	-
<b>Total (1)</b>	<b>0.53</b>	<b>0.50</b>	<b>0.35</b>	<b>0.41</b>	<b>0.18</b>	<b>0.23</b>	<b>2.20</b>
Other Non- Executive Directors	-	-	-	-	-	-	-
a) Fee for attending board/committee meetings	-	-	-	-	-	-	-
b) Commission	-	-	-	-	-	-	-
c) Others, please specify	-	-	-	-	-	-	-
<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (B)=(1+2)</b>	<b>0.53</b>	<b>0.50</b>	<b>0.35</b>	<b>0.41</b>	<b>0.18</b>	<b>0.23</b>	<b>2.20</b>

**VII) Penalties/Punishment/Compounding of Offences:**

Type	Section of Companies Act, 1956	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority RD/NCLT/ Court	Appeal made if any (give Details)
<b>A. Company :</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. Directors :</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. Other Officer in Default</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## Management Discussion & Analysis Report

### Business Review

There has been a moderate revival in steel and mining sectors during the year 2016-17. Volatility in the prices of raw material prices, interventions by the Government for curbing cheap imports of steel products and under-utilization of steel capacities were the factors impacting steel manufacturing companies in India. Despite import curbs, 8.0 million tonnes of steel products were imported during the year. In general prices of steel products were not supportive for generating margins that the capital-intensive industry like steel requires. This has affected the balance sheets of most of the major steel companies in the country; as a result these companies are not in a position to service their debt and are facing great difficulties especially after the new bankruptcy and insolvency code.

During the year under review, coke prices remained very high and trended above Rs 21,000 per tonne level from November 2016 onwards. Stand-alone pig iron manufacturing was not viable at these levels of coke prices, since the price of pig iron didn't increase in line with coke prices. In fact, pig iron prices for most of the time remained low through the year. From November onwards pig iron prices hovered around median value of Rs 21500 per tonne. In view of the difficult market conditions, the steel plant was not in operation during the year. This shutdown resulted in drop in gross turnover of the company to Rs 2835.44 Million in 2016-17 from Rs 5164.60 Million achieved in 2015-16. In spite of this, profit of the company increased by 63% from 86.06 Million in 2015-16 to Rs 140.34 Million in 2016-17. Clearly in hindsight, keeping the steel plant in temporary shutdown turned out to be the right decision as it enabled the company to show profit and prevent erosion of net worth.

The EBIDTA of the company increased from 734.18 Million in 2015-16 to Rs 844.92 Million in 2016-17, posting a growth of 15%. The company is among the handful of steel companies in the country, which have not only remained EBIDTA positive but have also shown profit. This must be seen in the context of a range of challenging external factors impacting adversely on steel companies.

During the year, your company infused additional equity of Rs 639.07 million in the subsidiary company- Maithan Ispat Ltd, making total equity contribution of Rs 1202.97 Millions in two years after its acquisition. This enabled the subsidiary company to meet its obligations on payment of interests to financial institutions and repayment of loans.

### Industry Structure and Development

Global crude steel production has seen a little uptick in production from 1620 Million tonnes in 2015 to 1630 Million tonnes in 2016; however this is still below the level of production achieved in 2013 of 1650 Million tonnes, pointing to a deep-rooted sluggishness in demand for steel in general on the one hand and overcapacity in steel on the other.

China continued its leading position in steel production claiming almost half the world production by making 808 Million tonnes of crude steel in 2016, which is a tad higher than 803 Million tonnes that it produced in 2015.

At the global level the steel sector is facing overcapacity, flat demand and volatility in raw material prices together with inward looking policies for protecting domestic steel industry. In the face of cheap steel products from China and other countries flooding several markets, many steel mills worldwide were forced to shutdown or operate at much lower capacity.

The Government of India took steps to curb cheap imports of steel in the country with introduction of Minimum Import Prices (MIP) followed by imposition of anti-dumping duty on some of the steel products, giving relief to the domestic steel industry.

India produced 97.40 Million tons of crude steel in 2016-17, representing growth of 8.40% over the preceding year and firmly establishing itself as the third largest producer of steel in the world after China and Japan. Installed capacity of steel in India is presently over 122 Million tons. It is projected that that steel capacity in the country will continue to grow over the next decade. The National Steel Policy 2017 has set ambitious goal of reaching capacity to 300 Million tons in the country. There is no doubt that India is the only country in the world that would see significant increase in steel capacity as well as demand over the next decade.

### Opportunities and Threats

Given the big push for "Make In India" and infrastructure development, India is expected to witness a robust growth in demand for steel over the next decade. With rising incomes, steel consumption per capita should increase from current level of 60 kg per person, since the global average is 217 kg per capita. It is noteworthy that per capita consumption of steel in rural area is only 12 kg; while close to one billion people live in rural India. Thus there is enormous potential for demand generation for steel in rural areas. Slew of projects and policies announced by the government in highways, ports, railways, smart cities, housing and power sectors would boost the demand for steel in the country. With this renewed focus on infrastructure,





urbanization, and manufacturing, the demand for steel could potentially double in the next decade.

As soon as the business cycle turns favorable, your company is in a position to expand steel making capacity. Your company has the advantage of location as it has its steel plant in the steel hub of India in Odisha. Further it has ready infrastructure like water, power and private railways siding and land for expansion of the existing steel plant.

It may be noted here that the brownfield expansion of steel plants is considered as the most viable and cost effective option for ramping up production. Not only the lead-time for completing the project is less, but availability of ready infrastructure at the plant also lowers the capital costs for expansion of capacity. Balance sheet of your company has enough headroom for financing the expansion plan. Given these advantages, capacity of the plant can be raised from 1.20 MTPA to 3.50 MTPA in a phased manner. Together with augmentation of capacity of the subsidiary company, the total capacity under your company can be raised to 4.50 MTPA.

The first major threat to viability of steel making in India is the high cost of production of despite the availability of quality iron ore. High cost of steel is mainly due to excessive logistics and finance costs.

The second threat to expansion and viability of steel industry is the inability of banking sector to make fresh loans to steel companies. This aversion of banks in lending to steel companies is one of the principal reasons for the delay in taking up expansion projects at the steel plant of your company.

The third challenge before the steel industry is dependence on imports for meeting its requirements of coking coal and coke. It is well recognized that the blast furnace route is the most efficient for reduction of iron ore, but due to lack of domestic sources of high quality coking coal, steel companies are forced to face the extreme volatility in the coke and coking coal prices in the international market.

Another major threat to viability of steel making comes from downward pressure on prices of steel products due to global overcapacity. The global overcapacity is here to stay for another two decades if not more.

Lastly, ambitious New Steel Policy envisages production of 240 Million Tonnes by 2030 on an installed capacity of 300 Million Tonnes. This level of steel production assumes average annual growth rate of over 8% in steel consumption. It is generally held that for a developing nation like India, steel consumption should increase in line with economic growth. However in the last five years steel consumption in India has grown at average growth rate of 2.90% only. This tepid rate of growth in steel delinks to large extent steel consumption from economic growth.

## Outlook

According to the April 2017 World Economic Outlook of IMF, with buoyant financial markets and a long-awaited cyclical recovery in manufacturing and trade under way, world growth is projected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. However balance of risks is to the downside over medium term.

Economic Growth	2016 (%)	2017 (%)
<b>World</b>	<b>3.1</b>	<b>3.5</b>
Advanced Economies	1.7	2.0
USA	1.6	2.3
Euro Area	1.7	1.7
Emerging & Developing Economies	4.1	4.5
Brazil	-3.6	0.2
Russia	-0.2	1.4
<b>India</b>	<b>6.8</b>	<b>7.2</b>
China	6.7	6.6

## Source – IMF

Recovery in growth would remain under pressure due low productivity growth, income inequality, and pressures for inward-looking policies are increasing in advanced economies. Countries need to have credible strategies to place public debt on a

sustainable path. Adjusting to lower commodity revenues and addressing financial vulnerabilities remain key challenges for many emerging market and developing economies.

Following are the key points of the world economic outlook :

- The U.S. economy is projected to expand at a faster pace in 2017 and 2018, but over a longer horizon, the outlook for the U.S. economy is more subdued at around only 1.8 percent.
- The modest recovery in Euro area would come under uncertainty over the European Union's future relationship with the United Kingdom.
- In most other advanced economies, the pace of activity is expected to accelerate.
- Growth in commodity-exporting advanced economies is projected to recover.
- Growth in *China* is projected at 6.6 percent in 2017 and slowing to 6.2 percent in 2018. This growth is due to continued policy support in the form of strong credit growth and reliance on public investment to achieve growth targets.
- Among commodity exporters, *Brazil* is expected to emerge from one of its deepest recessions, with growth forecast at 0.2 percent in 2017 and 1.7 percent in 2018.
- *Russia* is poised to exit recession, with growth reaching 1.4 percent in 2017 after a cumulative contraction of about 3 percent in the previous two years.

India posted economic growth of 7.1% during 2016-17. For the year 2017-18, Reserve Bank of India has projected growth rate of 7.3%. According to IMF, medium-term growth prospects of India are favorable; with growth forecast set to hit about 8 percent over the medium term, provided key reforms are implemented and supply-side bottlenecks are removed.

Mining and quarrying has shown growth of 1.9% in 2016-17 as against contraction of 5.9% in 2015-16. This can be gauged from the fact that iron ore mining in the country saw decent revival with production reaching 192 million tons. This is the second highest production achieved in after the peak production of 218 million tonnes in 2009-10.

One area of concern is deceleration in the Gross Fixed Capital Formation to 27.1% of GDP in 2016-17 from 29.3% of GDP in 2015-16. This is reflective of the fact investment cycle is yet to revive in the country and it is the private investment cycle that continues to be subdued. For the revival of investment cycle in the country, public sector banks will have to find a way to resolve their non-performing assets quickly.

With the introduction of Goods and Services Tax in 2017-18 in the country, a common Indian market will be created, improving tax compliance and governance, and boosting investment and growth.

### **Risk Management**

Your Company has always endeavored to bring together elements of best practices for risk management in relation to existing and emerging risks faced by it at both strategic level and in operations. The Company faces a variety of risks from external and internal sources; however, the objective is to be aware of different kinds of risks affecting the business. Rather than eliminating these risks, the decision making process at your Company considers sensible risk taking and thereby proactive steps are taken to ensure that business is undertaken in an environment which encourages a reasonable amount of risk taking and enables the Company to leverage market opportunities effectively

In terms of the requirement of the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, the Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board.

Your Company recognizes the need to control and limit the risk, which it faces in day to day course of the business. The Company is exposed to certain financial risks-principally interest rate risk, liquidity risk, credit risk and risks associated with the economy, regulations, competition among others. These risks are managed through Risk Management Policies that are designed to minimize the potential adverse effects of these risks on financial performance of the Company

### **Internal Financial Controls System**

The Directors had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.



Your Company maintains an adequate and effective internal control system commensurate with the size and complexity. Your Company also has well documented Standard Operating Procedures (SOPs) for various processes which are periodically reviewed for changes warranted due to business needs

Internal Audit is conducted periodically across all locations by firms of Chartered Accountants who verify and report on the efficiency and effectiveness of internal controls. The Company has audit committee comprising of 5 (Five) professionally qualified and well experienced Directors, who review the operational efficiency, adequacy and effectiveness of systems, processes, and Internal finance control of the Company.

### **Human Resources**

As on March 31, 2017 the company had 708 permanent employees at its manufacturing plants and administrative office.

The Company is privileged to have an excellent pool of human resources working with it. The Company considers the quality of its human resources to be its most important asset and places great emphasis on training and development of employees at all levels. The Company's strategy of empowering people at all levels to take decisions and encouraging free flow of information and ideas has helped strengthening of its human capital.

### **Environment, Health & Safety**

Employees of the Company play an important role in the industrial operation and company's growth, and are considered as the most valuable assets and their personal and professional development along with their robust health and safety is one of the top priorities of the organization.

The Company is complying with all the Statutory Provisions as required under the Factories Act. Competent persons carry out compulsory testing / examination of lifting tools, pressure vessels, cranes, safety belts etc. as per statutory requirement. To get good results in the accident prevention we have included safety programmes like investigation & analysis of all serious and fatal accidents, recommendations / remedial measures to prevent similar accidents. Near- miss situation / incident with no injury is accorded serious consideration for planning of preventive measures.

As a part of safety measures, Various periodical health check- up programmes are conducted from time to time so as to monitor health hazards if any.

### **Cautionary Statement**

Statements in this management discussion and analysis report describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using words 'anticipates', 'believes', 'Expects', 'intends', 'prospects and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied.

## 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

Your Company considers good Corporate Governance a pre-requisite for meeting the needs and aspirations of its Members and other stakeholders in the Company. The Board of Directors of your Company firmly believes that the same could be achieved by maintaining transparency in its dealings, creating robust policies and practices for key processes and systems with clear accountability, integrity, transparent governance practices and the highest standard of compliance

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 Company has strengthened its Corporate Governance practices and has set highest standards of Corporate Governance by implementing the code of Corporate Governance in accordance with regulations 34 (3) read with Schedule V of the Securities Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### 2. BOARD OF DIRECTORS

#### I. Composition and Category of Directors

The Board of Directors comprises of ten directors, all professionals in their own right who bring in a wide range of skills and experience to the board. The Company has an appropriate combination of executive and non-executive independent directors to maintain independence of the Board. Out of 10 directors, 6 directors are non-Executive independent directors and rest 4 are executive directors including Managing Director.

None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company. All directors are appointed by the members of the Company. 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. None of the Directors serves as an Independent Director in more than seven Listed Companies and no independent director is serving as whole time director in any Listed Company. No Whole time Director is serving as Independent Director in more than 3 Listed Companies

The directors bring to the board a wide range of experience and skills. Brief profiles of the directors, are set out elsewhere in the annual report.

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.

#### II. Details of Board Meetings held during the year:

During the financial year ended on March 31, 2017 four meetings were held on May 24, 2016, September 13, 2016, December 13, 2016 and February 14, 2017. The maximum gap between any two meetings had not exceeded 120 days.

All material information was circulated to the directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of Sub-Regulation 7 of Regulation 17 of the SEBI (LODR) Regulations 2015. During the year, separate meeting of the Independent Directors was held on 13<sup>th</sup> December, 2016 without the attendance of non-independent directors and members of the management.

The Company has proper systems to enable the Board to review on a 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. The Company has familiarisation programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc.

#### III. Directors' Attendance Record and Directorships:

Structure of Board of Directors during the financial year 2016-17, attendance at Board meetings, the number of Directorship and chairmanships/memberships of committee of each Director held in other public companies, relationship inter-se and



attendance at Annual General Meeting (AGM) held during the said year along with requisite information in respect of Directors as per Regulation 34 of SEBI (LODR) Regulations, 2015 is provided below:

Name of Director	Category	Relationship with other directors	Board 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	Mother of Mrs. Natasha Sinha	4	Yes	6	0	0
Natasha Sinha (DIN: 00812380)	Whole Time Director	Daughter of Mrs. Rita Singh	3	Yes	6	0	0
Priyabrata Patnaik (DIN: 01709955)	Whole Time Director	None	3	Yes	2	0	0
*Purna Chan dra Sahu (DIN:- 01262687)	Whole Time Director	None	3	No	0	0	0
Hanumantha Rao Raviapati (DIN: 00044028)	Whole Time Director	None	2	No	1	0	0
Nandanadan Mishra (DIN: 00031342)	Independent Non-Executive Director	None	4	No	7	4	2
Debiprasad Bagchi (DIN: 00061648)	Independent Non-Executive Director	None	4	Yes	7	0	2
Madhukar (DIN: 00558818)	Independent Non-Executive Director	None	4	Yes	6	0	3
Sanjiv Batra (DIN: 00602669)	Independent Non-Executive Director	None	4	No	1	0	1
Dipak Chatterjee (DIN: 03048625)	Independent Non-Executive Director	None	4	No	0	0	0
G S Jawandha (DIN: 00213573)	Independent Non-Executive Director	None	4	Yes	4	0	1

\*Mr. Purna Chandra Sahu, Whole Time Director of the company has resigned from the board with effect from December 21, 2016.

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

Your Company has in place a **structured induction and familiarization programme** for all its Directors including the Independent Directors. Details of the director familiarization programme are available on [www.mescosteel.com](http://www.mescosteel.com)

#### IV. Evaluation of the Board's Performance

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

The Directors expressed their satisfaction over the evaluation process and results thereof.

#### V. Responsibilities

The board of directors represents the interest of the company's shareholders, in optimizing long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The board has a formal schedule of matters reserved for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of financial resources, regulatory compliance, safeguard interest of shareholders and reporting to shareholders.

## VI. Role of Independent directors

Independent directors play an important role in deliberations at the board meetings and bring to the Company their wide experience in the fields of finance, steel, accountancy, law and public policy. This wide knowledge of both, their field of expertise and boardroom practices helps foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

The Audit Committee, the Nomination & Remuneration Committee, the Stakeholders Relationship Committee, Corporate Social Responsibility and Risk Management Committee have a majority of independent directors. These committees function within the defined terms of reference in accordance with the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and as approved by the board, from time to time. Board members ensure that their work in other capacities do not impinge on their fiduciary responsibilities as directors of the Company.

## VII. 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](http://www.mescosteel.com).

## 3. COMMITTEES OF THE BOARD

To enable better and more focused attention on the affairs of the Company, the board delegates particular matters to committees of the directors set up for the purpose. These specialist committees prepare the groundwork for decision-making and report at the subsequent board meeting.

The board is assisted by various committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and Risk Management Committee, all chaired by an independent director.

### I. Audit Committee

The Company has a qualified and independent Audit committee and consists of 4 Independent Directors and 1 executive Director, who provides assistance to the Board of Directors in fulfilling its responsibilities. The composition of the Audit committee is in accordance with the requirements of the Regulation 18 of SEBI (LODR) Regulations, 2015 and also Section 177 of the Companies Act, 2013 and Rule 6 and 7 of Companies (Meetings of Board and its Powers) Rules, 2014.

The Audit Committee met four times during the year ended March 31, 2017 i.e. on May 24, 2016, September 13, 2016, December 13, 2016 and February 14, 2017. 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	4
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 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 (Statutory Auditors), Mr. Vijay Gupta (AVP-Finance) as special invitees. The Company Secretary of the Company acts as the Secretary to the Committee.

The Audit Committee is empowered with functions according to the powers, scope and role as defined and prescribed under the said Regulation under SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013 and Rule 6 and 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and acts in terms of reference and directors if any given by the board from time to time.



The powers include investigating any activity within its terms of reference as specified by the Board and seeking information from any employee, obtain professional advice from external sources, secure attendance of outsiders with relevant expertise, if considered required and have full access to information contained in the records of the Company.

The role includes oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment, re-appointment, remuneration and terms of appointment of auditors and approval of payment for any other services rendered by statutory auditors; reviewing with the management quarterly results and annual financial statements before submission to the Board for approval; approval or any subsequent modification of any transactions of the Company with related parties; review and monitor the auditor's independence and performance and effectiveness of audit process; scrutiny of inter corporate loans and investments, if any; evaluation of internal financial controls and risk management system; and reviewing the functioning of the whistle blower mechanism.

The Committee mandatorily reviews information such as internal audit reports related to internal control weakness, management discussion and analysis of financial condition and result of operations, statement of significant related party transactions and such other matters as prescribed.

## II. Stakeholders Relationship Committee

The Stakeholder's relationship committee has been formed in compliance of Regulations under SEBI (LODR) Regulations, 2015 and pursuant to Section 178(5) 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. Ms. Sandhya Sethia, Company Secretary acts as the compliance officer of the Company.

The Committee met four times during the year ended March 31, 2017 i.e. on May 24, 2016, September 13, 2016, December 13, 2016 and February 14, 2017. The details of composition and attendance at the committee meetings 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 Stakeholders Relationship Committee oversees, inter-alia, redressal of shareholder and investor grievances, transfer / transmission of shares, issue of duplicate shares, exchange of new design share certificates, recording dematerialisation/ rematerialization of shares and related matters.

Number of investor complaints for the year ended March 31, 2017 is provided below:

Particulars	Status
Complaints outstanding as on April 1, 2016	2
Complaints received during the year ended March 31, 2017	15
Complaints resolved during the year ended March 31, 2017	17
Complaints not solved to the satisfaction of Shareholders as on March 31, 2017	0
Complaints Pending as on March 31, 2017	0

## III. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of three Independent Directors. Mr. Debiprasad Bagchi, the Independent Director of the Company, acts as the Chairman of the Committee. During the year under review meeting of nomination and remuneration committee took place on February 14, 2017. Constitution and attendance of committee meeting is given as under:

Name of the Member	Status	No. of Meetings	Meetings attended
Mr. Debiprasad Bagchi	Chairman	1	1
Mr. Nandanadan Mishra	Member	1	1
Mr. Sanjiv Batra	Member	1	1

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, besides other terms as may be referred by the Board.

The role of the Nomination and Remuneration Committee inter alia, includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommendation to the Board of the remuneration policy; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity; and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

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

- i) **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.
- ii) **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, 2017 is as under: ₹ In Mn

Name of Director	Sitting Fees	Salaries & Perquisites	Commission	Total
Mrs. Rita Singh	-	33.36	-	33.36
Mrs. Natasha Sinha	-	16.29	-	16.29
Mr. Purna Chandra Sahu*	-	3.96	-	3.96
Mr. Hanumantharao Ravipati	-	1.20	-	1.20
Mr. Priyabrata Patnaik	-	0.98	-	0.98
Mr. Nandanadan Mishra	0.53	-	-	0.53
Mr. Debiprasad Bagchi	0.41	-	-	0.41
Mr. Madhukar	0.35	-	-	0.35
Mr. Sanjiv Batra	0.50	-	-	0.50
Mr. Dipak Chatterjee	0.18	-	-	0.18
Mr. G S Jawandha	0.23	-	-	0.23

\*Mr. Purna Chandra Sahu, Whole Time Director of the company has resigned from the board with effect from December 21, 2016.

#### IV. Corporate Social Responsibility Committee

The CSR Committee comprises of 4 Members. The Committee oversees corporate social responsibility, corporate governance and other related matters as may be referred by the Board of Directors. This Committee also discharges the role of Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013 which includes formulating and recommending to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company, as per Schedule VII to the Companies Act, 2013; recommending the amount of expenditure to be incurred and monitoring the CSR Policy of the Company.

The Corporate Social Responsibility Policy of the Company is available on the website of the Company.

The Committee met once during the year ended March 31, 2017 i.e. on May 24, 2016. Given below is the constitution and attendance:-

Name of the Member	Status	No of Meetings Held	No of Meetings Attended
Mr. Debiprasad Bagchi	Chairman	1	1
Mr. Nandanadan Mishra	Member	1	1
Mrs. Natasha Sinha	Member	1	1
Mr. Priyabrata Patnaik	Member	1	1





## V. Risk Management Committee

Risk Management committee comprises of 4 directors including mix of 2 executive and 2 independent directors. The roles and responsibilities of the Risk Management Committee are as prescribed under Regulation 21 of the SEBI (LODR) Regulations 2015 and includes monitoring and review of risk management plan and reporting the same to the Board of Directors periodically as it may deem fit, in addition to any other terms as may be referred by the Board of Directors, from time to time.

During the period under review no meeting took place. The constitution of Risk Management Committee as on March 31, 2017 is as follows:

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

## 4. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time	Special Resolution
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
2013-14	Auditorium I, Siri fort Cultural Complex, August Kranti Marg, New Delhi -49	September 20, 2014	10.30 A.M.	No Special Resolution was passed

### II. Postal Ballot

During financial year ended March 31, 2017 no resolution was passed through postal ballot. During previous year ended March 31, 2016, 2 (Two) Special Resolutions were passed through Postal Ballot procedures on May 11, 2015. The details of voting pattern in respect of all these Special Resolutions are mentioned below:

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

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

Sr. No.	Particulars	No. of Postal Ballot forms	No. of shares	% to the total shares representing valid votes
(a)	Total postal ballot forms received	21	8,99,66,140	
	Total E-voting options received	69	6,18,534	
	<b>Total (1+2)</b>	<b>90</b>	<b>9,05,84,674</b>	
(b)	Less: Invalid postal ballot Forms	NIL	NIL	
(c)	Net valid postal Ballot Forms	21	8,99,66,140	
	Net E-voting options	69	6,18,534	
	<b>Total (1+2)</b>	<b>90</b>	<b>9,05,84,674</b>	100%

Sr. No.	Particulars	No. of Postal Ballot forms	No. of shares	% to the total shares representing valid votes
(d)	postal ballot forms with assent for the resolution	21	8,99,66,140	
	E-voting options with assent for the resolution	67	6,05,934	
	<b>Total (1+2)</b>	<b>88</b>	<b>9,05,72,074</b>	99.98%
(e)	1. Postal ballot forms with dissent for the resolution	NIL	NIL	
	2. E-voting options with dissent for the resolution.	2	12,600	
	<b>Total (1+2)</b>	<b>2</b>	<b>12,600</b>	0.02%
(f)	Postal ballot forms with not voted for / against the resolution.	NIL	NIL	

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

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

## 5. MEANS OF COMMUNICATION

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

The quarterly financial results were published in the Business Standard, Mint, Financial Express, Jansatta, Awam-E-Hind and Hari Bhoomi. The results were also displayed on the Company's web site [www.mescosteel.com](http://www.mescosteel.com). The shareholders can access the Company's web site for financial information, shareholding information etc. No presentations have been made to institutional investors/ analysts during the financial year.

## 6. GENERAL SHAREHOLDER INFORMATION

### I. Annual General Meeting for the financial year ended 31<sup>st</sup> March, 2017

Date: September 27, 2017

Time: 11.00 A.M.

Venue: The Claremont, Mehrauli Gurgaon Road, Aaya Nagar, Aya Nagar Phase 2, New Delhi -110047

Last date for receipts of proxy form: September 25, 2017



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

Financial Calendar:

Quarter ending June 30, 2017	By August 14, 2017
Quarter ending September 30, 2017	By November 14, 2017
Quarter ending December 31, 2017	By February 14, 2018
Year ending March 31, 2018	By May 30, 2018
<b>Note:</b> The above dates are indicative and subject to change.	

- III. **Dividend:** The Company has not declared any dividend during the financial year ended March 31, 2017
- IV. **Listing of Equity Shares on Stock Exchange:** The Equity Shares of the Company are listed on Calcutta Stock Exchange. Further company has received in-principle approval for direct listing of its share with BSE
- V. **Stock Code:** Given Below is the stock code of Company

Name of Exchange/ISIN	No.
Calcutta Stock Exchange	23143
ISIN	INE170N01016

VI. **Registrars and Transfer Agents:**

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

VII. **Share Transfer System:**

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

VIII. **Distribution of Shareholding as on March 31, 2017**

No. of equity shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	182837	98.22	23161688	16.8
501 – 1000	2066	1.11	1637950	1.19
1001-2000	718	0.39	1063317	0.77
2001-3000	192	0.1	477683	0.34
3001-4000	84	0.04	305540	0.22
4001-5000	56	0.03	261695	0.19
5001-10000	87	0.05	617450	0.45
10001 and above	105	0.06	110349677	80.03
<b>TOTAL</b>	<b>186145</b>	<b>100</b>	<b>137875000</b>	<b>100</b>

**IX. 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	315701	0.23
Overseas Corporate Bodies	2027500	1.47
Foreign Venture Capital Investor/FII	0	0
Bodies Corporate	14636285	10.62
India Public	27754293	20.13
Non resident Indians	2570500	1.86
Trusts	300	0.00
Others	208951	0.15
Grand Total	137875000	100

**X. Dematerialization Of Shares**

25.85 % 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, 2017

Particulars	No of shares	%
<b>Shares in demat form</b>		
NSDL	34834663	25.27
CDSL	796952	0.58
<b>Shares in Physical Form</b>	102243385	74.15
<b>Total</b>	<b>137875000</b>	<b>100.00</b>

**XI. Outstanding GDRS/ ADRS/ Warrants Or Any Convertible Instruments**

There were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments as at March 31, 2017.

**XII. 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

**XIII. Address for Investor Correspondence:**

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

**Registered Office & For Correspondence:**

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



## 7. DISCLOSURES

- I. During the financial year ended March 31, 2017 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, 2017 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.

### Annexure-I

#### Annual Compliance with the Code of Conduct for the Financial Year 2016-2017

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, 2017 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 8, 2017

**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, 2017, and to the best of our knowledge and belief:

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

**For and on behalf of Mideast Integrated Steels Limited**

**New Delhi  
May 27, 2017**

**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 31<sup>st</sup> March 2017, 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 Tadarwal&Tadarwal LLP**  
Chartered Accountants  
(Registration No. 111009W/W100231)

**ArunTodarwal  
Partner  
Membership No. 032822**

**New Delhi  
August 8, 2017**



# 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, 2017, 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, of the Companies Act, 2013. 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 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 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, 2017;
- (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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 namely:-
  - 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.
  - iv) The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.

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

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

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

**Arun Todarwal**  
Partner  
M. No. 32822

Place: New Delhi  
Date: 27 May, 2017



## 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 31<sup>st</sup> March 2017]**

- 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. Pursuant to the programme, the management during the year physically verified the fixed assets at certain locations and no material discrepancies were noticed on such verification.
- c) According to the information and explanation given to us and on verification, 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 were noticed.
3. a) According to information and explanation given to us, the Company has not granted any secured or unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

In view of the above, provisions of clause 3(iii) (b) and (c) are not applicable to the company.

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 not, however, 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 31<sup>st</sup>, 2017 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 Mn) March 2017	Amount (In Mn) March 2016	Forum where dispute is pending
1	Customs, Excise Duty	812.63	151.28	Various Authorities
2	Service Tax	160.95	56.06	Various Authorities
3	Sales and Entry Tax	284.32	259.19	Various Authorities
	<b>Total</b>	<b>1257.90</b>	<b>466.53</b>	

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 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 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.

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

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

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

**Arun Todarwal**  
Partner  
M. No. 32822

Place: New Delhi  
Date: 27 May, 2017

## **ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF M/S MIDEAST INTEGRATED STEELS LIMITED AS ON 31<sup>ST</sup> MARCH 2017**

### **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, 2017 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 Sangram Paul & Company**  
Chartered Accountants  
ICAI Reg No. 308001E

**For Tadarwal &Tadarwal**  
Chartered Accountants  
ICAI Reg No 111009W

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

**Arun Tadarwal**  
Partner  
M. No. 32822

Place: New Delhi  
Date: 27 May, 2017

## Balance Sheet as at 31 March, 2017

₹ in Mn

Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	3	8,994.24	9,525.78
Capital work-in-progress		319.19	179.37
Non current investments	4	1,693.92	1,054.86
Financial assets			
Security deposits	5	55.33	55.79
Other financial assets	6	1,797.45	1,836.69
Other non current assets	7	952.20	926.28
<b>Current assets</b>			
Inventories	8	960.36	889.63
Financial assets			
Trade receivables	9	9.70	34.99
Cash and cash equivalents	10	273.03	367.66
Loans	11	53.45	28.19
Other financial assets	12	379.93	510.70
		<b>15,488.80</b>	<b>15,409.93</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	1,378.75	1,378.75
Other equity	14		
Securities premium		677.70	677.70
Retained earnings		2,703.97	2,563.22
Other reserve		1,642.61	1,642.61
<b>Total Equity</b>		<b>6,403.03</b>	<b>6,262.28</b>
<b>Non current liabilities</b>			
Financial liabilities			
Borrowings	15	530.26	580.47
Trade payables	16	884.68	548.50
Other financial liability	17	5,411.50	5,423.05
Deferred tax liabilities (net)	30.5	734.98	713.48
Employee benefit obligation	18	52.83	47.48
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	19	561.56	643.74
Other financial liability	20	895.99	957.67
Other payables	21	8.53	229.81
Employee benefit obligation	22	5.44	3.43
		<b>15,488.80</b>	<b>15,409.93</b>
<b>Notes forming part of the financial statements</b>	<b>1 - 38</b>		

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

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

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

**For and on behalf of the Board of Directors**

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

**Arun Todarwal**  
Partner  
M. No. 32822

**Natasha Sinha**  
Director Finance & CFO  
DIN: 00812380

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

Place: New Delhi  
Date: 27 May, 2017

**Sandhya Sethia**  
Company Secretary



## Statement of Profit and Loss for the year ended 31 March, 2017

₹ in Mn

Particulars	Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Revenue from operations (Gross)	23	2,835.44	5,164.60
<b>Total revenue</b>		<b>2,835.44</b>	<b>5,164.60</b>
<b>Expenses</b>			
Cost of materials consumed	24a	-	1,749.37
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24b	(49.66)	219.47
Excise duty on sales	23	3.94	284.59
Employee benefits expenses	25	440.65	467.23
Other expenses	26	1,595.59	1,709.75
<b>Total expenses</b>		<b>1,990.52</b>	<b>4,430.42</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>844.92</b>	<b>734.18</b>
<b>Less:</b>			
Depreciation and amortisation expense	3	546.58	607.82
Finance costs	27	402.69	141.57
<b>Add:</b>			
Other income	28	194.76	132.82
<b>Profit before extraordinary items, exceptional items and Prior Period Items and tax</b>		<b>90.41</b>	<b>117.61</b>
Exceptional/Extraordinary items		-	-
<b>Profit before tax</b>		<b>90.41</b>	<b>117.61</b>
<b>Tax expense:</b>			
Current tax		18.43	24.50
(Less): MAT credit		(18.43)	(24.50)
Tax expense relating to prior years		(71.43)	-
Deferred tax		21.50	31.55
<b>Profit for the year</b>		<b>140.34</b>	<b>86.06</b>
<b>Other Comprehensive Income</b>			
<b>Not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/ (losses) on defined benefit plans		0.40	(0.73)
Less: Income tax effect		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>0.40</b>	<b>(0.73)</b>
<b>Total Comprehensive income</b>		<b>140.74</b>	<b>85.33</b>
<b>Earnings per Equity share (of Rs. 10/- each)</b>			
Basic & Diluted (Rs.)		1.02	0.62
<b>Notes forming part of the financial statements</b>	1-38		

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

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

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

**For and on behalf of the Board of Directors**

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

**Arun Todarwal**  
Partner  
M. No. 32822

**Natasha Sinha**  
Director Finance & CFO  
DIN: 00812380

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

Place: New Delhi  
Date: 27 May, 2017

**Sandhya Sethia**  
Company Secretary

## Cash Flow Statement for the year ended 31 March, 2017

₹ in Mn

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
<b>A. Cash flow from operating activities</b>				
<i>Net Profit / (Loss) before extraordinary items and tax</i>		90.41		116.89
<b>Adjustments for:</b>				
Depreciation and amortisation	546.58		607.82	
Finance costs	402.69		141.57	
Interest income	(53.85)		(59.94)	
Rental income	(0.11)		(45.18)	
Liabilities / provisions no longer required written back	(120.37)		(27.50)	
Receivables credit balances written back	0.00		(0.03)	
Net unrealised exchange (gain) / loss	(12.35)		52.05	
		762.52		668.78
<i>Operating profit / (loss) before working capital changes</i>		852.93		785.67
<i>Changes in working capital:</i>				
<i>Adjustments for (increase)/decrease in operating assets:</i>				
Inventories	(70.73)		536.10	
Trade receivables	25.29		(31.45)	
Short-term loans and advances	(25.26)		21.98	
Long-term loans and advances	39.23		145.74	
Other non-current assets	(25.46)		-	
Other current assets	130.77		-	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	254.00		(105.81)	
Other current liabilities	(186.56)		115.50	
Other long-term liabilities	121.18		(91.94)	
Short-term provisions	2.01		96.51	
Long-term provisions	5.36		10.36	
		269.82		696.98
Cash generated from operations		1,122.75		1,482.65
Net income tax (paid) / refunds		(127.70)		(209.51)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>995.05</b>		<b>1,273.14</b>



## Cash Flow Statement for the year ended March 31, 2017 (Contd.)

₹ in Mn

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets including capital advance	(154.86)		(848.46)	
Investment in subsidiaries and joint ventures	(639.06)		(733.97)	
Rental receipt	0.11		45.18	
Interest received	53.85		59.94	
Investment in fixed deposit/Proceeds from fixed deposits	123.99		(20.43)	
		(615.90)		(1,497.74)
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(615.90)</b>		<b>(1,497.74)</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	327.17		123.26	
Repayment from long-term borrowings	(274.66)		(1.33)	
Finance cost	(402.69)		(141.57)	
		(350.18)		(19.64)
Net cash flow from / (used in) financing activities (C)		<b>(350.18)</b>		<b>(19.64)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>28.97</b>		<b>(244.24)</b>
Cash and cash equivalents at the beginning of the year		155.25		399.50
<b>Cash and cash equivalents at the end of the year</b>		<b>184.22</b>		<b>155.25</b>

The accompanying notes are an integral part of the financial statement.

As per our report of even date

**For Sangram Paul & Company**

Chartered Accountants  
ICAI Reg No. 308001E

**For Todarwal &Todarwal**

Chartered Accountants  
ICAI Reg No 111009W

**For and on behalf of the Board of Directors**

**S.K. Paul**

Proprietor  
M. No. :13015

**Arun Todarwal**

Partner  
M. No. 32822

**Natasha Sinha**

Director Finance & CFO  
DIN: 00812380

**Rita Singh**

Chairperson Cum Managing Director  
DIN: 00082263

Place: New Delhi  
Date: 27 May, 2017

**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 31<sup>st</sup> 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 6,39,06,212 Equity Shares and thus holds 30,13,26,010 (99.57%) equity shares as on 31st March, 2017.

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. These financial statements for the year ended March 31, 2017 are the first financial statements under Ind AS. The date of transition to Ind AS is April 1, 2015. The financials as on the 31st March 2016 here have been drawn up according to Ind AS so that they are comparable. 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.



## Notes forming part of the financial statements

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

### 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

## Notes forming part of the financial statements

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.

### 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.

## Notes forming part of the financial statements

### 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.

### 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.

### s) First-Time Adoption Of Ind-As

These financial statements, for the year ended March 31, 2017, are the first financials the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

#### *Exemptions applied*

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

#### a) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities. This exemption can also be used for Intangible Assets covered by Ind AS 38.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### b) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

Accordingly, the Company has elected to assess all the contracts existing at the date of transition to Ind AS.

#### c) Estimates

The estimate as at April 1, 2015 and as at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP.

## Notes forming part of the financial statements

## Note 3 Property, plant and equipment

₹ in Min

Particulars	Gross Block			Depreciation			Net Block	
	As at March 31, 2016	Additions	Deductions	As at March 31, 2017	During the year	Deductions	As at March 31, 2016	As at March 31, 2017
Land (Free hold)	25.55	-	-	25.55	-	-	25.55	25.58
Land and Site Development	953.39	-	-	953.39	131.23	-	844.27	713.08
Building	1,417.05	0.09	-	1,417.15	52.83	-	1,135.13	1,082.43
Plant and Machinery	9,865.33	-	-	9,865.33	286.60	-	6,836.00	6,549.44
Furniture and Fixtures	154.89	2.53	-	157.43	14.61	-	82.63	70.60
Office Equipment	24.31	7.80	-	32.12	3.50	-	9.43	13.78
Computer	79.53	0.17	-	79.71	2.79	-	5.91	3.33
Vehicles	90.62	4.07	-	94.70	9.53	-	53.06	47.63
V Sat	0.82	-	-	0.82	0.04	-	0.04	-
Railway Siding	683.14	-	-	683.14	45.45	-	533.76	488.37
<b>Total</b>	<b>13,294.63</b>	<b>14.66</b>	<b>-</b>	<b>13,309.34</b>	<b>546.58</b>	<b>-</b>	<b>9,525.78</b>	<b>8,994.24</b>
<b>Previous Year</b>	<b>12,313.32</b>	<b>981.31</b>	<b>-</b>	<b>13,294.63</b>	<b>607.82</b>	<b>-</b>	<b>9,152.29</b>	<b>9,525.78</b>



## Notes forming part of the financial statements

### Note 4 Non current investments

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Investments (At cost):		
Trade and Unquoted		
a) Investment in equity shares		
<u>Subsidiaries</u>		
Maithan Ispat Ltd *	1,573.85	934.79
30,13,26,010 (PY - 23,74,19,798) equity shares of ₹10 each fully paid up		
<u>Others</u>		
(i) Keonjhar Infrastructure Development Company Ltd	0.07	0.07
7,200 (PY - 7,200) equity shares of ₹ 10 each fully paid up		
(ii) Mesco Steels Ltd		
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>		
(i) Maithan Ispat Ltd	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>		
(i) Keonjhar Infrastructure Development Company Ltd	20.00	20.00
2,000,000 (PY - 2,000,000) 6% cumulative redeemable preference shares of rupees 10 each fully paid up		
<b>Total</b>	<b>1,693.92</b>	<b>1,054.86</b>

\*Out of which 12,17,53,001 (PY 9,29,94,101) equity shares have been pledged with the lenders of Maithan Ispat Ltd. And balance of 3,25,92,525 equity shares would be pledged, totalling to 15,43,45,526 being the 51% of equity shares to be pledged as per agreement.

### Note 5 Security deposits

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Security deposits		
Unsecured, considered good	55.33	55.79
<b>Total</b>	<b>55.33</b>	<b>55.79</b>

### Note 6 Other financial assets

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Loans and advances to related parties		
Unsecured, considered good	1,797.45	1,836.69
<b>Total</b>	<b>1,797.45</b>	<b>1,836.69</b>

### Note 7 Other non current assets

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Capital advances		
Unsecured, considered good	33.72	26.24
MAT credit entitlement		
Unsecured, considered good	918.48	900.05
<b>Total</b>	<b>952.20</b>	<b>926.28</b>

### Note 8 Inventories

(At lower of cost and net realisable value)

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Raw materials	172.60	152.94
Work-in-progress	28.63	16.40
Finished goods	676.08	640.19
Stores and spares	83.04	80.09
<b>Total</b>	<b>960.36</b>	<b>889.63</b>

## Notes forming part of the financial statements

## Note 9 Trade receivables

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	2.58	2.58
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	2.58	2.58
Other Trade receivables		
Unsecured, considered good	7.12	32.41
Less: Provision for doubtful trade receivables	-	-
	7.12	32.41
<b>Total</b>	<b>9.70</b>	<b>34.99</b>

## Note 10 Cash and cash equivalents

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Cash and cash equivalents		
(a) Cash on hand	30.19	17.06
(b) Cheques, drafts on hand	-	0.02
(c) Balances with banks		
In current accounts	36.68	62.56
In deposit accounts	117.36	100.20
In deposit accounts*	42.34	128.11
In earmarked accounts		
- Unclaimed dividend accounts	33.75	33.78
(d) Interest on Bank Deposits	12.72	25.94
<b>Total</b>	<b>273.03</b>	<b>367.66</b>

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

## Note 11 Loans

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Loans and advances to Suppliers		
Unsecured, considered good	46.82	21.51
Loans and advances to employees		
Unsecured, considered good	6.63	6.68
<b>Total</b>	<b>53.45</b>	<b>28.19</b>

## Note 12 Other financial assets

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Prepaid expenses		
Unsecured, considered good	2.28	5.74
Balances with government authorities		
Unsecured, considered good	367.66	494.96
Others Receivables		
Unsecured, considered good	10.00	10.00
<b>Total</b>	<b>379.93</b>	<b>510.70</b>

## Note 13 Equity share capital

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Authorised		
140,000,000 (P.Y. 140,000,000) Equity shares of Rs.10/- each	1,400.00	1,400.00
Issued, Subscribed and Paid up		
137,875,000 (P.Y. 137,875,000) Equity shares of Rs.10/- each	1,378.75	1,378.75
<b>Total</b>	<b>1,378.75</b>	<b>1,378.75</b>

## 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, 2017		As at 31 March, 2016	
	Numbers	₹ in Mn	Numbers	₹ in Mn
<b>Equity Shares:</b>				
Opening Balance	137,875,000	1,378.75	137,875,000	1,378.75
Changes during the year	-	-	-	-
<b>Closing Balance</b>	<b>137,875,000</b>	<b>1,378.75</b>	<b>137,875,000</b>	<b>1,378.75</b>

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

	As at 31 March, 2017		As at 31 March, 2016	
	Numbers	%	No. of shares	%
<b>Equity Shares:</b>				
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
<b>Total</b>	<b>98,635,940</b>	<b>71.54</b>	<b>98,635,940</b>	<b>71.54</b>

### C) Right, preferences and restrictions attached to shares

#### Equity Shares

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

#### Note 14 Other equity

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
(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	2,563.22	2,477.89
Add: Profit / (Loss) for the year	140.34	86.06
Add / Less: Re-measurement gains/ (losses) on defined benefit plans	0.40	(0.73)
Less: Proposed Dividend on Equity Shares	-	-
Less: Tax on Proposed Dividend	-	-
Closing balance	2,703.97	2,563.22
<b>Total</b>	<b>5,024.28</b>	<b>4,883.53</b>

## Notes forming part of the financial statements

## Note 15 Borrowings

₹ in Mn

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Non-Current	Current	Non-Current	Current
<b>Secured</b>				
Term loans from Banks (refer note i)	66.40	131.93	136.58	43.84
Term loans from Other Parties (refer note i)	70.48	17.27	1.84	3.57
	136.88	149.20	138.41	47.41
<b>Unsecured</b>				
From Promoters	295.46	-	295.46	-
From Banks (refer note ii)	97.91	45.38	146.60	44.44
	393.37	45.38	442.06	44.44
<b>Total</b>	<b>530.26</b>	<b>194.58</b>	<b>580.47</b>	<b>91.85</b>

## 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, 2017		As at 31 March, 2016	
		Non-Current	Current	Non-Current	Current
<b>Term loans from banks:</b>					
ICICI Bank Limited	Vehicle loan of Rs.3.89 Mn (PY Rs. 5.69 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 22.	1.86	2.03	5.08	0.61
ICICI Bank Limited	Vehicle loan of Rs.2.69 Mn (PY Rs. 4.27 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 18.	0.94	1.75	2.68	1.57
ICICI Bank Limited	Vehicle loan of Rs.1.90 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 56.	1.56	0.33	-	-
ICICI Bank Limited	Vehicle loan of Rs.0.61 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 27.	0.36	0.26	-	-
ICICI Bank Limited	Vehicle loan of Rs.0.74 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 27.	0.43	0.31	-	-
ICICI Bank Limited	Vehicle loan of Rs.7.84 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 27.	4.62	3.22	-	-
Axis Bank, Kolkata	Vehicle loan of Rs.NIL (PY Rs.0.06 Mn) is secured by first charge by way of hypothecation of the vehicle. Number of balance EMI payable is 3.	-	-	-	0.06
Kotak Bank Limited	Term loan of Rs. 128.81 Mn (PY Rs. 150 Mn) is secured by 2nd charge on assets of Pig Iron Plant and residential flat at Bhubneswar	56.63	72.18	128.81	21.19
Axis Bank	Bank Overdraft	-	-	-	20.41
Bank of India	Loan against FD	-	51.85	-	-
<b>Total - Term loans from banks</b>		<b>66.40</b>	<b>131.93</b>	<b>136.58</b>	<b>43.84</b>





## Notes forming part of the financial statements

### Note 15 Borrowings (contd.)

#### Notes (contd.)

₹ in Mn

Particulars	Terms of repayment and security	As at 31 March, 2017		As at 31 March, 2016	
		Non-Current	Current	Non-Current	Current
<b>Term loans from other parties:</b>					
Daimler Financial Services Pvt. Ltd.	Vehicle loan of Rs.3.59 Mn (PY Rs.5.41 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 14.	1.55	2.04	1.84	3.57
Srei Equipment Finance Limited	Equipment loan of Rs. 84.15 Mn (PY NIL) are secured by first charge by way of hypothecation of the respective equipment. Number of balance EMI payable is 91.	68.93	15.23	-	-
<b>Total - Term loans from other parties</b>		<b>70.48</b>	<b>17.27</b>	<b>1.84</b>	<b>3.57</b>

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

₹ in Mn

Particulars	Terms of repayment	As at 31 March, 2017		As at 31 March, 2016	
		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.	81.05	40.52	124.37	41.46
Banyantree Bank Ltd, Mauritius	External Commercial Borrowing (ECB) of USD 0.335 Mn (PY 0.4) is payable in 12 installments. Number of instalments payable is 6.	16.86	4.86	22.22	2.98
<b>Total long term borrowings</b>		<b>97.91</b>	<b>45.38</b>	<b>146.60</b>	<b>44.44</b>

#### Note 16 Trade payables

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Trade payables	884.68	548.50
<b>Total</b>	<b>884.68</b>	<b>548.50</b>

#### Note 17 Other financial liability

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Advances from customers	5,411.50	5,423.05
<b>Total</b>	<b>5,411.50</b>	<b>5,423.05</b>

#### Note 18 Employee benefit obligation

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits:		
(i) Provision for gratuity	43.46	37.88
(ii) Provision for leave encashment	9.37	9.60
<b>Total</b>	<b>52.83</b>	<b>47.48</b>

#### Note 19 Trade payables

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Micro, Small & Medium enterprises	-	-
Others	561.56	643.74
Acceptances	-	-
<b>Total</b>	<b>561.56</b>	<b>643.74</b>

## Notes forming part of the financial statements

## Note 20 Other financial liability

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Current maturities of long-term debt	194.58	91.85
Interest accrued and not due on borrowings	0.15	2.20
Unclaimed dividends	33.76	33.78
Statutory Dues	59.42	83.66
Payables against purchase of fixed assets	30.71	24.12
Trade / security deposits received	38.42	41.09
Advances from customers	509.36	637.66
Employee related liabilities	29.58	43.30
<b>Total</b>	<b>895.99</b>	<b>957.67</b>

## Note 21 Other payables

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision - Others:		
Provision for tax (net of advance tax)	8.53	229.81
<b>Total</b>	<b>8.53</b>	<b>229.81</b>

## Note 22 Employee benefit obligation

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits:		
(i) Provision for gratuity	4.19	2.14
(ii) Provision for leave encashment	1.25	1.29
<b>Total</b>	<b>5.44</b>	<b>3.43</b>

## Note 23 Revenue from operations

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Sale of products	2,835.44	5,164.60
Less: Excise duty on sales	3.94	284.59
<b>Total</b>	<b>2,831.50</b>	<b>4,880.01</b>

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Sale of products comprises		
Pig Iron	23.30	2,246.99
Minerals	2,808.20	2,633.02
<b>Total - Sale of manufactured goods</b>	<b>2,831.50</b>	<b>4,880.01</b>

## Note 24a Cost of materials consumed

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Opening stock	152.94	405.73
Add: Purchases	19.66	1,496.58
Less: Closing stock	172.60	152.94
<b>Cost of material consumed</b>	<b>-</b>	<b>1,749.37</b>
Material consumed comprises:		
Raw material -Iron ore	-	285.87
Raw material - Coke	-	1,296.96
Other items	-	166.54
<b>Total</b>	<b>-</b>	<b>1,749.37</b>



## Notes forming part of the financial statements

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

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
<u>Inventories at the end of the year:</u>		
Finished goods	676.08	640.19
Work-in-progress	28.63	16.40
Stock-in-transit - FG	-	-
	704.71	656.60
<u>Inventories at the beginning of the year:</u>		
Finished goods	640.19	834.51
Work-in-progress	16.40	53.18
	656.60	887.69
Less: Excise duties on increase / (decrease) of finished goods	(1.54)	(11.62)
<b>Net increase / (decrease)</b>	<b>49.66</b>	<b>(219.47)</b>

### Note 25 Employee benefits expense

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Salaries and wages	408.51	434.86
Contributions to provident and other funds	16.87	17.61
Provision for gratuity	9.52	6.65
Provision for leave	0.84	2.38
Staff welfare expenses	4.91	5.73
<b>Total</b>	<b>440.65</b>	<b>467.23</b>

### Note 26 Other expenses

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Consumption of stores and spare parts	16.81	67.24
Royalty cost	768.94	518.76
Mining cost	388.49	279.93
Power and fuel	58.76	111.32
Water	19.14	19.37
Material handling Charges	36.61	56.33
Rent & plot hiring charges	25.73	27.23
Repairs and maintenance - Buildings	1.12	4.29
Repairs and maintenance - Machinery	1.28	86.66
Repairs and maintenance - Others	0.44	59.01
Insurance	14.72	17.26
Rates and taxes	5.63	18.14
Communication	4.61	5.25
Travelling and conveyance	45.18	57.63
Selling & Distribution	19.79	116.98
Donations and contributions	25.87	15.34
Legal and professional	64.27	69.73
Net loss on foreign currency transactions and translation	-	52.05
Payments to auditors (Refer Note below)	1.50	1.50
CSR expenses	3.90	16.01
Miscellaneous expenses	92.78	109.70
<b>Total</b>	<b>1,595.59</b>	<b>1,709.75</b>

**Notes forming part of the financial statements****Note**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	1.48	1.48
For Taxation Matters	0.02	0.02
<b>Total</b>	<b>1.50</b>	<b>1.50</b>

**Note 27 Finance costs**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Interest expense on:		
Borrowings	393.52	52.30
Interest on delayed / deferred payment of statutory dues	5.80	84.52
Other borrowing cost	3.37	4.76
<b>Total</b>	<b>402.69</b>	<b>141.57</b>

**Note 28 Other income**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Interest income (Refer note 1 below)	53.85	59.94
Rental Income	0.11	45.18
Liabilities / provisions no longer required written back	120.37	27.50
Receivables credit balances written back	-	0.03
Others (Refer note 2 below)	20.43	0.17
<b>Total</b>	<b>194.76</b>	<b>132.82</b>

**Note 1**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Interest income comprises:		
Interest from banks deposits	41.59	25.19
Interest from others	12.26	34.75
<b>Total</b>	<b>53.85</b>	<b>59.94</b>

**Note 2**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Other income comprises:		
Profit on sale of fixed asset	0.07	-
Profit/(Loss) on disposal of inventory	8.01	-
Net gain on foreign currency transactions and translation	12.35	0.17
<b>Total</b>	<b>20.43</b>	<b>0.17</b>

## Notes forming part of the financial statements

### Note 29 Additional information to the financial statements

₹ in Mn

	Particulars	As at 31 March, 2017	As at 31 March, 2016	
29.1	<b>Contingent liabilities (to the extent not provided for)</b>			
	(a) Claims against the company not acknowledged as debt			
	(i) Central excise, customs and service tax	973.58	207.34	
	(ii) Sales tax and entry tax	284.32	259.19	
	(b) Guarantee provided in respect of obligations of a subsidiary	7,829.50	7,839.50	
	In order to determine the contingent liability and assets of the company with respect to the legal cases against and for the company respectively, the auditors have relied on the information and explanation given to them by the management.			
29.2	<b>Capital Commitments</b>		₹ in Mn	
	Particulars	As at 31 March, 2017	As at 31 March, 2016	
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	105.42	105.42	
29.3	<b>Other Commitments:</b>			
	As per the terms of acquisition of Maithan Ispat Limited (MIL), the Company needs to infuse an aggregate amount of Rs.1,200 Million as its contribution towards equity of MIL to the tune of Rs.50 Million per month for the period of two years starting from April 2015. During the current year, company has acquired 6,39,06,912 (Six Crores Thirty Nine Lakhs Six Thousand Nine Hundred and Twelve) equity shares having face value of Rs. 10 each aggregating to Rs.639.07 Million.			
29.4	<b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>			
	The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Consequently the amount paid/payable to these parties is Nil.			
29.5	<b>Disclosure as per Regulation 34 of SEBI (LODR) Regulations, 2015</b>			
	There are no loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties.			
29.6	<b>Details on unhedged foreign currency exposures</b>			
	The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below			
	As at 31 March, 2017		As at 31 March, 2016	
	Receivable /(Payable) ₹ in Mn	Receivable /(Payable) USD in Mn	Receivable / (Payable) ₹ in Mn	Receivable / (Payable) USD in Mn
	(587.83)	(9.07)	(645.82)	(9.74)
29.7	<b>Value of imports calculated on CIF basis:</b>		₹ in Mn	
	Particulars	As at 31 March, 2017	As at 31 March, 2016	
	Raw materials	-	801.93	
	Spare parts	-	4.20	
	Capital goods	-	35.52	
29.8	<b>Expenditure in foreign currency:</b>			
	Interest	7.95	7.64	
	Travelling	5.89	3.88	
	Consultancy	-	0.16	
29.9	<b>Details of consumption of imported and indigenous items</b>		₹ in Mn	
	Particulars	For the year ended 31 March, 2017		
	<u>Imported</u>	-	-	
	Raw Materials	(1231.27)	-69.36%	
	Spare parts	(4.20)	-0.24%	
	<u>Indigenous</u>	-	-	
	Raw materials	(518.09)	-29.18%	
	Spare parts	(21.65)	-1.22%	
	<b>Total</b>	<b>(1775.22)</b>	<b>-100.00%</b>	
	<b>Note:</b> Figures / percentages in brackets relates to the previous year			
29.10	<b>Earnings in Foreign Exchange</b>			
	Particulars	As at 31 March, 2017	As at 31 March, 2016	
	Export of goods calculated on FOB basis	-	-	

## Notes forming part of the financial statements

## Note 30 Disclosures under Accounting Standards

Note			
30.1	<b>Post retirement benefit plans</b>		
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 16.87 Million (PY - Rs 17.61 Million) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the plan by the Company is at rate specified in the rules of the scheme.		
30.1 b	<u>Defined benefit plans</u> 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: <span style="float: right;">₹ in Mn</span>		
	<b>Particulars</b>	<b>As at 31 March, 2017</b>	<b>As at 31 March, 2016</b>
	<b>Components of employer expense</b>		
	Current service cost	5.04	4.99
	Interest cost	3.10	2.43
	Past service cost	-	-
	Actuarial losses/(gains)	0.99	0.44
	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>9.12</b>	<b>7.86</b>
	<b>Actual contribution and benefit payments for year</b>		
	Actual benefit payments	1.48	0.76
	Actual contributions	-	-
	<b>Net asset / (liability) recognised in the Balance Sheet</b>		
	Present value of defined benefit obligation	(47.66)	(40.02)
	Fair value of plan assets	-	-
	Funded status [Surplus / (Deficit)]	-	-
	Unrecognised past service costs	-	-
	<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(47.66)</b>	<b>(40.02)</b>
	<b>Change in defined benefit obligations (DBO) during the year</b>		
	Present value of DBO at beginning of the year	40.02	32.92
	Current service cost	5.04	4.99
	Interest cost	3.10	2.43
	Actuarial (gains) / losses	0.99	0.44
	Past service cost	-	-
	Benefits paid	(1.48)	(0.76)
	<b>Present value of DBO at the end of the year</b>	<b>47.66</b>	<b>40.02</b>
	<b>Actuarial assumptions</b>		
	Discount rate	7.20%	7.95%
	Salary escalation	6%	6%
	Mortality tables	IALM(2006-08) Ult	IALM(2006-08) Ult
<b>30.2</b>	<b>Segment information</b>		
	The Company's business activity primarily falls within a single business segment i.e, Iron and Steel business and hence there are no disclosures to be made under Accounting Standards -17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.		



## Notes forming part of the financial statements

### Note 30 Disclosures under Accounting Standards (Contd.)

#### Related party transactions

#### Details of related parties:

Note	Description of relationship	Names of related parties
30.3a	Subsidiaries  Key Management Personnel (KMP)  Relatives of KMP  Company in which KMP / Relatives of KMP can exercise significant influence	Maithan Ispat Limited Mrs. Rita Singh (Chairperson cum Managing Director) Mrs. Natasha Singh Sinha (Director Finance & CFO) Mr. Purna Chandra Sahu (Director) Mr. R. H. Rao (Director) Mr. Priyabrata Patnaik (Director) Ms. Sandhya Sethia (Company Secretary) Mr. Jitendra Kumar Singh Mrs. Shipra Singh Rana a) Mesco Steels Limited b) Mesco Logistics Limited c) Mesco Kalinga Steels Limited d) Mesco Mining Limited e) Mideast India Limited f) Mesco Pharmaceuticals Limited g) Mesco Hotels Limited h) Mesco Aerospace Limited i) Mesco Laboratories Limited j) Mescos Shoes Limited k) Twenty First Century Finance Limited l) Mesco India Limited m) Chhindwara Coal Washing Private Limited n) 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

Note: Related parties have been identified by the Management.

₹ in Mn

Note	Details of related party transactions during the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017:
30.3.b	

30.3.b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
	<b>Rentals services</b>				
	Mesco Steels Limited				0.36 (0.36)
	Mesco Logistics Limited				0.60 (0.60)
	Mesco Hotels Limited				0.72 (0.72)
	Mesco Kalinga Steels Limited				0.72 (0.72)
	Mesco Aerospace Ltd				- (0.70)

**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, 2017 and balances outstanding as at 31 March, 2017 (Contd.)

30.3.b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
	Mrs. Rita Singh		6.00 (6.00)		
	Mrs. Natasha Sinha		6.00 (6.00)		
	Mrs. Shipra Singh Rana			0.60 (0.60)	
	<b><u>Remuneration*:</u></b>				
	Mr. Jitendra Kumar Singh			27.04 (27.04)	
	Mrs. Rita Singh		33.35 (33.36)		
	Mrs. Natasha Sinha		16.28 (16.29)		
	Mrs. Shipra Singh Rana			8.41 (8.45)	
	Mr. Purna Chandra Sahu		3.96 (4.90)		
	Mr. Ravipati Hanumantha Rao		1.20 (1.20)		
	Mr. Priyabrata Patnaik		9.00 (9.00)		
	Ms. Sandhya Sethia		0.98 (0.88)		
	<b><u>Purchase of Goods</u></b>				
	Maithan Ispat Limited (including duties & taxes)	- (53.40)			
	<b><u>Sale of Goods</u></b>				
	Maithan Ispat Limited (including duties & taxes)	419.61 (1,306.68)			
	<b><u>Interest Income on Share Application Money</u></b>				
	Maithan Ispat Limited	- (1.03)			
	<b><u>Management Contracts including deputation of Employees</u></b>				
	Maithan Ispat Limited	- (0.26)			
	<b><u>Advances repaid</u></b>				
	Mesco Steels Limited				- (22.79)





## 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, 2017 and balances outstanding as at 31 March, 2017 (Contd.)

30.3.b	Transaction during the year	Subsidiary	KMP	Rela- tives of KMP	Entities in which KMP / relatives of KMP have significant influence
	<b><u>Advances given</u></b>				
	Mesco Steels Limited				70.42
	<b><u>Investment in shares</u></b>				
	Maithan Ispat Limited	1,573.85 (934.79)			
	Mesco Steels Limited				- (100.00)
	<b><u>Corporate guarantees given</u></b>				
	Maithan Ispat Limited	7,829.50 (7,839.50)			
	<b>Balances outstanding at the end of the year</b>				
	<b><u>Advances:</u></b>				
	Mesco Steels Limited				2,041.35 (1,971.26)
	Mr. Jitendra Kumar Singh			12.00	
	Mrs. Shipra Singh Rana			4.59	
	Mrs. Natasha Singh Sinha		0.30		
	<b><u>Payables:</u></b>				
	Mr. Jitendra Kumar Singh			- (0.30)	
	Mrs. Rita Singh		8.44 (4.58)		
	Mrs. Natasha Singh Sinha		- (0.74)		
	Mrs. Shipra Singh Rana			- (0.14)	
	Maithan Ispat Limited	360.27 (288.74)			

\* Remuneration includes perquisites computed as per Income Tax Act.

**Note:** Figures in bracket relates to the previous year

₹ in Mn

Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
30.4	<b>Earnings per share</b>		
	<b><u>Basic &amp; Diluted</u></b>		
	Net profit / (loss) for the year attributable to the equity shareholders	140.34	86.06
	Weighted average number of equity shares	137,875,000	137,875,000
	Par value per share (Rs.)	10	10
	Earnings per share (Rs.)	1.02	0.62

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

Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
30.5	<b>Deferred tax (liability) / asset</b>		
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	(754.79)	(730.78)
	Tax effect of items constituting deferred tax liability	(754.79)	(730.78)
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated leaves, gratuity and disallowances under Income Tax	19.81	17.30
	Tax effect of items constituting deferred tax assets	19.81	17.30
	<b>Net deferred tax (liability) / asset</b>	<b>(734.98)</b>	<b>(713.48)</b>

**Note 31 Acquisition of Maithan Ispat Limited**

Note	Particulars
	As per the terms of acquisition of Maithan Ispat Limited, the Company is required to infuse an aggregate amount of Rs.1,200 Million as its contribution towards equity of Maithan Ispat Limited to the tune of Rs.50 Million per month for the period of two years starting from April 2015. In compliance to the said agreement during the year under review, company has acquired 6,39,06,212 (Six Crores Thirty Nine Lakhs Six Thousand two Hundred and Twelve) equity shares having face value of Rs. 10 each aggregating to Rs. 639.07 Million. Further, the Company is required to pledge 51% of paid up equity share capital of MIL, present and future held by the Company, with the lenders of MIL as a security. In compliance of the said requirement company is required to pledge 15,43,45,526 equity shares with the Lenders. At present the company has pledged 12,17,53,001 equity shares with the lenders and balance 3,25,92,525 equity shares would be pledged by the company in the coming financial year.
<b>Note 32</b>	The balances of Debtors, creditors, loans & advances received & given and deposits received & given and inter company balances are subject to confirmations and reconciliations.
<b>Note 33</b>	The company mines are in the production phase, and hence as per Ind AS 16 - Property Plant & Equipment, the costs for removal of waste, which is usually low grade inventory, is valued in accordance with the principles of Ind AS 2, Inventories. During the current year, there have been no costs incurred for an improved access to the ore resources. Hence no Stripping Activity Asset has been created.
<b>Note 34</b>	The Jajpur plant for production of Pig Iron was shut down wef 28th October 2015 for relocation and modernisation of layout. The plant remained shut during the financial year under consideration. During the year, on cleaning of the pig iron yard at the plant, there was recovery of Pig Iron (including scrap) of 583 Metric Tonnes and embarked upon an exercise of recovery of granulated slag scattered all around the plant Slag of 8645 Metric Tonnes. The same has been declared with the excise authorities.



## Notes forming part of the financial statements

Note 35	Reconciliation of Net Profit / (Loss) from previous GAAP to Ind AS for the quarter and year ended March 31, 2016	₹ in Mn
	Particulars	Year Ended March 31, 2016
	<b>Net Profit as per Indian GAAP</b>	86.06
	<b>Adjustments to restate to Ind AS:</b>	
	Actuarial gains / (losses) of defined benefit plan being transferred to Other Comprehensive Income	(0.73)
	<b>Net Loss as per Ind AS</b>	<b>85.33</b>

### Note 36 Specified Bank Notes

₹ in Mn

	Particulars	SBNs	Other denomination notes	Total
	Closing cash in hand as on November 8, 2016	-	28.22	28.22
	Add: Permitted Receipts	3.18	-	3.18
	Less: Permitted Payments	2.87	-	2.87
	Less: Amount deposited in banks	-	-	-
	<b>Closing cash in hand as on December 30, 2016</b>	<b>0.31</b>	<b>28.22</b>	<b>28.53</b>

### Note 37 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, 2017			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purpose other than (i) above	0.09	-	0.09
	Amount spent during the year ending March 31, 2016			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purpose other than (i) above	1.38	-	1.38

### Note 38 Previous year's figures

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

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

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

**For and on behalf of the Board of Directors**

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

**Arun Todarwal**  
Partner  
M. No. 32822

**Natasha Sinha**  
Director Finance & CFO  
DIN: 00812380

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

Place: New Delhi  
Date: 27 May, 2017

**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, 2017, 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, 2017;
- 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 Rs. 7774.89 million and Net Worth of Rs. 1205.38 million as at March 31, 2017, total revenue 4716.61 million and Loss before taxes of Rs 633.77 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 Sangram Paul & Company**  
Chartered Accountants  
ICAI Reg No. 308001E

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

Place: New Delhi  
Date: 27 May, 2017

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

**Arun Todarwal**  
Partner  
M. No. 32822



## Consolidated Balance Sheet as at 31 March, 2017

₹ in Mn

Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	3	13,260.63	13,960.50
Capital work-in-progress		590.60	259.95
Non current investments	4	120.10	120.10
<b>Financial assets</b>			
Security deposits	5	91.68	86.07
Other financial assets	6	2,157.67	1,836.69
Other non current assets	7	1,033.42	964.55
Goodwill on consolidation		4,285.23	4,285.23
<b>Current assets</b>			
Inventories	8	1,967.36	1,606.79
<b>Financial assets</b>			
Trade receivables	9	57.91	105.97
Cash and cash equivalents	10	495.21	444.24
Loans	11	70.98	28.30
Other financial assets	12	446.98	876.64
		<b>24,577.76</b>	<b>24,575.03</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity share capital</b>	13	1,378.75	1,378.75
<b>Other equity</b>			
Securities premium	14	1,334.84	1,334.84
Retained earnings		1,336.04	2,003.49
Other reserve		1,642.61	1,642.61
Equity attributable to equity holders of the parent		5,692.24	6,359.69
Non controlling interests		(417.85)	(247.82)
<b>Total Equity</b>		<b>5,274.39</b>	<b>6,111.88</b>
<b>Non current liabilities</b>			
<b>Financial liabilities:</b>			
Borrowings	15	3,817.36	4,573.11
Trade payables	16	905.26	548.50
Other financial liability	17	5,839.80	5,423.94
Deferred tax liabilities (net)	30.5	734.98	713.48
Employee benefit obligation	18	59.90	53.70
<b>Minority interest</b>		3,887.78	3,534.40
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	19	2,009.63	1,619.60
Other financial liability	20	2,030.83	1,759.71
Other payables	21	8.53	229.81
Employee benefit obligation	22	9.30	6.88
		<b>24,577.76</b>	<b>24,575.03</b>
<b>Notes forming part of the financial statements</b>	<b>1 - 32</b>		

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

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

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

**For and on behalf of the Board of Directors**

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

**Arun Todarwal**  
Partner  
M. No. 32822

**Natasha Sinha**  
Director Finance & CFO  
DIN: 00812380

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

Place: New Delhi  
Date: 27 May, 2017

**Sandhya Sethia**  
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended 31 March, 2017

₹ in Mn

Particulars	Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Revenue from operations (Gross)	23	7,073.09	7,684.12
<b>Total revenue</b>		<b>7,073.09</b>	<b>7,684.12</b>
<b>Expenses</b>			
Cost of materials consumed	24a	2,886.81	3,170.93
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24b	(392.82)	176.21
Excise Duty on Sales	23	483.54	614.47
Employee benefits expense	25	583.79	572.37
Other expenses	26	2,462.70	2,439.48
<b>Total expenses</b>		<b>6,024.02</b>	<b>6,973.46</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>1,049.07</b>	<b>710.66</b>
<b>Less:</b>			
Depreciation and amortisation expense	3	836.31	916.09
Finance costs	27	1,009.57	728.80
Add:			
Other Income	28	253.45	246.65
<b>Profit before extraordinary items and Prior Period Items and tax</b>		<b>(543.36)</b>	<b>(687.59)</b>
Extraordinary Items		-	-
<b>Profit before tax</b>		<b>(543.36)</b>	<b>(687.59)</b>
<b>Tax expense:</b>			
Current tax		18.43	24.50
(Less): MAT credit		(18.43)	(24.50)
Tax expense relating to prior years		71.43	-
Deferred tax		(21.50)	(31.55)
<b>Profit for the year</b>		<b>(493.43)</b>	<b>(719.14)</b>
<b>Attributable to:</b>			
Equity Shareholders of Parents		(323.39)	(471.33)
Non Controlling interest		(170.03)	(247.82)
<b>Other Comprehensive Income</b>			
<b>Not to be reclassified to profit or loss in subsequent periods:</b>		(173.19)	(3.07)
Less: Income tax effect		0.40	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(172.79)</b>	<b>(3.07)</b>
<b>Total Comprehensive income</b>		<b>(666.22)</b>	<b>(722.21)</b>
<b>Profit carried to Balance sheet</b>		<b>(666.22)</b>	<b>(722.21)</b>
<b>Attributable to:</b>			
Equity Shareholders of Parents		(496.18)	(474.40)
Non Controlling interest		(170.03)	(247.82)
<b>Earnings per Equity share (of Rs. 10/- each)</b>			
Basic & Diluted (Rs.)		(3.58)	(5.22)
<b>Notes forming part of the financial statements</b>	1 - 32		

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

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

**For Tadarwal & Tadarwal**  
Chartered Accountants  
ICAI Reg No 111009W

**For and on behalf of the Board of Directors**

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

**Arun Tadarwal**  
Partner  
M. No. 32822

**Natasha Sinha**  
Director Finance & CFO  
DIN: 00812380

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

Place: New Delhi  
Date: 27 May, 2017

**Sandhya Sethia**  
Company Secretary



## Consolidated Cash Flow Statement for the year ended 31 March, 2017

₹ in Mn

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		(543.36)		(690.66)
<i>Adjustments for:</i>				
Depreciation and amortisation	836.31		916.09	
Finance costs	1,009.57		692.70	
Interest income	(61.15)		(65.80)	
Rental income	(0.11)		(45.18)	
(Profit) / loss on sale / write off of assets	-		0.00	
Liabilities / provisions no longer required written back	(165.74)		(135.47)	
Interest/Dividend/MEGA SalesTax incentive Received	(7.25)			
Receivables credit balances written back	-		(0.03)	
Adjustments for Other Comprehensive Income- unspent liabilities no longer required	(45.37)			
Net unrealised exchange (gain) / loss	(18.37)		55.76	
		1,547.89		1,418.07
Operating profit /(loss) before working capital changes		1,004.53		727.41
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(360.57)		378.82	
Trade receivables	48.06		(40.67)	
Short-term loans and advances	(42.68)		(292.10)	
Long-term loans and advances			136.17	
Other non-current assets	(395.47)		1.59	
Other current assets	457.72		(0.80)	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables	356.76		402.72	
Other current liabilities	416.96		386.87	
Other long-term liabilities	775.44		12.35	
Short-term provisions			96.41	
Long-term provisions			11.55	
		1,256.21		1,092.91
Cash generated from operations		2,260.74		1,820.32
Net income tax (paid) / refunds		(394.20)		(208.87)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>1,866.54</b>		<b>1,611.45</b>

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
	<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets including capital advance	(467.09)		(859.20)	
Proceeds from sale of fixed assets	-		-	
Investment in subsidiaries and joint ventures	-		(70.05)	
Purchase/(sale) of non current investment	-		(100.03)	
Rental receipt	0.11		45.18	
Interest received	61.15		63.19	
Interest/Dividend/MEGA SalesTax incentive Received	(26.48)			
Investment in fixed deposit/Proceeds from fixed deposits	(66.32)		(68.23)	
		(498.63)		(989.14)
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(498.63)</b>		<b>(989.14)</b>
<b>C. Cash flow from financing activities</b>				
Net movement in long-term borrowings	401.93		(274.72)	
Net movement in other short-term borrowings	(755.74)		-	
Finance cost	(1,009.57)		(657.53)	
		(1,363.39)		(932.25)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(1,363.39)</b>		<b>(932.25)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>4.52</b>		<b>(309.94)</b>
Cash and cash equivalents at the beginning of the year		188.02		497.95
<b>Cash and cash equivalents at the end of the year</b>		<b>192.54</b>		<b>188.02</b>

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

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

**For Tadarwal & Tadarwal**  
Chartered Accountants  
ICAI Reg No 111009W

**For and on behalf of the Board of Directors**

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

**Arun Tadarwal**  
Partner  
M. No. 32822

**Natasha Sinha**  
Director Finance & CFO  
DIN: 00812380

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

Place: New Delhi  
Date: 27 May, 2017

**Sandhya Sethia**  
Company Secretary



## Notes forming part of the consolidated financial statements

### Note 1 Group Information

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

#### 2. Significant Accounting Policies

##### a) Principles of Consolidation

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

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

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership/Interest
Maithan Ispat Limited	India	99.57%

- ii) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses in accordance with Ind AS 110 Consolidated Financial Statements after fully eliminating intra-group balances, intra-group transactions and any unrealized profits/losses. The excess of the cost of investments over the proportionate value of interest in the subsidiaries has been recognised as Goodwill
- iii) The consolidated financial statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's' standalone financial statements.

##### b) Basis of preparation

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

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

##### c) Use of estimates

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

##### d) Inventories

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

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

##### e) Depreciation and amortisation

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

Class of assets	Years
Plant and Machinery	8 to 35 years

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

Leasehold Assets are amortised over the duration of the lease.

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

**f) Revenue recognition**

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

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

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

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

**g) Tangible fixed assets**

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

Capital work-in-progress:

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

**h) Intangible assets**

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

**i) Foreign currency transactions and translations**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Year end balances of foreign currency monetary item is translated at the year end rates.

'Exchange differences arising on settlement of foreign currency monetary items of the Company are recognised as income or expense in the consolidated statement of Profit and Loss. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

**j) Investments**

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

**k) Borrowing costs**

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

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

**l) Employee benefits**

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

**m) Leases**

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

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

**n) Earnings per share**

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

**o) Taxes on income**

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

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

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

**p) Segment reporting**

*Identification of segments*

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

*Allocation of common costs*

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

*Unallocated items*

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

*Segment accounting policies*

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

**q) Research and development expenses**

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

**r) Impairment of assets**

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

**s) Cash & Cash equivalents**

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

**t) Provisions and contingencies**

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

## Notes forming part of the consolidated financial statements

## Note 3 Property, plant and equipment

₹ in Mn

Particulars	Gross Block			Depreciation				Net Block		
	As at March 31, 2016	Additions	Deductions	As at March 31, 2017	As at March 31, 2016	During the year	Deductions	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
Land (Free hold)	25.55	-	-	25.55	-	-	-	-	25.55	25.58
Land and Site Development	1,007.02	7.40	-	1,014.42	115.69	131.87	-	247.55	891.33	766.90
Building	2,442.21	1.96	-	2,444.18	512.37	89.20	-	601.56	1,929.84	1,842.64
Plant and Machinery	15,581.23	74.91	-	15,656.14	5,123.85	536.46	-	5,660.30	10,457.38	9,995.87
Furniture and Fixtures	176.23	2.54	-	178.78	87.29	16.93	-	104.21	88.94	74.60
Office Equipment	28.82	7.89	-	36.72	18.96	3.63	-	22.58	9.86	14.17
Computer	93.72	0.54	-	94.27	87.23	3.01	-	90.23	6.49	4.06
Vehicles	96.21	4.07	-	100.29	42.15	9.72	-	51.86	54.06	48.44
V Sat	0.82	-	-	0.82	0.78	0.04	-	0.82	0.04	-
Railway Siding	683.14	-	-	683.14	149.38	45.45	-	194.82	533.76	488.37
<b>Total</b>	<b>20,134.95</b>	<b>99.31</b>	<b>-</b>	<b>20,234.31</b>	<b>6,137.70</b>	<b>836.31</b>	<b>-</b>	<b>6,973.93</b>	<b>13,997.25</b>	<b>13,260.63</b>
<b>Previous Year</b>	<b>19,145.79</b>	<b>994.68</b>	<b>-</b>	<b>20,140.47</b>	<b>5,263.89</b>	<b>916.09</b>	<b>-</b>	<b>6,179.98</b>	<b>13,881.89</b>	<b>13,960.50</b>

## Note 4 Non current investments

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Investments (At cost)		
Trade and Unquoted		
Investment in equity shares	100.10	100.10
Investment in preference shares of subsidiaries	20.00	20.00
<b>Total</b>	<b>120.10</b>	<b>120.10</b>

## Note 5 Security deposits

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Security deposits		
Unsecured, considered good	91.68	86.07
<b>Total</b>	<b>91.68</b>	<b>86.07</b>

## Note 6 Other financial assets

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Loans and advances to related parties		
Unsecured, considered good	2,157.67	1,836.69
<b>Total</b>	<b>2,157.67</b>	<b>1,836.69</b>

## Note 7 Other non current assets

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Capital advances		
Unsecured, considered good	80.64	35.89
Prepaid expenses		
Unsecured, considered good	7.17	-
MAT credit entitlement		
Unsecured, considered good	918.48	900.05
Advance Income tax of Subsidiary	3.91	2.98
Balances with government authorities		
Unsecured, considered good	23.22	22.08
Others	-	3.55
<b>Total</b>	<b>1033.42</b>	<b>964.55</b>



**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, 2017	As at 31 March, 2016
Raw materials	408.56	462.26
Work-in-progress	31.97	22.51
Finished goods	817.16	700.13
Stores and spares	401.06	383.37
By products	308.61	38.51
<b>Total</b>	<b>1,967.36</b>	<b>1,606.79</b>

**Note 9 Trade receivables**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	38.89	37.27
Doubtful	3.15	3.15
Less: Provision for doubtful trade receivables	(3.15)	(3.15)
	38.89	37.27
Other Trade receivables		
Unsecured, considered good	19.02	68.70
Less: Provision for doubtful trade receivables	-	-
	19.02	68.70
<b>Total</b>	<b>57.91</b>	<b>105.97</b>

**Note 10 Cash and cash equivalents**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Cash and cash equivalents		
(a) Cash on hand	30.24	17.44
(b) Cheques, drafts on hand	0.00	0.02
(c) Balances with banks		
In current accounts	86.68	75.09
In deposit accounts	75.62	77.08
	<b>192.54</b>	<b>169.62</b>
Other bank balances		
In deposit accounts *	209.06	152.69
In earmarked accounts		
Unclaimed dividend accounts	33.75	33.78
Margine money deposit	8.40	57.20
(d) Interest on Bank Deposits	51.46	30.95
	<b>302.67</b>	<b>274.61</b>
<b>Total</b>	<b>495.21</b>	<b>444.24</b>

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

**Note 11 Loans (Unsecured considered good unless stated otherwise)**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Loans and advances to Suppliers	63.44	21.51
Loans and advances to employees	7.54	6.79
<b>Total</b>	<b>70.98</b>	<b>28.30</b>

**Note 12 Other financial assets (Unsecured considered good unless stated otherwise)**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Prepaid expenses	11.36	7.98
security deposit	3.46	3.46
Balances with government authorities	422.15	554.40
Others Receivables	10.00	310.80
<b>Total</b>	<b>446.98</b>	<b>876.64</b>

## Notes forming part of the consolidated financial statements

## Note 13 Equity share capital

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Authorised 140,000,000 (P.Y. 140,000,000) Equity shares of Rs.10/- each	1,400.00	1,400.00
Issued, Subscribed and Paid up 137,875,000 (P.Y. 137,875,000) Equity shares of Rs.10/- each	1,378.75	1,378.75
<b>Total</b>	<b>1,378.75</b>	<b>1,378.75</b>

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

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Numbers	₹ in Mn	Numbers	₹ in Mn
<b>Equity Shares:</b>				
Opening Balance	137,875,000	1,378.75	137,875,000	1,378.75
Changes during the year	-	-	-	-
<b>Closing Balance</b>	<b>137,875,000</b>	<b>1,378.75</b>	<b>137,875,000</b>	<b>1,378.75</b>

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

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Numbers	%	Numbers	%
<b>Equity Shares:</b>				
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
<b>Total</b>	<b>98,635,940</b>	<b>71.54</b>	<b>98,635,940</b>	<b>71.54</b>

## C) Right, preferences and restrictions attached to shares

## Equity Shares

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

## Note 14 Reserves and surplus

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
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	1,334.84	1,334.84
Add : Premium on shares issued during the year	-	-
Closing balance	1,334.84	1,334.84
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	2,003.49	2,477.89
Add: Transferred from Retained earning to 0.1% CRPS, 10% CRPS and Term loan	(171.27)	-
Add: Profit / (Loss) for the year-Attributable to equity holders of parent	(323.39)	(471.33)
Add/Less: Re-measurement gains/(losses) on defined benefit plans	(172.79)	(3.07)
Closing balance	1,336.04	2,003.49
<b>Total</b>	<b>4,313.49</b>	<b>4,980.94</b>



Notes forming part of the consolidated financial statements

**Note 15 Borrowings**

₹ in Mn

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Non-Current	Current	Non-Current	Current
<b>Secured</b>				
Term loans from Banks	3,353.51	927.70	4,129.22	695.73
Term loans from Other Parties	70.48	17.27	1.84	3.57
	<b>3,423.99</b>	<b>944.97</b>	<b>4,131.06</b>	<b>699.30</b>
<b>Unsecured</b>				
From Promoters	295.46	-	295.46	-
From Banks	97.91	45.38	146.60	44.44
	<b>393.37</b>	<b>45.38</b>	<b>442.06</b>	<b>44.44</b>
<b>Total</b>	<b>3,817.36</b>	<b>990.35</b>	<b>4,573.11</b>	<b>743.74</b>

**Note 16 Trade payables**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Trade payables	905.26	548.50
<b>Total</b>	<b>905.26</b>	<b>548.50</b>

**Note 17 Other financial liability**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Advances from customers	5,411.50	5,423.05
Interest accrued and not due on borrowings	-	0.89
355,452,673 (355,452,673) 0.10% Cumulative Redeemable Preference Shares (CRPS) of Rs.10/- each	428.30	-
<b>Total</b>	<b>5,839.80</b>	<b>5,423.94</b>

**Note 18 Employee benefit obligation**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits:		
Provision for gratuity	50.53	44.10
Provision for leave encashment	9.37	9.60
<b>Total</b>	<b>59.90</b>	<b>53.70</b>

**Note 19 Trade payables**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Micro, Small & Medium enterprises	8.92	-
Others	1,298.31	1,065.13
Acceptances	702.40	554.47
<b>Total</b>	<b>2,009.63</b>	<b>1,619.60</b>

**Note 20 Other financial liability**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Current maturities of long-term debt	990.35	743.74
Interest accrued and not due on borrowings	1.04	39.63
Unclaimed dividends	33.76	33.78
Statutory Dues	154.11	127.50
Payables against purchase of fixed assets	51.29	37.67
Trade / security deposits received	38.42	41.09
Advances from customers	723.21	684.90
Employee related liabilities	38.65	51.40
<b>Total</b>	<b>2,030.83</b>	<b>1,759.71</b>

**Note 21 Other payables**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for tax (net of advance tax)	8.53	229.81
<b>Total</b>	<b>8.53</b>	<b>229.81</b>

## Notes forming part of the consolidated financial statements

## Note 22 Employee benefit obligation

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits:		
Provision for gratuity	5.06	3.01
Provision for leave encashment	4.24	3.87
<b>Total</b>	<b>9.30</b>	<b>6.88</b>

## Note 23 Revenue from operations

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Sale of products	7,073.09	7,684.12
Less: Excise duty	483.54	614.47
<b>Total</b>	<b>6,589.55</b>	<b>7,069.65</b>

Particulars	As at 31 March, 2017	As at 31 March, 2016
Sale of products comprises		
Pig Iron	23.30	1,629.87
Minerals	2,808.20	2,092.27
Billets/Blooms	3,744.47	3,331.79
Others	13.58	15.71
<b>Total - Sale of manufactured goods</b>	<b>6,589.55</b>	<b>7,069.65</b>

## Note 24a Cost of materials consumed

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Opening stock	462.26	626.24
Add: Purchases	3,051.06	3,006.95
Less: Coal Consumption in Captive Power Plant	217.94	
Less: Closing stock	408.56	462.26
<b>Cost of material consumed</b>	<b>2,886.81</b>	<b>3,170.93</b>
Material consumed comprises:		
Raw material-Iron ore, Pig iron, Sponge iron and Mild steel scrap	1,903.13	971.55
Raw Material-Coal	735.33	607.42
Raw Material-Coke	-	1,296.96
Other items	248.35	295.00
<b>Total</b>	<b>2,886.81</b>	<b>3,170.93</b>

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

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
<u>Inventories at the end of the year:</u>		
Finished goods	817.16	700.13
Work-in-progress	31.97	22.51
By products	308.61	38.51
	1,157.74	761.15
<u>Inventories at the beginning of the year:</u>		
Finished goods	700.13	857.73
Work-in-progress	22.51	53.18
By products	38.51	30.59
	761.15	941.49
Less: Excise duties on increase/(decrease) of finished goods	3.77	(4.13)
<b>Net increase / (decrease)</b>	<b>392.82</b>	<b>(176.21)</b>





Notes forming part of the consolidated financial statements

**Note 25 Employee benefits expense**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Salaries and wages	543.66	532.65
Contributions to provident and other funds	21.90	21.52
Provision for gratuity	9.52	8.83
Provision for leave	0.84	2.66
Staff welfare expenses	7.87	9.78
<b>Total</b>	<b>583.79</b>	<b>575.44</b>

**Note 26 Other expenses**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Consumption of stores and spare parts	164.38	208.25
Royalty cost	768.94	518.76
Mining cost	388.49	279.93
Power and fuel	530.94	478.73
Water	33.41	37.39
Material handling Charges	74.95	95.18
Labour Charges	135.00	-
Rent & plot hiring charges	25.73	30.10
Repairs and maintenance - Buildings	1.34	5.94
Repairs and maintenance - Machinery	7.42	206.56
Repairs and maintenance - Others	6.43	59.01
Insurance	19.93	19.35
Rates and taxes	13.16	21.73
Communication	4.61	5.25
Travelling and conveyance	52.54	61.13
Selling & Distribution	19.79	123.47
Sales commission	2.54	-
Donations and contributions	25.90	15.35
Legal and professional	71.52	70.63
Net loss on foreign currency transactions and translation	-	55.76
Payments to auditors (Refer Note below)	3.74	3.85
Items pertaining to previous year	-	1.98
CSR expenses	5.88	17.77
Miscellaneous expenses	106.04	123.34
<b>Total</b>	<b>2,462.70</b>	<b>2,439.48</b>

**Note**

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	3.72	1.48
For Taxation Matters	0.02	0.02
<b>Total</b>	<b>3.74</b>	<b>1.50</b>

## Notes forming part of the consolidated financial statements

## Note 27 Finance costs

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Interest expense on:		
Borrowings	873.20	603.43
Trade payables	-	-
Interest on delayed / deferred payment of statutory dues	5.80	84.52
Other borrowing cost	130.57	40.86
<b>Total</b>	<b>1,009.57</b>	<b>728.80</b>

## Note 28 Other income

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Interest income (Refer note 1 below)	61.15	65.80
Rental Income	0.11	45.18
Liabilities / provisions no longer required written back	165.74	135.47
Receivables credit balances written back	-	0.03
Others (Refer note 2 below)	26.45	0.17
<b>Total</b>	<b>253.45</b>	<b>246.65</b>

## Note 1

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Interest income comprises:		
Interest from banks deposits	47.64	29.48
Interest from others	13.51	36.32
<b>Total</b>	<b>61.15</b>	<b>65.80</b>

## Note 2

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Other income comprises:		
Profit on sale of fixed asset	0.07	-
Profit/(Loss) on disposal of inventory	8.01	-
Net gain on foreign currency transactions and translation	18.37	-
Others	-	0.17
<b>Total</b>	<b>26.45</b>	<b>0.17</b>

## 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, 2017	As at 31 March, 2016
Claims against the company not acknowledged as debt		
Central excise, customs and service tax	1,309.00	596.85
Sales tax and entry tax	301.50	276.37
Income tax	354.89	3.76
Electricity	94.74	94.74
Others	81.82	18.50

## 29.2 Capital Commitments

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	105.42	134.59

## Notes forming part of the consolidated financial statements

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

#### 29.3 Other Commitments:

As per the terms of acquisition of Maithan Ispat Limited (MIL), the Company needs to infuse an aggregate amount of Rs.1,200 Million as its contribution towards equity of MIL to the tune of Rs. 50 Million per month for the period of two years starting from April 2015. During the current year, company has acquired 6,39,06,912 (Six Crores Thirty Nine Lakhs Six Thousand Nine Hundred and Twelve) equity shares having face value of Rs. 10 each aggregating to Rs. 639.07 Million.

#### 29.4 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 2017		As on 31st March 2016	
Receivable /(Payable) ₹ in Mn	Receivable /(Payable) USD in Mn	Receivable /(Payable) ₹ in Mn	Receivable /(Payable) USD in Mn
(587.83)	(9.07)	(645.82)	(9.74)

Forward Contract to buy

As on 31st March 2017		As on 31st March 2016	
₹ in Mn	USD in Mn	₹ in Mn	USD in Mn
107.69	1.66	94.71	1.41

#### 29.5 Arrears of fixed cumulative redeemable preference shares (CPRS)

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
Arrear Dividend (including taxes) on 10% Cumulative Redeemable Preference Shares (CRPS)	168.29	127.91

### Note 30 Disclosures under Accounting Standards

Note		As at 31 March, 2017	As at 31 March, 2016
<b>30.1</b>	<b>Post retirement benefit plans</b>		
<b>30.1a)</b>	<u>Defined contribution plans</u>		
	The Group makes Provident Fund contribution and Employees State Insurance to defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefit. The Group recognised 21.90 million (PY - Rs 21.52 million) for Provident Fund & Employees State Insurance contributions in the Statement of Profit and Loss. The contributions payable to the plan by the Group is at rate specified in the rules of the scheme.		
<b>30.1 b)</b>	<u>Defined benefit plans</u>		
	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	
	<b>Particulars</b>	<b>As at 31 March, 2017</b>	<b>As at 31 March, 2016</b>
		<b>Gratuity</b>	
	<b>Components of employer expense</b>		
	Current service cost	6.34	6.19
	Interest cost	3.70	2.93
	Past service cost	-	-
	Actuarial losses/(gains)	1.29	0.47
	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>11.33</b>	<b>9.59</b>
	<b>Actual contribution and benefit payments for year</b>		
	Actual benefit payments	1.48	1.64
	Actual contributions	-	-

## Notes forming part of the consolidated financial statements

## Note 30 Disclosures under Accounting Standards (contd.)

₹ in Mn

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Gratuity	
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	(47.66)	(40.02)
Present value of defined benefit obligation-Subsidiary	(8.04)	(7.09)
Fair value of plan assets	-	-
Funded status [Surplus / (Deficit)]	-	-
Unrecognised past service costs	-	-
<b>Net asset/(liability) recognised in the Balance Sheet</b>	<b>(55.70)</b>	<b>(47.11)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	40.02	32.92
Current service cost	6.34	4.99
Interest cost	3.70	2.43
Actuarial (gains) / losses	1.29	0.44
Benefits paid	(1.48)	(0.76)
Present value of DBO at the end of the year	49.87	40.02
Add: present value of DBO of Subsidiary at the end of the year	8.04	7.09
<b>Present value of Consolidated DBO at the end of the year</b>	<b>57.91</b>	<b>47.11</b>
<b>Actuarial assumptions</b>		
Discount rate	7.2%-8.0%	7.8% - 8.0%
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 Accounting Standards -17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

## 30.3 Related party transactions

## 30.3a Details of Related Parties

Note	Description of relationship	Names of related parties
	Key Management Personnel (KMP)	Mrs. Rita Singh Mrs. Natasha Singh Sinha Mr. Purna Chandra Sahu Mr. R. H. Rao Mr. Priyabrata Patnaik Ms. Sandhya Sethia Mrs. Shipra Singh Rana Mr. Vijay Gupta Mr. Surjit Satapathy
	Relatives of KMP Company in which KMP/Relatives of KMP	Mr. Jitendra Kumar Singh 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) M. M. Aero Space Pvt. Ltd.
<b>Note: Related parties have been identified by the Management.</b>		

30.3b Details of related party transactions during the year ended March 31, 2017 and balances outstanding as at March 31, 2017. ₹ in Mn

Note:	Details of related party transactions during the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017:				
30.3b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP/ relatives of KMP have significant influence
	<b>Rentals services</b>				
	Mesco Steels Limited				0.36 (0.36)
	Mesco Logistics Limited				0.60 (0.60)
	Mesco Hotels Limited				0.72 (0.72)
	Mesco Kalinga Steels Limited				0.72 (0.72)
	Mesco Aerospace Ltd				- (0.70)
	Mrs. Rita Singh		6.00 (6.00)		
	Mrs. Natasha Singh Sinha		6.00 (6.00)		
	Mrs. Shipra Singh Rana		0.60 (0.60)		
	<b>Remuneration*:</b>				
	Mr. Jitendra Kumar Singh			27.04 (27.04)	
	Mrs. Rita Singh		33.35 (33.36)		
	Mrs. Natasha Singh Sinha		16.28 (16.29)		
	Mrs. Shipra Singh Rana		8.41 (10.85)		

## 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, 2017 and balances outstanding as at 31 March, 2017:					
30.3b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP/ relatives of KMP have significant influence
	Mr. Purna Chandra Sahu		3.96		
	Mr. Ravipati Hanumantha Rao		(4.90)		
	Mr. Priyabrata Patnaik		1.20		
	Ms. Sandhya Sethia		(1.20)		
	Mr. Surjit Satapathy		9.00		
			(9.00)		
	<b>Advances repaid</b>		0.98		
	Mesco Steels Limited		(0.88)		
			3.31		
			(0.19)		
	<b>Advances given</b>				
	Mesco Steels Limited				-
					(22.79)
	<b>Corporate guarantees given</b>				
	Maithan Ispat Limited	7,829.50			
		(7,839.50)			
	<b>Personal guarantees given</b>				
	Mr. Jitendra Kumar Singh			5,012.60	
				(5,012.60)	
	<b>Balances outstanding at the end of the year</b>				
	<b>Advances:</b>				
	Mesco Steels Limited				2,041.35
					(1,971.26)
	Mr. Jitendra Kumar Singh			12.00	
				-	
	Mrs. Shipra Singh Rana		4.59		
			-		
	Mrs. Natasha Singh Sinha		0.30		
			-		
	<b>Payables:</b>				
	Mr. Jitendra Kumar Singh			-	
				(0.30)	
	Mrs. Rita Singh		8.44		
			(4.58)		
	Mrs. Natasha Singh Sinha		-		
			(0.74)		
	Mrs. Shipra Singh Rana		-		
			(2.54)		
	Mr. Surjit Satapathy		0.27		
			(0.19)		
	Mr. Vijay Gupta		0.06		
			-		
	<b>Guarantees outstanding</b>				
	Mr. Jitendra Kumar Singh			5,012.60	
				(5,012.60)	

\*Remuneration includes perquisites computed as per Income Tax Act.

Note: Figures in bracket relates to the previous year

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

₹ in Mn

Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>30.4</b>	<b>Earnings per share</b>		
	<u>Basic &amp; Diluted</u>		
	Net profit / (loss) for the year attributable to the equity shareholders	-493.43	-719.14
	Weighted average number of equity shares	137,875,000	137,875,000
	Par value per share (Rs.)	10	10
	Earnings per share (Rs.)	-3.58	-5.22

₹ in Mn

Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>30.5</b>	<b>Deferred tax (liability) / asset *</b>		
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	(754.79)	(730.78)
	Tax effect of items constituting deferred tax liability	(754.79)	(730.78)
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated leaves, gratuity and disallowances under Income Tax	19.81	17.30
	Tax effect of items constituting deferred tax assets	19.81	17.30
	<b>Net deferred tax (liability) / asset</b>	<b>(734.98)</b>	<b>(713.48)</b>

\*Net deferred tax assets (DTA) of Rs. 1,397.2 Millions of the subsidiary as at March 31, 2017 (PY Rs. 1,666.77 Millions) has not been recognised in the accounts as a matter of prudence and in terms of the accounting policy indicated in Note No. 2(o)

**Note 31 Acquisition of Maithan Ispat Limited**

Note	Particulars
	As per the terms of acquisition of Maithan Ispat Limited, the Company is required to infuse an aggregate amount of Rs.1,200 Million as its contribution towards equity of Maithan Ispat Limited to the tune of Rs.50 Million per month for the period of two years starting from April 2015. In compliance to the said agreement during the year under review, company has acquired 6,39,06,212 (Six Crores Thirty Nine Lakhs Six Thousand Two Hundred and Twelve) equity shares having face value of Rs. 10 each aggregating to Rs. 639.07 Million.
	Further, the Company is required to pledge 51% of paid up equity share capital of MIL, present and future held by the Company, with the lenders of MIL as a security. In compliance of the said requirement company is required to pledge 15,43,45,526 equity shares with the Lenders. At present the company has pledged 12,17,53,001 equity shares with the lenders and balance 3,25,92,525 equity shares would be pledged by the company in the coming financial year.

**Note 32 Previous year's figures**

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



## 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)

**24<sup>th</sup> Annual General Meeting of the Company held on Wednesday, 27<sup>th</sup> September, 2017 At 11 A.M. at The Claremont, Mehrauli Gurgaon Road, Aaya Nagar, Aya Nagar Phase - 2, New Delhi -110047**

DP ID*	
Client id*	

Folio No.	
No. of Shares	

Name of the Shareholder: .....

Address of the Shareholder: .....

.....  
.....

I hereby record my presence at the **24<sup>th</sup> Annual General Meeting** of the Company held on Wednesday, 27<sup>th</sup> September, 2017 at 11 A.M. at The Claremont, Mehrauli Gurgaon Road, Aaya Nagar, Aya Nagar Phase 2, New Delhi -110047 and at any adjournment there of.

\*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.





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CIN: L74899DL1992PLC050216

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### PROXY FORM

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

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

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

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

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me /us and on my/our behalf at the **24<sup>th</sup> Annual General Meeting** of the Company held on Wednesday, **27<sup>th</sup> September, 2017** At 11 A.M. The Claremont, Mehrauli Gurgaon Road, Aaya Nagar, Aya Nagar Phase-2, New Delhi -110047

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, 2017 together with the reports of the Board of Directors and Auditors thereon.		
2	To re-appoint M/s Todarwal & Todarwal LLP as Statutory Auditors of the Company.		
3	To approve remuneration of cost auditors for the financial year 2017-18.		
4	To Re-appoint Mrs Rita Singh as a Managing Director for a period of 5 years		
5	To Re-appoint Mrs Natasha Sinha as a whole time director for a period of 5 years		
6	To Re-appoint Mr. Priyabrata Patnaik as a whole time director for a period of 5 years		
7	To Re-appoint Mr. Hanumantha Rao Ravipati as a whole time director for a period of 3 years		
8	Authorization to board u/s 180(1)(c) of the Companies Act, 2013		
9	To approve related party transactions under Section 188 of Companies Act, 2013		

\*Applicable for investors holding shares in electronic form

Signed this ..... day of ..... 2017

.....  
Signature of Shareholder

Affix  
Revenue  
Stamp of  
Re. 1

.....  
Signature of the 1<sup>st</sup> Proxy Holder

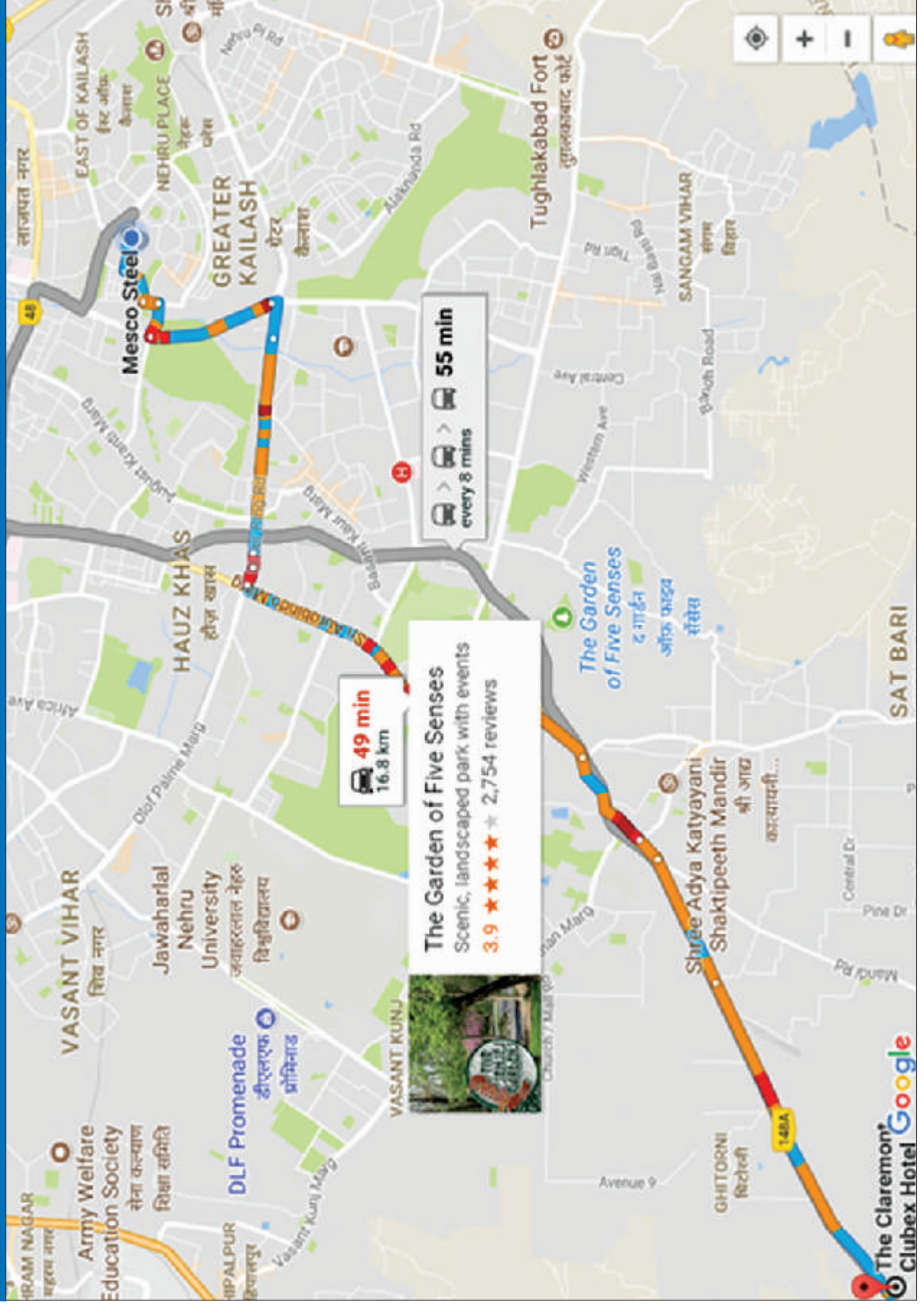
.....  
Signature of 2<sup>nd</sup> Proxy holder

.....  
Signature of 3<sup>rd</sup> Proxy holder

#### Notes:

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

# ROUTE MAP AS PER SECRETARIAL STANDARDS -2





**MESCO STEEL**  
*Partnering Progress*

H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi-110048  
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Website: [www.mescosteel.com](http://www.mescosteel.com) CIN: L74899DL1992PLC050216